

LEGAL SERVICES CORPORATION

BOARD OF DIRECTORS MEETING

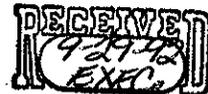
RETURN TO CORPORATION
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OPEN SESSION

SEPTEMBER 26, 1992

9:29 a.m.

The Hyatt Regency Minneapolis Hotel
The Mirage Room
1300 Nicollet Mall
Minneapolis, Minnesota



Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

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BOARD MEMBERS PRESENT:

George W. Wittgraf, Chairman
Howard H. Dana, Jr.
J. Blakeley Hall
William L. Kirk, Jr.
Jo Betts Love
Guy V. Molinari (by telephone)
Penny L. Pullen (by telephone)
Norman D. Shumway
Basile J. Uddo
Jeanine E. Wolbeck

Staff Present:

John P. O'Hara, President
Patricia Batie, Secretary
David Richardson, Comptroller and Treasurer
Victor Fortuno, General Counsel
Edouard Quatrevaux, Inspector General

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P R O C E E D I N G S

(9:29 a.m.)

1
2
3 CHAIRMAN WITTGRAF: The Board of Directors of the
4 Legal Services Corporation will be in order, it being 9:30
5 a.m., Saturday, September 26, 1992 in Minneapolis, Minnesota,
6 the time scheduled for this meeting.

7 In fact, notice indicated simply that this meeting
8 would begin upon the conclusion of the two committee meetings
9 of the Board -- the Audit and Appropriations Committee
10 meeting and the Special Reauthorization Committee Meeting.
11 Those meetings have been completed, and we're prepared to
12 move forward with our scheduled board meeting.

13 The first item on our agenda for today is the
14 approval of the draft agenda. Everyone should have before
15 him or her a copy of the draft agenda. It's contained in the
16 so-called "Board Book," the booklet with the manila cover.

17 Unless there is objection, I would ask that Agenda
18 Item 9(a) be removed from the agenda. It's my understanding
19 that we're not prepared to consider that item today. Is that
20 correct, Mr. Dana?

21 MR. DANA: 9(a) is?

22 CHAIRMAN WITTGRAF: That would have to do with the

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1 consideration of the method to be proposed to Congress to
2 incorporate 1990 Census data in the making of 1993 grants.

3 MR. DANA: That should not be in the agenda.

4 CHAIRMAN WITTGRAF: Okay. furthermore, it's the
5 Chair's intention, unless there's objection, to have
6 consideration of Agenda Item 13 succeed, rather than precede,
7 today's closed or executive session.

8 At this time, then, with those understandings, the
9 Chair is prepared to receive a motion for the adoption or
10 approval of the agenda.

11 M O T I O N

12 MR. SHUMWAY: So moved.

13 CHAIRMAN WITTGRAF: It's been moved by Mr. Shumway.

14 MS. WOLBECK: Second.

15 CHAIRMAN WITTGRAF: Seconded by Ms. Wolbeck.

16 Further discussion?

17 (No response.)

18 CHAIRMAN WITTGRAF: Hearing none, those who are in
19 favor of the approval of the agenda as proposed will signify
20 by saying aye.

21 (Chorus of ayes.)

22 CHAIRMAN WITTGRAF: Those who are opposed, nay.

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1 (No response.)

2 CHAIRMAN WITTGRAF: The ayes appear to have it.

3 The ayes do have it. Today's agenda is adopted.

4 Next is the consideration of the minutes of our
5 last regularly-scheduled board meeting, that of August 10,
6 1992 in San Francisco.

7 Again, you have before you the draft minutes
8 prepared by the Corporation secretary, as made a part of the
9 Board booklet.

10 The Chair is prepared to entertain a motion for the
11 adoption of the minutes as drafted.

12 M O T I O N

13 MR. SHUMWAY: So moved.

14 CHAIRMAN WITTGRAF: That motion has been made by
15 Mr. Shumway.

16 MS. WOLBECK: Second.

17 CHAIRMAN WITTGRAF: It's been seconded by Ms.
18 Wolbeck.

19 Do we have discussion regarding the draft minutes?

20 (No response.)

21 CHAIRMAN WITTGRAF: Hearing none, those who are in
22 favor of adoption of the minutes as drafted will signify by

1 saying aye.

2 (Chorus of ayes.)

3 CHAIRMAN WITTGRAF: Those who are opposed, nay.

4 (No response.)

5 CHAIRMAN WITTGRAF: The ayes appear to have it.

6 The ayes do have it. The minutes are approved.

7 In a few minutes, we will have a presentation by
8 and on behalf of our host this weekend, the Minnesota State
9 Bar Association. That item is referred to at Agenda Item 3.

10 Before we move to that item, however, let me make a
11 couple of comments under Agenda Item 4.

12 The first is that I want again, as I did yesterday,
13 but rather, now, to do it for the record, to commend our
14 president, his staff and, particularly, our Board secretary
15 and her staff for the successful conference that we enjoyed
16 yesterday.

17 I think there's no question but what for their hard
18 work things would not have occurred, in the first place, let
19 alone have gone so smoothly as they did. And, on behalf of
20 the Board, I thank the president and I thank the secretary
21 and her staff for the success of yesterday's conference.

22 And I reiterate, particularly for our guests today

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1 that, as the comments that we received yesterday,
2 particularly in the discussion groups, come back to us as a
3 Board and to the president and his staff through the
4 transcription of the proceedings of those discussions, that
5 they will be very, very helpful to us.

6 I can only say, as suggested very strongly earlier
7 this morning by Mr. Dana as he was presiding over the Audit
8 and Appropriations Committee Meeting, that some of the
9 suggestions which came up yesterday necessarily involved
10 funds.

11 Funds are a scarce commodity, as always, perhaps
12 even a bit scarcer than usual, as we begin the new fiscal
13 year in a few days, so bear in mind, as we take seriously the
14 suggestions, the good ideas that were proposed yesterday,
15 that our ability to implement some of them will be
16 constrained somewhat by our budget, and I mean particularly
17 by the so-called management and administration budget, where
18 we have found some flexibility, and have attempted to do some
19 things, such as the special and meritorious grants, or
20 innovative and meritorious grants that were given out during
21 the current fiscal year.

22 I would ask the Board to take a moment today,

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1 again, to review what is in the back of the Board booklet as
2 the proposed schedule for the remaining months of this
3 calendar year, October, November, and December.

4 You'll note, or you will recall that we have full
5 Board meetings scheduled only for October 19 in Washington,
6 D.C. and for December 7 in the Greater Orlando area.

7 In November, the only meeting scheduled at this
8 time is for the Office of Inspector General Oversight
9 Committee. If anyone here knows particularly that other
10 committee meetings will be necessary, I'd ask you to let the
11 Corporation secretary, Ms. Batie, know as soon as possible.

12 It continues to be the Chair's intention and belief
13 that a full Board meeting is not necessary in November.

14 Is there any discussion, any comments at this time
15 regarding the projected schedule for the next three months?

16 (No response.)

17 CHAIRMAN WITTGRAF: You will note, of course, with
18 the Board meetings, that we've attempted to utilize Mondays.
19 We'll attempt to do as much as possible on those Mondays and
20 to minimize the commitment of time required by the Board
21 members.

22 Again, if you have committee meetings in particular

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1 that need to be organized and for which notice needs to be
2 given, please let Ms. Batie know as soon as possible.

3 Under Agenda Item 4, Chairman's and Members Reports
4 or Comments, is there further discussion?

5 (No response.)

6 CHAIRMAN WITTGRAF: Hearing none, the Chair will
7 move to Agenda Item 5. Agenda Item 5 is essentially a
8 request made by Alan Houseman and Linda Perle on behalf of
9 the Center for Law and Social Policy and, in turn, on behalf
10 of the Project Advisory Group and the National Legal Aid and
11 Defender Association to present certain comments and to
12 respond to any questions regarding proposed changes in the
13 Corporation's once-proposed regulations that did not go into
14 force and effect.

15 It's my understanding, at this time, that Ms.
16 Perle, who is here, doesn't necessarily feel compelled to
17 speak, but will only respond to any questions or comments
18 that may come up in the context of the report of the
19 Operations and Regulations Committee.

20 Is that correct, Ms. Perle?

21 MS. PERLE: Yes.

22 CHAIRMAN WITTGRAF: Thank you.

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1 The record should reflect at this time that present
2 in person for this Board meeting are Mr. Hall, Ms. Wolbeck,
3 Mr. Uddo, Mr. Kirk, Ms. Love, Mr. Shumway and Mr. Dana.

4 Mr. Rath, who was present for a Board committee
5 meeting on Thursday, will not be able to be here today either
6 in person or by telephone. We anticipate that Ms. Pullen,
7 who has not had the chance to be with us yet the last two
8 days, will be able to join us later this morning by telephone
9 and, at this time, Mr. Molinari has joined us by telephone.

10 Good morning, Guy.

11 MR. MOLINARI: Good morning, everybody. Good
12 morning, George.

13 CHAIRMAN WITTGRAF: It's my pleasure, then, at this
14 time to move to Agenda Item 3. And that is a presentation by
15 four representations of or friends of the Minnesota State Bar
16 Association, the group that's been good enough to help host
17 us in Minneapolis these three days.

18 I would ask our friends to come forward and
19 identify themselves and to proceed with their presentation.
20 My suggestion is that the presenters all go ahead with their
21 comments and then, as members of the Board have questions or
22 comments, they will raise those questions or make those

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1 comments at the conclusion of the presentations.

2 It's my understanding that we have Judge Allan
3 Spear.

4 MR. LANE: I don't know if he wants to be a Judge,
5 but he's a Senator at the moment.

6 CHAIRMAN WITTGRAF: A Senator. Is that better or
7 worse than being a Judge?

8 MR. LANE: Better. From our perspective, a lot
9 better.

10 CHAIRMAN WITTGRAF: Minnesota State Senator Allan
11 Spear.

12 We have Robert Guzy, who we met Thursday evening,
13 the current President of the Minnesota State Bar Association;
14 Mary Schneider, who was with us Thursday evening and
15 yesterday during the conference, the executive director of
16 Legal Services of Northwest Minnesota; and Caty Jirik, the
17 director of First Call for Help, an organization of
18 Minneapolis's United Way, gentlemen, ladies, and director of
19 Mid-Minnesota Legal assistance, Jeremy Lane. Jerry, are you
20 the moderator for this discussion?

21 MR. LANE: I'm the moderator, Mr. Chairman. And
22 will just have a footnote at the end of the presentation. We

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1 will try to make the most of our time.

2 We appreciate your time. I'd like to also just
3 acknowledge the presence of Ed Cassidy, a private
4 practitioner in the Twin Cities and the chair of the State
5 Bar Association Legal Assistance to the Disadvantaged
6 Committee, who has taken a Saturday morning to come.

7 Without further ado, I'd like to start with Senator
8 Spear, who is Professor of History at the University of
9 Minnesota and the Chair of the Minnesota Senate Judiciary
10 Committee.

11 PRESENTATION BY THE HONORABLE ALLAN SPEAR

12 SENATOR SPEAR: Thank you very much. It's a
13 privilege for me to be here and to speak before this group
14 for just a few minutes about some of the work that Minnesota
15 Legal Services has done at the State Legislature.

16 I've been a Member of the Minnesota State Senate
17 for 20 years and, for the last 10 years, I've been Chair of
18 the Senate Judiciary Committee, and so I've had an
19 opportunity to not only witness but also, in many cases, be a
20 participant in the activities that the various
21 representatives of Legal Services have engaged in at the
22 legislature.

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1 Let me start by saying that I know many of you have
2 heard, have been hearing a great deal in recent years about
3 the power of lobbyists, not only in Congress, but in the
4 state legislatures, and the degree to which legislatures are
5 dependent upon what lobbyists do.

6 And, indeed, that is true, although I'm not
7 convinced that it's always as bad as some of the good
8 government critics would have us believe. Lobbyists are not
9 all predators. Lobbyists provide legislators with necessary
10 information that we need in order to function and to do our
11 jobs

12 I think that's particularly true in a legislature
13 like the one that exists in Minnesota. We are a relatively
14 large legislature in a medium-sized state and we are also a
15 part-time legislature, so most of us have other jobs.

16 As Mr. Lane indicated, I'm a history professor in
17 my real life, and then take time off and go over to the
18 legislature for part of each year, and that's what most of my
19 colleagues do as well.

20 We also have relatively small staffs. I think our
21 staffing is fairly good in relationship to other legislatures
22 but, certainly in terms of what you might be used to in

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1 Congress, we do not have large staffs to rely upon.

2 Therefore, without the full-time commitment that
3 enables us to study and become intimately acquainted with
4 every issue, and without the personnel, the staff personnel,
5 to do that for us, much of the information that we get
6 necessarily comes from lobbyists.

7 A legislator might specialize in a particular area
8 and know a great deal in that area, but outside of one's own
9 particular area of expertise, we tend to rely on information
10 that's presented to us and much of that comes from lobbyists.

11 Now, until recently, much of the lobbying activity
12 came from those so-called special interest groups which have
13 high money stakes in a particular issue -- business
14 lobbyists, lobbyists representing the legal profession,
15 lobbyists representing landlords, creditors, whatever.

16 The work of Legal Services has provided a very
17 essential balance in the kind of information that we receive
18 and in the kind of activist lobbying that's necessary as a
19 bill proceeds through the legislative process.

20 In a sense, Legal Services has made the people that
21 it represents -- the poor people of this state -- a
22 legitimately recognized interest group at the legislature, so

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1 that those of us who want information about the other side of
2 an issue, that were hearing a great deal from the business
3 lobbyists, we can turn to Jerry Lane or the Various people
4 from Legal Services who come over to the legislature for the
5 kind of information that we need.

6 Let me just give you a few examples of how Legal
7 Services has redressed what I think in the past has been an
8 unbalanced approach to the legislative process where, before
9 they were around, we tended to get all of our information and
10 all of the pressure, frankly, from one side.

11 When I first came into the legislature in the
12 1970s, one of the hot issues revolved around landlord-tenant
13 relations. I was a member of the Judiciary Committee at the
14 time. I was not yet chair of that committee. But we spent a
15 great deal of time on various bills, having to do with
16 unlawful detainer and other types of landlord-tenant issues.

17 The Minnesota Multi-Housing Association, which
18 represents the landlords in the state, had a high profile.
19 They had very able people over there representing their
20 interests. Legal Services, which was just at that time
21 beginning to become involved in the legislative process, sent
22 several people over to represent the tenants' side.

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1 These, as you know, are complex issues. Only a few
2 legislators really understood them. Most of our legislators
3 are not lawyers, and those particularly who were not on the
4 relevant committees simply didn't understand those kinds of
5 issues.

6 Had Legal Services not been around, all of their
7 information would have come from Minnesota Multi-Housing.
8 With the presence of Legal Services, they got a balanced flow
9 of information on both sides of these issues.

10 In addition, and perhaps even more important, many
11 bills of this kind involve a lot of negotiations. I won't
12 say back-room negotiations. Perhaps a better phrase would be
13 hallway negotiations, because that's where most of it usually
14 goes on, out in the hallways, where the various interest
15 groups get together and work things out.

16 In fact, it's not uncommon for a legislator, a
17 committee chair in our legislature -- I'm not one of those
18 who does this -- but there are committee chairs who will
19 simply become exasperated by the complexity of a bill and say
20 "We don't really have time to go through all this; why don't
21 you folks who are interested in this go out in the hallway
22 and work it out and come back and tell us when you've worked

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1 out an agreement."

2 That happened in some of these landlord-tenant
3 issues, where a chairman would say, "Okay, Mr. Horner" -- of
4 Minnesota Multi-Housing -- "Mr. Beneke" -- who was at that
5 time one of the people over there for Legal Services -- "Mr.
6 Horner and Mr. Beneke, why don't you go out in the hallway
7 and work this out?"

8 And they would go out and they would talk about it
9 and they would often reach a compromise, and they would come
10 back with "I think we've got something we can both live
11 with." And that would then pass.

12 Now, if Mr. Beneke hadn't been there, see, that
13 kind of a process could not have occurred. The legislative
14 leaders recognized the Legal Services representative as
15 someone who represented the tenants and so, because he was
16 there, they were able to come up with balanced compromises.

17 These were bills that did not go all the way toward
18 the landlord interests or all the way toward the tenant
19 interests. They were somewhere down the middle, and it was
20 the presence of Legal Services that allowed them to be in the
21 middle, not tipped all the way to the other side.

22 Similarly, we've had a number of issues in recent

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1 years regarding creditor-debtor relations, things having to
2 do with when you could -- with liens, things having to do
3 with when property could be confiscated, various issues of
4 this sort, things that involve collection agencies often, on
5 the one hand, and debtors on the other hand.

6 Again, complex issues that frankly cause a lot of
7 legislators eyes to glaze over, and it was the presence of
8 Harold Turner, in this case, from Minnesota Legal Services,
9 who was a constant presence in the legislature. If there's a
10 debtor-creditor issue, you look out in the audience and
11 Harold is sitting there.

12 So if a legislator has a question, they go to Mr.
13 Turner. Mr. Turner always has the answer, representing the
14 debtors, who would not otherwise be represented.

15 Similarly, a few years ago, a more recent example.
16 We were dealing with the issue of a type of business that has
17 developed fairly recently in this country, a business called
18 "rent-to-buy." These are companies that allow an individual
19 to go in and to rent a television set or usually a large
20 appliance for some period of time and pay a fairly hefty
21 rental fee with the hope that eventually they'll be able to
22 buy it and then those rental fees will apply to the purchase

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1 price.

2 The industry, the rent-to-buy industry came in with
3 a regulatory bill that was regulation very favorable to this
4 particular industry, and they got as their chief author of
5 the bill, a Senator who had a reputation of being very pro-
6 consumer, very liberal Senator.

7 Once this particular Senator was the author of this
8 bill, many of the rest of us said "Oh, it must be okay,
9 because here is something that the industry wants and here is
10 something that Senator X, who is known as a consumer advocate
11 wants, so this must be okay, we don't have to pay too much
12 attention to it."

13 But there was a Legal Services representative
14 there, in this case David Ramp. And Mr. Ramp looked at this
15 thing and said "I think this is going to rip off consumers."
16 And he went around and he talked to a number of us and
17 persuaded us to offer some amendments to modify this bill.
18 And it was only with those modifications that the bill could
19 pass.

20 So we ended up with a more balanced bill, a bill
21 that was more favorable to and sympathetic toward consumers
22 than we otherwise would have had.

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1 So I could go on with examples of this kind. I
2 know that there are those who would say "Are the kinds of
3 activities that Legal Services representatives are engaged in
4 at the legislature, is this a proper use of taxpayers'
5 money?"

6 Let me point out to you that the folks on the other
7 side, the Minnesota Multi-Housing, the collections agencies,
8 the rent-to-buy industry, they are deducting from their taxes
9 as legitimate business expenses the fees that they pay to
10 their lawyers. These are legitimate business expenses and
11 these are not small amounts. These are some of the best
12 lawyers in the state who are representing these groups.

13 So it seems to me that if taxpayers' money is
14 helping to bring representatives over there on the side of
15 the poor and less privileged people in this society, there's
16 nothing unique about that. Indirectly, the other side is
17 doing the same thing, and what we are really doing is
18 providing a more level playing field.

19 That essentially is what my message to you is all
20 about. What we have achieved with the presence of Legal
21 Services is simply a more level playing field. It has simply
22 created a fairer and more equitable atmosphere in which some

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1 of these very important and yet somewhat arcane issues can be
2 discussed and discussed fully and considered fully within the
3 legislative process.

4 MR. LANE: Thanks very much, Allan.

5 CHAIRMAN WITTGRAF: Is it fair to assume, Mr. Lane,
6 that whenever you and Ms. Schneider have been before the
7 legislature, you were requested to be there by Senator Spear
8 or one of his colleagues?

9 MR. LANE: That is almost universally the case.
10 That's right. Yes, at this point, they have come to rely on
11 the information we can offer.

12 CHAIRMAN WITTGRAF: I didn't want Senator Spear to
13 be indicting you this morning inadvertently.

14 MR. LANE: No. We are extremely conscious of every
15 word in the LSC regs and are scrupulous about complying and
16 having living, breathing, client-eligible persons who ask us
17 to represent them over there. There are many of them. Many
18 legislative issues affect large number of our clients, in
19 fact.

20 I think in terms of our funding, it's probably the
21 most cost-effective work we do in terms of the impact on
22 numbers of our clients per hour spent.

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1 Our second speaker, Caty Jirik, is the former
2 director of evaluations for the Minneapolis United Way and is
3 also, at this time, a member of the Minnesota IOLTA Board,
4 which distributes IOLTA funding in Minnesota. Caty?

5 PRESENTATION BY CATY JIRIK

6 MS. JIRIK: I'm going to keep mine very brief,
7 because I'm fighting a bad cold.

8 My perspective is a little bit different than
9 people in the legal field, because I represent a local
10 funder. When I spoke to a group, the Sclaid Group, a few
11 years ago, I talked a lot about the high quality of service
12 that the Minneapolis Legal Aid Society has provided to this
13 community and the strong effect of programs that they provide
14 that address high-priority needs and serve high-risk
15 populations.

16 None of that has changed. If anything, they are
17 doing more with less, as we all are these days, and they are
18 learning to be very creative about how to stretch dollars to
19 meet ever-increasing need.

20 What I would like to emphasize today, as a
21 representative of United Way, is our strong commitment to
22 ensuring that the members of this community are active

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1 participants in the setting of priorities, allocation and
2 evaluation of their local charitable dollars.

3 Minneapolis is a very philanthropic community,
4 which I'm sure you've heard, but it's not just money. We
5 take a lot of responsibility in ownership of our services and
6 programs, changing our priorities as our community's needs
7 change, and we pride ourselves on being responsive.

8 Our local United Way has one of the most inclusive
9 and effective priority-setting processes of any funder and
10 our system has become a model in other parts of the country.
11 Our donors, our member agencies such as Minneapolis Legal Aid
12 Society, agency clients, and people who have nothing to do
13 with United Way directly but simply live and work in our
14 community, participate in setting priorities.

15 We are fond of saying that the community sets the
16 priorities; we simply implement them and allocate the dollars
17 accordingly. Our United Way allocates over \$1 million to the
18 Minneapolis Legal Aid Society. That's because this community
19 believes legal services to the most disenfranchised people in
20 our community is a high priority.

21 Minneapolis Legal Aid provides us with a high
22 return on our charitable dollars through a very effective

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1 legislative advocacy and representation for those most in
2 need, and they address high-priority needs for this
3 community. We consider them a partner in addressing needs in
4 this community.

5 At First Call for Help, which is an information and
6 referral service of United Way, we use Minneapolis Legal Aid
7 as our primary referral service for housing and family law
8 issues, both of which are high priorities in this community.

9 I believe strongly that our community, especially
10 our corporate donors, would be extremely concerned and upset
11 with a national organization that does not do the living and
12 working and giving in this community, setting priorities,
13 standards, policies, and perhaps restrictions, from a FAR
14 that would certainly impact our own local priorities in
15 spending.

16 I will say that, given this economy and the
17 steadily diminishing dollars available for Legal Services,
18 like the IOLTA funds, that the Legal Services Corporation is
19 in a much better position than local funders to be focusing
20 their efforts on Washington and working with Congress to
21 increase funding for legal services in local communities.

22 That is something that you can do for us that could

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1 have a major positive impact on this community. Thank you.

2 MR. LANE: Thanks, Caty. I would note as a
3 footnote to that that the United Way gives the Legal Aid
4 Society over \$75,000 a year earmarked for the purpose of
5 advocacy at the legislature and at administrative rulemaking.
6 That is what they want done with those \$75,000 a year, in
7 addition to the other programs they've funded in my office.

8 The third person that will be addressing you is
9 Mary Schneider the executive director of Northwest Minnesota
10 Legal Services.

11 Mary.

12 PRESENTATION BY MARY SCHNEIDER

13 MS. SCHNEIDER: Chairman Wittgraf, President
14 O'Hara, Board members, as Jeanine Wolbeck knows, we are very
15 proud of our state and we're proud to have you here. It's a
16 place where the earth is black and the air isn't; the lakes
17 are blue and the people aren't; where food and not fear grows
18 around its inhabitants; and where the children still grow up
19 on the milk of human kindness that mostly flows here.

20 In Minnesota we still believe, as do the people in
21 power, that Senator Hubert H. Humphrey's admonition was
22 correct when he warned that how we treat our children in the

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1 dawn of life and how we treat those who are seniors in the
2 twilight of life is a measure of our society.

3 We try to deal, as best we can, in Legal Services
4 with some of the very critical things that we are seeing.

5 For example, just in the last month, I had a young
6 boy in my office who said he wasn't so hungry when he went to
7 school now that he learned to drink five glasses of water
8 when the refrigerator was empty.

9 We had a little girl who came in with her mother
10 for a protection order, that she said maybe she was abused
11 and molested because she wasn't a very good girl.

12 We had an elderly lady who was being evicted from
13 her housing because her check had been taken by an alcoholic
14 relative.

15 These are not atypical cases. But what's nice is
16 that, in Minnesota, we think that a person in pain is
17 everybody's shame, and we all try and work together to do
18 something about that.

19 The beauty of telling you that today is that that's
20 a generally-held Legal Services perspective. We all
21 believe -- you do and every Legal Services provider here --
22 that there is dignity and worth in every human being and that

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1 they are entitled to decency and freedom from harm.

2 We have unmet needs in this state when we attempt
3 to provide legal services. For example, we have resources
4 only enough to serve 27 percent of low-income callers. Ten
5 thousand family law clients alone are rejected in our
6 programs, 20,000 clients overall, in a year.

7 Federal funding is 43 percent less now than it was
8 in 1981. Expenses since 1987 have risen over 40 percent.
9 State cuts in funding are anticipated this year between 3 and
10 7 percent. Between 1991 and 1992 it is expected that legal
11 services expenses statewide would rise 4.7 percent and
12 revenue decrease by 4.7 percent.

13 IOLTA is now down 10 percent with an anticipated
14 decrease next year of 20 percent. Since the start of the
15 1980s overall nationwide, you know that there's been a 28-
16 plus percent in the number of people who fall under our 125
17 percent eligible clients in poverty. That's the highest
18 number of American clients in poverty since the War on
19 Poverty in the 1960s. But in one Minnesota legal services
20 region k, the increase was 44 percent in the poverty
21 population. None of our legal services areas in the state
22 decreased.

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1 There are shifts in the poverty population that are
2 causing extreme hardship for our rural areas. In my
3 territory in Northwest Minnesota, the population shift has
4 resulted in what will be a severe state funding cut. All our
5 state funds are hooked to the poverty population figures,
6 too, and even though we gained in poverty population, we face
7 a severe decrease in funding because of the severe increases
8 in the poverty population in the cities.

9 That makes service in the rural areas even more
10 difficult, when we look at the distances that have to be
11 traveled. I have to go up to 200 miles in my jurisdiction to
12 go to court. We have expenses of travel, of getting clients
13 to our offices, of difficulty in providing access, and those
14 will become more difficult as the funding cuts become more
15 severe.

16 Our Title III monies for seniors have declined
17 overall and we are facing an 18 percent cut in funding for
18 our elderly clients next year in one region of our territory
19 alone.

20 We feel a crunch of the drain of attorneys from
21 rural areas that has come as attorneys move into the
22 metropolitan areas. There's widespread use of toll-free

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1 numbers so that individuals can contact private attorneys in
2 the cities, and therefore, we have fewer attorneys out in the
3 rural areas to serve the many clients that still reside there
4 and who are very poor.

5 We expect that our pro bono attorneys will have to
6 take more cases and shoulder a greater burden as the
7 population of attorneys declines.

8 So we don't have enough money, and neither do you.
9 None of the providers have enough time, resources, or money,
10 and we want you to fix that. But even though we don't have
11 enough of everything, we have something in Minnesota that
12 other people don't have. We've got the Twins.

13 And if there are things that the 1991 World Series
14 champions taught us all, it's that you don't have to have the
15 highest salaries in the business to be the best -- they were
16 the lowest. You don't have to have the biggest program to be
17 the best -- they were the smallest. You don't have to have
18 the perfect players -- they had a fat kid on first and a
19 home-run hitter that everybody thought was named after a
20 vacuum cleaner company.

21 But here's what they did have that Legal Services
22 here also has: that's goals of quality and a desire to be

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1 the best, very diverse players with a strong sense of
2 teamwork and common purpose, determination, dedication,
3 commitment, and humor.

4 We have the strongest community support, which is
5 what really pushed the Twins into the World Series last year.
6 We have a Bar Association that's fantastic. President Guzy
7 here; Nancy Kleeman, who you've dealt with over the last few
8 days; and the other outstanding staff that support
9 wholeheartedly the legal services programs in Minnesota.

10 We also have private attorneys who pay more than
11 lip service to the concept of equal access to justice. They
12 pay with their time as volunteer attorneys and they pay with
13 their funds.

14 We have a legislature which, even in fiscal hard
15 times, tries to preserve funding for the poor and to protect
16 needy people; and we have exceptional support from
17 foundations, corporations, and the United Ways.

18 We have good staff; we have great directors. The
19 directors here, just four of the six directors in this state
20 we figure this morning, had over 80 years experience. And we
21 have every type of delivery system available within the
22 state. And that, besides funding, besides asking for a

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1 bigger pie for all of us to share, which we desperately need
2 because of the increases in the poverty population, we also
3 ask that you preserve one of the real beauties about
4 Minnesota, and that's the diversity of the delivery system
5 that we have here, because we believe that our counties, our
6 communities and our local boards know best our services
7 should be delivered.

8 I'm from a program that started as an entire
9 Judicare Program where attorneys were paid on a contract
10 basis, \$35 an hour. We have switched that to come and
11 balance a newly-added staff component which can do public
12 benefit work and complement the private attorneys who
13 continue as a Judicare panel of 260 to do work that is
14 traditionally done by the private bar.

15 Those were decisions that our board made, and our
16 advisory committees suggested, so that now we have the best
17 blend of both types of service throughout Minnesota. We also
18 have a continuing Judicare program and we have two large city
19 programs who also deal with rural components.

20 To adapt to their needs of their client community,
21 they've developed special units for developmental
22 disabilities, special units for farm needs, immigration, and

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1 multicultural issues.

2 So we have a very strong program with a lot of
3 positive features, and while you may not be able to get us
4 the money this year, we hope you will continue funding
5 efforts to increase our budget in comparison to the poverty
6 population. In the meantime, we hope that you will give us
7 the respect and local control to continue to do what we do.

8 In closing, because Mr. O'Hara has a little bit of
9 the map of the old country on his face, I have a quote from
10 my very favorite Minnesotan, and that is my Irish
11 grandmother, who saw quite a bit of life before she died on
12 New Year's Eve at the age of 100. And she used to toast and
13 say, "Here's to those we love and here's to those who love
14 us. And for those who don't love us, may God change their
15 hearts and if you can't change their hearts, maybe turn their
16 ankles, so we will know them by their limping."

17 So we hope that you have every success and can
18 identify the opponents of the changes that we need so much.
19 Thank you.

20 MR. LANE: Thanks, Mary. I'd just like to add to
21 that the fact that despite what Senator Spear and the
22 legislature has done for funding, despite IOLTA, despite the

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1 state Bar Association, at this point I face closing two rural
2 offices in the next 12 months.

3 And if that's what's going on here, I don't even
4 want to think about what's going to be going on in the rest
5 of the country where we don't have perhaps as strong
6 alternative resources.

7 When you folks go to Congress to do what only you
8 can do, which is beg for money for us, don't let them tell
9 you they don't have it. If they want to find it, they will
10 find it.

11 We'd rather have 2 percent or 4 percent than
12 nothing. But if they wanted to give you a 15 or 20 percent
13 increase, they would find the money. What you have to do is
14 convince them this is more important than the other interests
15 that are also pounding on their door.

16 Our fourth speaker is Bob Guzy, a private
17 practitioner and the current president of the Minnesota State
18 Bar Association.

19 Bob.

20 PRESENTATION OF ROBERT GUZY

21 MR. GUZY: Thank you, Gary. I think we should have
22 ended with the last speaker here, on such a great note.

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1 As Jerry says, I'm president of the Minnesota State
2 Bar Association. I had the opportunity to meet many of you
3 and talk to many of you at the reception, and thoroughly
4 enjoyed that.

5 I also am fighting a cold, but I want to assure you
6 that two of the five on the panel here is not indicative of
7 the percentage throughout the State of Minnesota.

8 I'm here, as I stated, as the Bar president, and
9 also as a member of the Minnesota State Bar Association's
10 Legal Assistance to the Disadvantaged Committee, which we
11 call LAD. I've served on that committee for two years, and
12 in that time gained a greater understanding of the complexity
13 of the legal needs of the poor and the challenges facing
14 those who make legal services their life's work.

15 In our Bar Association, the president-elect is
16 always a member of the LAD Committee. As I left the
17 president-elect role, I felt that my presence on that
18 committee by name was important as the president, and I
19 appointed myself as not an ex-officio member of that
20 committee, but as a member of that committee.

21 I think this tradition has a great deal to say
22 about how our association views the importance of legal

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1 services. As an association, we feel strong ties to the
2 legal services providers of Minnesota and have great respect
3 for them. We, in the truest sense, are partners in providing
4 legal services to the poor.

5 Partnership is one of those words that is used so
6 much that its meaning is a little blurred. I use the term in
7 its most basic way.

8 What does this kind of partnership imply? First,
9 to me, the partnership, as I use it here, involves equals.
10 The over 135 lawyers who work in Minnesota's Legal Services
11 offices operate in the main stream of the legal profession.
12 They are highly respected members of our legal community.
13 They are active, they are involved, and members of our Bar
14 Association.

15 In fact, 93 percent of these Legal Services
16 attorneys are members of our voluntary Bar Association.

17 They serve on Bar committees and are involved in
18 the work of the Bar's sections. Some have assumed leadership
19 roles.

20 For example, our moderator, Jerry Lane, is a member
21 of our Board of Governors. Paul Anoka, from Southern
22 Minnesota Regional Legal Services, who spent the past two

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1 years on assignment to the Legal Services Legislative
2 Advocacy Project, chairs our Judicial Administration
3 Committee and is a recipient of our Association's
4 Professionalism Award which is our Bar's highest honor.

5 Jean Steen, managing attorney of the Minnesota
6 Legal Aid Society's Family Law unit, is chair of our Family
7 Law Section in the State of Minnesota.

8 Second, this partnership involves a joint purpose -
9 - expanding the availability of legal services to the poor.

10 A survey a few years ago found that in Minnesota, as
11 elsewhere in the country, as has been mentioned, only
12 approximately 20 percent of the need for critical legal
13 services for the poor is being met.

14 In June, 1990, our association adopted an
15 aspirational standard for pro bono work and reaffirmed our
16 commitment to increasing seeking funding for legal services.
17 These resolutions are really a statement of the joint goals
18 held by the Bar and Legal services.

19 Third, a partnership involves shared expertise and
20 joint action. The attorneys who work in Legal Services
21 offices in Minnesota have great expertise in their very
22 complex areas of law and have an enormous dedication to

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1 serving their clients.

2 The private Bar has thousands of members who want
3 to volunteer, and the apparatus is set up in the Bar to
4 assist those attorneys.

5 What has this partnership produced in Minnesota?
6 At the State Bar level, I'd like to tell you and show you a
7 couple of recent projects. Our first project -- I don't know
8 if you've had an opportunity to see this -- it was a booklet
9 that was put out by the Bar Association.

10 Many attorneys imagined there wasn't anything that
11 they would feel comfortable doing. This directory lists more
12 than 60 organizations that frequently and regularly need pro
13 bono attorneys to represent clients, and in 26 different
14 areas of law.

15 Just since July, over 2,000 copies have been
16 distributed, and we've recently learned that the Minnesota
17 law schools plan to give this directory to all their
18 graduates next spring, along with their diplomas.

19 We have also adopted a set of model pro bono
20 policies and procedures for private law firms to help these
21 firms set up and operate a pro bono program efficiently.
22 This model developed by the LAD Committee we think encourages

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1 greater private bar involvement, and the response has been
2 very enthusiastic, I am proud to say.

3 This year, a similar set of policies is being
4 developed by the Committee for Government Agencies and their
5 attorneys.

6 I think one of the keys to the strength of this
7 partnership that I talked about -- the partnership between
8 the private bar and Legal Services in Minnesota -- is the
9 strong affiliation that local attorneys feel with their local
10 programs.

11 Each program has its own local flavor. Each
12 responds to clients' needs differently, because clients,
13 geography, and the local situations are different.

14 One Minnesota program serves three major Indian
15 reservations in Northern Minnesota. Others serve isolated
16 rural communities where great distances make reaching the
17 clients such as Mary talked about a challenge. Others serve
18 urban neighborhoods with decaying housing and overcrowded
19 schools and increasing gang violence.

20 To give you an example, I practice in Anoka County.
21 This is a county just north of the Minneapolis area. We are
22 right at the border of Minneapolis and we have an urban

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1 community. We also have a county that has a rural community,
2 so we have urban and rural problems.

3 Legal Services are provided by Judicare of Anoka
4 County. No other program in the state is like Anoka
5 Judicare, but then no other county is like Anoka.

6 While each of our six programs in Minnesota is
7 different, the private bar is involved with all of them.
8 Private attorneys are actively involved in the governing
9 boards and the programs. Also, private attorneys should be
10 and are involved in the delivery of services. In Minnesota,
11 more than 3,000 lawyers represent clients and volunteers.

12 As you have heard from others already, the need to
13 increase funding for Legal Services is probably the biggest
14 challenge facing all of us in our partnership today. I want
15 to thank Senator Spear and the Minnesota legislature for what
16 they've done and, as Mary has said, they've done this in
17 times of tough budget crunches. I want to thank IOLTA for
18 their help with our legal services.

19 Funding for the Minnesota Legal Services Program is
20 probably more diverse than in most other states. In fact,
21 less than 30 percent of that funding comes from Legal
22 Services Corporation. But, as was stated, there is just not

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1 enough money. Poverty in Minnesota has increased, especially
2 among children. Money has not kept pace, or has actually
3 shrunk.

4 There is no question that we in the private bar
5 must assist in finding funding for Legal Services and their
6 programs. However -- and I know where you stand -- federal
7 funding must increase.

8 We are here to work with you, to support increased
9 funding for legal services so that low-income people in
10 Minnesota and nationwide can have access to the full range of
11 legal services that they need to protect their most basic
12 rights to safety, income, shelter, and food.

13 I want to thank you for joining us in Minnesota,
14 thank you for the attention, and we look forward to working
15 with you in the future.

16 MR. LANE: Thanks, Bob.

17 PRESENTATION BY JEREMY LANE

18 MR. LANE: Mr. Chairman, I have two final thoughts.
19 One is that because, over the last 10 years, private
20 foundations in Minnesota have given over \$2 million to the
21 Legal Services programs, the bar invited James Shannon, the
22 recently-retired CEO of the General Mills Foundation and the

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1 former chair of the National Council of Foundations, to come
2 and address you.

3 He's out of town with his family, but asked me to
4 share with you an excerpt from a letter he wrote this summer
5 to Congressman Jim Ramsted, and he had this to say:

6 "I'm very troubled by the idea that Congress may
7 undertake to dictate what activities may be carried out by a
8 legal services program with private funding merely because
9 that program also receives LSC funding.

10 "Foundations are eminently capable of making their
11 own decisions about the uses to which their funds will be
12 put. Accounting procedures protect against commingling or
13 abuse of funds.

14 "The General Mills Foundation has never had a
15 problem satisfying itself that its funds were being used only
16 for the purposes for which the grant was made. Anyone
17 asserting that other funds must be restricted in order to
18 prevent misuse of LSC funds must be unfamiliar with
19 accounting procedures.

20 "For Congress to restrict private funds received by
21 an LSC grantee merely because some Members of Congress may
22 not personally agree with some of the legal activities

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1 supported by private funders would be, in my opinion, an
2 abuse of government power. It would undercut the principle
3 underlying private philanthropy. It would also, in my
4 opinion, endanger corporate and foundation funding for Legal
5 Services programs.

6 "Foundations and corporations may well pull away
7 from funding an agency if a standard is imposed on their
8 freedom of giving, a standard that is not of their choosing.

9 "There may well be certain types of activities that
10 Congress does not wish to finance with tax dollars. If so,
11 it is entirely appropriate to insist that funds from separate
12 sources be accounted for separately.

13 "I urge you, however, to oppose legislation which
14 would infringe on the right of private funders to make their
15 own judgments regarding whom they may fund and what may be
16 done with those funds. In the context of Legal Services
17 funding, the only people likely to be hurt by restrictions
18 are poor people who will receive fewer services if
19 Congressional restrictions discourage private funders from
20 giving to Legal Services programs."

21 The other comment I wanted to add occurred to me
22 because Bud and Jeanine visited my office on Thursday and Bud

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1 and I chatted about subject near and dear to both our
2 hearts, though perhaps for different reasons, and that's
3 timekeeping.

4 Because private attorneys who bill on an hourly
5 basis use detailed timekeeping records, there may be a
6 tendency to think of universal detailed timekeeping as the
7 norm with Legal Services attorneys as an isolated exception.

8 So I called six offices, in an unscientific survey
9 -- the U.S. Attorney, the Minnesota Attorney General, the
10 Hennepin County Attorney, the Minnesota City Attorney, and
11 two private firms in Minneapolis.

12 In the U.S. Attorney's Office, I spoke to Joe
13 Walbrand, a friend of mine who has spent the last 20 years
14 happily and very efficiently putting drug dealers in jail.
15 Their office does not, never has, and has no plans to use
16 timekeeping.

17 At the Minnesota Attorney General's office, I spoke
18 to a senior supervisor who has been there for 15 years. In
19 the civil area, they use limited timekeeping as necessary for
20 billing purposes, because they bill their time to specific
21 state agencies for whom they provide services. They have
22 moved away from detailed timekeeping for personnel whose time

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1 is not billed to specific agencies. He did not view
2 timekeeping as a quality control mechanism or as an aid to
3 efficiency.

4 At the Hennepin County Attorney's office, I spoke
5 to a senior supervisor also there for over 10 years. They do
6 not use timekeeping in their criminal division. They use it
7 on a limited basis on the civil side for reporting major
8 categories of time allocated to certain county departments.

9 He told me that no attorney who uses the system, to
10 the limited extent they do, thinks that it adds to his or her
11 efficiency.

12 At the Minneapolis City Attorney's office I spoke
13 to the chief administrator of that office. He said they use
14 to use timekeeping in the Criminal Division but discontinued
15 it because they found it had no value.

16 On the civil side they use it, again on a limited
17 basis, to measure, again in broad terms, how much time is
18 spent on case-handling generally, versus non-casework, and
19 also to allocate funds among the various city departments
20 that they serve.

21 He said that it is not seen as an efficiency
22 device; it is not used in their evaluation process, which

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1 does involve a peer review system very similar to my own
2 office's.

3 In the private sector, I thought of two categories,
4 where efficiency is king and where spending more time on a
5 case will not increase your fee -- and that is the areas of
6 criminal defense and personal injury plaintiffs work.

7 In the criminal defense area, I called the office
8 of Ron Neshbeshner, who would be on anyone's list, including
9 his own, of the three best criminal attorneys in Minnesota.
10 Ron's firm also does civil as well as criminal work.

11 His office uses timekeeping where there is hourly
12 billing on the civil side. They do not do detailed
13 timekeeping on the criminal side where 90 percent of their
14 work is flat fee work. They use a limited form in certain
15 types of criminal cases merely to check to see if those cases
16 are profitable.

17 In the personal injury plaintiffs area where you
18 make money by turning over cases, not by wasting time on
19 cases, I spoke to two partners at the firm of Howard,
20 Fargione, and Love, a firm with three partners and one
21 associate. Both partners I spoke to said they do no
22 timekeeping and they are convinced that they are more

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1 efficient without it.

2 The perspective of Brian Love, the managing
3 partner, is particularly interesting, because he came, as did
4 two of their paralegals, from insurance defense firms where
5 they had timekeeping. So he has billed under both systems.

6 Brian said he is able to work better without
7 timekeeping, that when working with timekeeping he found
8 there was a tendency to worry about whether you were spending
9 too much time on a file. Now, he says he can just sit down
10 and do a thorough job without being distracted by
11 timekeeping.

12 He said the support staff, who have also come from
13 the insurance defense area, share his view. He said you
14 don't need timekeeping to tell you who is efficient and who
15 is wasting time.

16 The reason I chose the Howard, Fargione firm to ask
17 is that last year, the Minnesota Legal Journal did a
18 statewide survey of over 100 judges and asked them to name
19 the best attorneys who had appeared before them in each of
20 three categories -- the most courteous, best prepared, and
21 win the most cases.

22 The paper compiled three lists in the best of each

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1 of those categories. No list had more than 27 names on it.
2 Of Minnesota's 18,000 lawyers, seven showed up on all three
3 lists. Two of them were Bob Howard and Mike Fargione. So I
4 think they are qualified to speak on how to combine
5 efficiency and quality. Both, I must add, are former Legal
6 Aid Society staff attorneys.

7 On behalf of the panel, the State Bar Association,
8 and the legal services providers, thank you very much for
9 your time.

10 CHAIRMAN WITTGRAF: Thank you all. It's a Saturday
11 morning and we realize that you have other commitments and
12 family obligations, other things that are an important part
13 of your lives, and we appreciate your taking the time to be
14 with us.

15 We have the opportunity to see Mr. Lane and Ms.
16 Schneider on occasion. We haven't had the pleasure of seeing
17 Senator Spear, Ms. Jirik, or Mr. Guzy before. Certainly many
18 of the comments you made are comments similar to those we've
19 received as we've traveled other parts of the country, but
20 it's always important for us to continue to learn. That's
21 one reason we do travel to different parts of the country
22 with our board meetings. And it's always important for us to

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1 continue to be motivated and inspired by the comments and the
2 anecdotes and the insights you share with us.

3 I'll just make one observation before I turn to my
4 colleagues. We do go with hat in hand to the Congress and
5 request funding for the Corporation, the vast bulk of which
6 goes through the Corporation to the basic field grant
7 programs or recipients, such as the two represented by Jerry
8 and Mary.

9 Undoubtedly, we could be more effective with the
10 job that we do, and will attempt to be. But be it the Board
11 and its representatives or be it the national organizations,
12 such as the Project Advisory Group or the National Legal Aid
13 and Defender Association, we find it very difficult to raise
14 the level of priority for funding as suggested by Mr. Lane
15 for this federal commitment, because there's no constituency
16 to speak of across the country by Congressional district, by
17 state, for this kind of effort and, as a practical matter, as
18 Members of Congress in the House and the Senate do the
19 cutting, the choosing between increasing funding here,
20 holding funding there, perhaps even decreasing funding
21 someplace else, there isn't the compulsion that we have to do
22 more in this area, we have to do more in funding civil legal

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1 services for the poor.

2 So I don't want to put Mr. Lane or Ms. Schneider
3 into a legal box, so I'll turn to the three of you instead
4 and simply way that -- and you have many other things you're
5 concerned with -- but to follow on the comments, the
6 heartfelt comments you've made this morning, please take the
7 opportunity when you have it with your Members of Congress,
8 your Senators and your representatives, to say, "Hey, we know
9 its tough. They've got reduced resources to deal with, just
10 as I'm sure the State of Minnesota does. But try to do a
11 little bit more in that area; it badly, badly needs it."

12 We really need the foundation of support in the
13 states all across the country to help make it possible for
14 those Members of Congress to make the tough decision to raise
15 the level of funding, not just 2 percent or not just 4
16 percent, but maybe the 8 or 10 or 12 or 15 percent that Mr.
17 Lane is dreaming of in the future.

18 But we really not only need, those of us who get to
19 Washington occasionally, making the case there, but we really
20 need that foundation of support, some compulsion back home as
21 well. So I only urge you to keep that in mind when you have
22 a chance, particularly after the election, to visit with your

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1 new Members of Congress, to just take a moment to make that
2 point, to make them understand that some people back home in
3 Minnesota really think that's important stuff.

4 I'll turn to my colleagues with that short
5 sermonette. Mr. Hall? Ms. Wolbeck?

6 MS. WOLBECK: I would just like to express my
7 appreciation for the work that they do in this state. I've
8 been extremely impressed with what I've seen the last three
9 years, and with the help that they have given me and
10 knowledge, especially Mr. Lane. He's been always there for
11 me when I have questions, and very patient with how much I
12 didn't know. And I'd like to also express the pride that I
13 have in this state, the work that they're doing.

14 MR. LANE: Thank you.

15 CHAIRMAN WITTGRAF: Mr. Kirk?

16 MR. KIRK: Thank you, Mr. Chairman.

17 I'd like to address maybe a point that each of you
18 might have made, or a point made by each of you.

19 And, Senator, you, as the other speakers here, have
20 presented, very articulately, I think, the absolute need that
21 the poor be represented before the legislature. They are
22 voters and they need representation.

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1 And I have been really convinced in my year-and-a-
2 half on the board of how, in many ways, advocacy in lobbying
3 in a legislative sense can cut to the quick and truly be, in
4 the long term, more beneficial than hiring a bunch of
5 lawyers.

6 On the other hand, I do hear the taxpayers out
7 there and I do hear some of the other people who have
8 traditional views of lawyers. They know there are no courses
9 in law school where they teach lobbying, at least not in
10 mine. They know you don't have to be a lawyer to be a
11 lobbyist.

12 They know that when you read the ethics -- although
13 some of them certainly do apply to a lawyer who is acting as
14 a lobbyist -- that's not the primary area. That's not where
15 they're directed.

16 Yes, law firms do lobbying, but many of them feel
17 that, maybe since you don't have to be a lawyer to be a
18 lobbyist, that some of the millions of dollars that are given
19 to the legal aid offices, maybe it could be more effectively
20 spent giving it to the lobbying group, letting there be a
21 true advocate for the poor, a regular advocate, as there
22 would be, and let the legal service offices serve as the

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1 facilitators for that.

2 I'm not saying that's the way it should be, but I
3 think you need to know that there are other people out there
4 and other sides that do make some sense, and you may not
5 agree with them, but there are those people out there that
6 feel that way and there is some logic in what they say.

7 MS. SPEAR: May I respond?

8 I think that, indeed, there are areas where a lay
9 lobbyist can do just as well as a lawyer and, in fact, we do
10 obviously have many people who lobby the legislature who are
11 not lawyers and who do very effective jobs.

12 I think, however, the areas that I referred to
13 specifically are areas where it would be very difficult for a
14 person who was not learned in the law to do an effective job
15 of lobbying.

16 I spoke earlier about landlord-tenant relations and
17 about debtor-creditor relations, in particular, and these are
18 fairly arcane areas that involve rather detailed knowledge
19 not only of the law but how the law operates on a day-to-day
20 basis.

21 In those areas, the lobbyists who represent the
22 landlords or the collection agencies or whatever are lawyers,

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1 and they send over lawyers who have had a great deal of legal
2 training. I think for an advocate of the debtors or an
3 advocate of the tenants to not be a lawyer would put that
4 person at a great disadvantage in those areas.

5 I'm not saying in every area that that's true, but
6 I think in some of the areas where Minnesota Legal Services
7 has put a lot of its energies, it would be very difficult for
8 a person who is not legally trained to be able to represent
9 and provide that necessary balance to the other side in those
10 particular areas.

11 MR. KIRK: Senator, if you thought that I was
12 saying that there should be no lawyers as lobbyists, I did
13 not mean that. I just meant that an independent group that
14 might be independent from Legal Services Corporation was what
15 was suggested by other people. And I truly understand what
16 you're saying. I see your side of it.

17 I'm just trying to tell you that we can sit here
18 meeting after meeting and all we can hear are Legal Service
19 field people talk, and we're not getting the other side. I'm
20 trying to convey to you that there is a feeling over there,
21 and I think that there's something that needs to be
22 considered.

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1 With regard to priorities, I was an advocate of a
2 non-binding set of priorities for Legal Services, because I
3 truly believe that the local office is the only person who
4 can decide what the local priorities are, and I would suggest
5 that if I were to come up with a list of priorities, it would
6 be much like Mr. Guzy's closing comments on health, food,
7 shelter.

8 And just because I do believe that the local
9 offices are the best ones, it doesn't mean in every instance
10 that they do the job as they should do it.

11 So I don't think anyone has ever thought that there
12 was going to be a dictation -- at least I haven't -- to the
13 local offices of what the priorities have to be.

14 The question of the Legal Services office, I think
15 many of us are struggling because we think of a Legal
16 Services office as being a law firm, and yet, it has turned
17 into something more than a law firm. It's turned into a
18 center; it's turned into a center for the poor, a place where
19 many things come together. It's turned into a lobbying arm.

20 And there are those that still have difficulty
21 seeing that, wondering if in fact you shouldn't have
22 something other than a law office to be the center and the

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1 facilitator for all these activities.

2 I'm not saying it's wrong, I just want you to know
3 that there are thoughts and there are people out there who
4 have those concerns.

5 And to Jerry, I can only say "Me thinks you've
6 protested too much. Try it. You might like it."

7 Finally, I think we're putting bandaids on many of
8 the problems that we have. I think that we need to increase
9 the funds. I think that certainly everything that you have
10 suggested we need to do. But I'm not sure that money is the
11 answer in the long run. I think that our efforts really have
12 to be to close this poverty gap. It has to be to look at our
13 legal system and find out why not just the poor are kept out
14 of it, but most of the people in this room couldn't afford a
15 lawyer and most of them are lawyers.

16 I mean, we have a system that really does not fill
17 its needs, and the Bar itself must do a lot. My state is
18 very far on the way toward mandatory pro bono. They say it's
19 not, but it sure looks like it is. And that may be one of
20 the steps that needs to be taken.

21 I think that anyone here would agree that whatever
22 funds we have for legal services are not going to be the

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1 things that we really need to solve the problems in the
2 future, and we're just putting bandaids on big, gushing
3 wounds.

4 Thank you.

5 CHAIRMAN WITTGRAF: Ms. Love.

6 MS. LOVE: I've enjoyed my two-and-a-half years on
7 the board. I've learned a lot. I've been to quite a few
8 states that I had already lived in or visited.

9 Minnesota impressed me very much. I guess I'm the
10 only Board member that stays in trouble. I like to ask for
11 the money, because I know the needs of the poor. I'm the
12 only one that stayed hungry, I think, the most, and I'm the
13 only one, I think, that had to come to Minnesota and ride in
14 a police car, from going out to eat dinner and get the car
15 taken away.

16 So thank you. And I will be glad to leave.

17 CHAIRMAN WITTGRAF: Mr. Shumway.

18 MS. LOVE: But they did catch the crooks.

19 CHAIRMAN WITTGRAF: Mr. Shumway.

20 MR. SHUMWAY: Senator Spear, you illustrated some
21 thoughtful examples about how the effort in the legislature
22 of Legal Services-funded lobbyists has been helpful to

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1 balance the impressions given to lawmakers. Those examples
2 all dealt with responsive efforts on the part of legal
3 service providers.

4 I'm impressed that, in the past some of the problem
5 was not a responsive effort, but a pro-active effort, going
6 to the legislature to create what we call social policy and,
7 in some cases, creating very controversial social policy.

8 You didn't address that aspect of possible
9 activity. Have you seen that during your 20 years as a
10 Senator?

11 MR. SPEAR: Well, Mr. Shumway, the examples that I
12 gave were not, in all cases, responsive. As I recall, for
13 example, in the landlord-tenant relations, some of the
14 proposals were proposals that came from the clients of Legal
15 Services -- I believe the Minneapolis Tenants Union or
16 whatever group it was that advocacy groups of Legal Services
17 was representing at the time.

18 Some of them were initiatives from tenants
19 associations to change, to make significant changes in
20 landlord-tenant relations. I think there was, as I can
21 recall, for example, there was an issue, for a time, about
22 rental deposits.

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1 I believe that was a proposal that came from the
2 tenants, something that would make it easier for them to get
3 back their rental deposits and put fairly hefty fines on
4 landlords who did not return those rental deposits. So those
5 weren't all responsive. Some of the others were.

6 Otherwise, I don't know, maybe Mr. Lane can help,
7 but I can't right now think of other examples outside of
8 those areas where the initiative came from Legal Services
9 clients.

10 MR. LANE: Yes, I can. And if I can ask your
11 indulgence, what I'd like to say, I think, responds both, Mr.
12 Shumway, to your question and to a question raised by Bud
13 about basically letting some other people do it, some other
14 groups. And the answer is that when we can, we do.

15 The Minnesota Public Interest Research Group has
16 done heavy duty lobbying on utility regulations in areas
17 where they were able to do that, and we've let them. And,
18 similarly, when there is another advocacy group in the state
19 raising an issue or responding to an issue, we let them.

20 However, there are a number of issues -- and I'll
21 give you specific examples from my own practice -- where we
22 are the only ones. The issues and the expertise arise out of

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1 our day-to-day case practice. If we don't raise it, it won't
2 be raised, because no one else in any sort of group knows
3 about it.

4 Three examples: automatic renewal of leases. When
5 I was a staff attorney, a thousand years ago, I kept having
6 clients come in to me whose security deposits were being
7 withheld by the landlord because when they're one-year lease
8 was about three weeks from the expiration date, they called
9 or dropped a note to the landlord saying they would not be
10 signing up for another year, and they'd be moving, and the
11 landlord, would say, "Well, there's a problem. If you look
12 on the back of your lease in Paragraph 13, in print so small
13 that you'd need a microscope to read it, there's a clause
14 that says unless you give me 90 days notice that you're not
15 going to renew the lease, the lease automatically self-renews
16 for another year. So if you want to move out, you're going
17 to forfeit your security deposit."

18 Well, after I had had 20 or 30 clients come in to
19 me with that, I said "There's got to be a way to deal with
20 this. I'm the one with the knowledge, because it arose out
21 of my day-to-day, ordinary legal services case practice." So
22 I wrote a three-line statute that said "If there's an

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1 automatic renewal provision in a lease, the landlord has to
2 give the tenant 90 days notice of the deadline."

3 I gave that piece of legislation to my program
4 director. This was back in 1972, I think. And about three
5 months later, it was a statute. And I haven't heard of that
6 problem since. There was nobody else who knew that that
7 problem was a systemic problem but legal services attorneys
8 who were having clients come to them saying "Can you help me
9 with this legal problem?"

10 A second example is domestic violence. I did a lot
11 of family law intake as a staff attorney; and time and time
12 and time again, women would come in to me wanting to file
13 divorce.

14 Let me rephrase that. They didn't want to file for
15 divorce. They thought they had no alternative to filing for
16 divorce. What they wanted was to get some guy to stop
17 beating them up, and there was no legal process for that
18 except criminal prosecution. And anybody anywhere in the
19 country can tell you 20 years ago the cops just didn't
20 respond to domestic violence.

21 So arising out of my divorce practice came this
22 issue that women who didn't want to get divorced and didn't

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1 want to break up their families felt they had no other way to
2 get a restraining order, so they'd come in and file for
3 divorce.

4 Those of you who are lawyers may know that a legal
5 procedure can take on a life of its own, and once you start a
6 divorce, it more often than not is going to finish. So what
7 we saw was families being permanently broken up, not because
8 people necessarily wanted to, but because they found no
9 alternative.

10 Arising out of that experience, we sat down and we
11 drafted the domestic abuse statute in Minnesota on a pro-
12 active basis, and we took it over to the legislature,
13 representing women and some battered women's groups, and that
14 legislation was put into place, and it was set up in a way
15 not only that you didn't have to get a divorce, but you
16 didn't need a lawyer.

17 So we essentially worked our way out of that whole
18 corner of the business, setting up a system that didn't need
19 us, and didn't need a divorce; and we think the lives of
20 thousands of women and children are better off and there are
21 families which survived in Minnesota because of the work we
22 did legislatively, arising out of our day-to-day practice.

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1 A third example from my own personal casework
2 experience is the rent-to-own business that Allan mentioned.
3 Before the major fights of the last several years, there was
4 an earlier chapter that Allan may not remember, but I
5 remember, and that's 12 years ago I went over to the
6 legislature because I was seeing these rent-to-own contracts
7 coming in time and time again.

8 People who had paid \$1,000 for a \$500 TV set, made
9 17 out of 18 rental payments, and got sick, couldn't make the
10 18th payment, and this rent-to-own franchise would come and
11 take the TV away and say "Well, that's it, you don't get the
12 TV. You've paid, you know, 90 percent of the money, but you
13 don't get any money back, you don't get anything."

14 I proposed legislation that would have identified
15 those types of contracts as, in fact, credit sales, which is
16 what the customer thought they were doing. They thought they
17 were buying something. And that legislation passed. It has
18 been the subject of some controversy in the court system.
19 But it was a response to a problem that I saw in my day-to-
20 day casework practice, that there was nobody else to see it.

21 Poor people with less than high-school educations
22 were coming to me. There was no place else for them to go.

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1 And it was in response to my expertise and my information
2 that the legislature passed that statute.

3 Sometimes there are other people who can do it, and
4 should. Sometimes there are not. And, in those situations,
5 I think voters and taxpayers are being cut off from the
6 system if they can't have an expert to go over and explain
7 the problem to the legislature.

8 Thank you.

9 CHAIRMAN WITTGRAF: Mr. Shumway.

10 MR. SHUMWAY: No further questions.

11 CHAIRMAN WITTGRAF: Mr. Dana?

12 MR. DANA: Only to say thank you for sharing your
13 views with us and doing what you do.

14 MR. LANE: Mr. Chairman, if I could say two more
15 things, one sentence each.

16 To Bud --

17 CHAIRMAN WITTGRAF: Because I don't believe that,
18 I'll give you the opportunity to try.

19 MR. LANE: Okay. The reason I called those other
20 lawyers was that I couldn't speak from personal experience,
21 but I thought you might be interested to know that some
22 people have tried it and didn't like it.

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1 The second sentence is, in response to the question
2 of pro bono, that a good, well-run pro bono program using
3 free attorney time costs as much as a staff attorney program.
4 And that's based on personal experience, because we run a pro
5 bono program.

6 The infrastructure you need in terms of
7 interviewing, screening, eligibility checking, referral,
8 teaching -- teaching private lawyers who have never done an
9 eviction how to do an eviction -- and so on, and reporting,
10 the bottom line is it winds up costing as much as a cheap
11 legal aid lawyer.

12 Thank you.

13 CHAIRMAN WITTGRAF: Close. But not quite.

14 Again, we sincerely taking the time this Saturday
15 morning to join us. I'm not sure that we'll be back to
16 Minneapolis again soon, but we had a wonderful time here, and
17 I must report, in conclusion, that Mr. Uddo, who stepped out,
18 did go to the Mall of America, and Mr. Shumway -- even though
19 things haven't worked out as well as some of us Twins fans
20 had hoped -- did go to the game last night, unfortunately, to
21 see the Twins fail narrowly to Kansas City.

22 But we have been sampling not only the good works

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1 of the different organizations, but also some of the other
2 things that Minnesota has to offer.

3 I thank the five of you, and also thank Nancy
4 Kleeman for all of her assistance these last few days and
5 getting ready for these last few days. We hope to see you
6 again.

7 Well, I know we'll see Ms. Schneider and Mr. Lane
8 again. We hope to see the others of you again as well.
9 Thank you.

10 At this time, we will proceed to Agenda Item Number
11 6. That is the report of the Operations and Regulations
12 Committee.

13 For the purpose of that report, the Chair
14 recognizes Mr. Shumway.

15 MR. SHUMWAY: Thank you, Mr. Chairman. The
16 Operations and Regulations Committee met day before
17 yesterday. Chairman Tom Rath was here for much of the
18 meeting, had to leave before the meeting was concluded.

19 We discussed the matter of repealing proposed
20 amendments to regulations of the corporation. To help us in
21 that discussion, we had Suzanne Glasow from our staff and
22 Alan Houseman from the Center for Law and Social Policy, at

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1 the table before us.

2 Mr. Houseman expressed some concern regarding
3 Section 1612, in which he described his concern about
4 training and about the use of private funds and, obviously,
5 discussion into the details of that concern would have been
6 protracted.

7 So we went into the other sections and, as we
8 considered them, there was a good give-and-take between the
9 recollections of Mr. Houseman and the response of our own
10 staff.

11 We felt that it was premature to take action to
12 repeal those proposed amendments, believing that we should
13 have more information; we should resolve some uncertainties
14 that we know face us in the future. So the committee
15 adjourned without recommending action in that regard.

16 There was a motion passed, however, that does
17 require action by the full Board here this morning, and that
18 was a motion to recommend to this Board that the report
19 provided by our staff, dated September 1, 1992, be made a
20 part of the proceedings of the committee, and that, in order
21 to do so, the privileged and confidential status of that
22 report be waived by the full Board of Directors.

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M O T I O N

MR. SHUMWAY: That motion was made and passed unanimously and I would therefore make that motion before the Board.

CHAIRMAN WITTGRAF: Thank you, Mr. Shumway. The Chair accepts that report as a motion having been made and seconded, now open for discussion.

Is there discussion?

(No response.)

CHAIRMAN WITTGRAF: Hearing none, those who are in favor of the motion for the waiver of the confidentiality and privilege that goes with that staff report of September 1, 1992 will signify by saying aye.

(Chorus of ayes.)

CHAIRMAN WITTGRAF: Those who are opposed, nay.

(No response.)

CHAIRMAN WITTGRAF: The ayes appear to have it. The ayes do have it. The motion is adopted.

MR. SHUMWAY: Just to conclude, Mr. Chairman, in addition to that report, we also asked, as part of the record of that committee hearing, that we have the staff Board Book report set forth.

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1 We have Mr. Houseman's response set forth so that
2 we might have a full array of information when we do decide
3 to make a final decision.

4 In the midst of our meeting, we played Bingo and we
5 drew out of the drum the numbers of those applicants for the
6 comparative demonstration projects, the winners that were
7 announced yesterday, and perhaps the day before, as well. We
8 felt very pleased with the degree of response and the number
9 of people who seemed to be interested in the program.

10 There was no other business before the committee.

11 CHAIRMAN WITTGRAF: Thank you, Mr. Chairman.

12 Any comments or comments for Mr. Shumway regarding
13 the report of the committee?

14 (No response.)

15 CHAIRMAN WITTGRAF: Mr. President, am I correct in
16 my understanding that publicity is being given to the list of
17 the lottery winners?

18 MR. O'HARA: Yes.

19 CHAIRMAN WITTGRAF: At this time, the Chair is
20 prepared to move to consideration of Agenda Item 7. The
21 Chair will skip over that item, however, in the absence of
22 Mr. Kirk and will move, instead, to Agenda Item Number 8.

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1 That is the report of the Committee for the Provision for the
2 Delivery of Legal Services.

3 For the purpose of that report, the Chair
4 recognizes Mr. Hall. Mr. Hall?

5 MR. HALL: Thank you, Mr. Chairman. I had a
6 handout prepared that basically goes over the ten grantees
7 that were awarded either an innovative or a meritorious
8 grant, and it should be somewhere among your papers on your
9 desk in front of you.

10 I just wanted to touch on a few of those, because
11 I'm very impressed with the programs and the ideas that the
12 various grantees have come up with, and I think it's
13 obviously true that the staff had a harder time turning down
14 a program than deciding the ones that should have the grants.

15 I think it's a real shame that there was not more
16 than \$500,000 available. I know there has not been a lot of
17 attention paid to this type of program in our future budgets,
18 but I think by the nature of some of these programs that are
19 going to be, and I'm sure the success that they'll have, that
20 should be a very important item we should consider in the
21 future.

22 The list includes several things. There's the D&A

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1 People's Legal Service of Window Rock, Arizona received an
2 innovative grant to initiate a protection and advocacy
3 service for disabled Native American children.

4 The Legal Aid Foundation of Los Angeles received an
5 innovative grant to cooperate with the Asian Pacific-American
6 Legal Center to increase legal services to Los Angeles'
7 County's poor Asian-American population.

8 There was a grant to -- a meritorious grant -- to
9 the Georgia Legal Services Program to expand its advocacy and
10 representation for children confined to state mental
11 hospitals.

12 Touching on two more, the Legal Assistance
13 Foundation of Chicago received an innovative grant to
14 initiate evening and weekend hours service delivery to
15 increase access to legal services by the poor in that area;
16 and the Northern Manhattan Improvement Corporation of New
17 York was awarded an innovative grant to establish a legal
18 intake office at the Housing Court to provide greater access
19 and to enhance legal services to the poor, mono-lingual
20 Hispanic residents of Upper Manhattan for emergency housing
21 and eviction issues.

22 So you can see by the nature of those how

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1 worthwhile they are. I look forward to monitoring those and
2 reporting those in the future.

3 That concludes my report.

4 CHAIRMAN WITTGRAF: Thank you, Mr. Hall.

5 Questions, comments for Mr. Hall?

6 (No response.)

7 CHAIRMAN WITTGRAF: Mr. President, it's my
8 recollection, I believe, from the discussion group
9 facilitated by Mr. Dana and Nancy Kleeman yesterday
10 afternoon, that interest was expressed in not only the
11 meritorious and innovative grant awards that were made and
12 the nature of the initiatives being undertaken but, for that
13 matter, in all of the proposals that were made.

14 So I would encourage you and the staff, be it
15 through the newsletter or another means, to give publicity to
16 the concepts of the initiatives so that those are ideas that
17 can be discovered by other field programs and perhaps
18 utilized by them as well.

19 Mr. President?

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

21 For the record, I would like to state that the
22 selection of the meritorious and innovative grants winners

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1 was not made by Corporation staff alone. It was a panel of
2 people from the programs and other disinterested parties who
3 reviewed the programs.

4 Following selection of the awardees, a press
5 release was prepared for the major newspapers in each of the
6 areas where these programs are located, and we've given it as
7 much national and local attention as we could from where we
8 sit in Washington.

9 CHAIRMAN WITTGRAF: The suggestion, as I'm
10 recalling it, from the discussion yesterday afternoon, was
11 that perhaps even a catalog be prepared summarizing or
12 presenting a synopsis of the concepts in those meritorious
13 and innovative grants -- both the programs that received the
14 awards and the programs that didn't receive the awards.

15 MR. HALL: Mr. Chairman?

16 CHAIRMAN WITTGRAF: It may be that we can go one
17 step further.

18 Mr. Hall?

19 MR. HALL: I was just going to say as to the
20 catalog, I understand from talking with Ellen Smead that that
21 has already been begun.

22 CHAIRMAN WITTGRAF: Fine. Thank you very much.

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1 Further questions or comments for Mr. Hall?

2 (No response.)

3 CHAIRMAN WITTGRAF: Hearing none, we will proceed
4 to Agenda Item 9. That is the report of the Audit and
5 Appropriations Committee.

6 Before I recognize Mr. Dana for that purpose, let
7 me note for the record that we've been joined telephonically
8 at this time by Ms. Pullen.

9 Ms. Pullen, can you hear me?

10 MS. PULLEN: Yes, I can, Mr. Chairman. Thank you.

11 CHAIRMAN WITTGRAF: Thank you. Mr. Dana.

12 MR. DANA: Thank you, Mr. Chairman.

13 Our committee has met, both this morning and
14 earlier this month, to try to develop some greater
15 understanding of the economic problems that the Corporation
16 itself will be facing in this coming year because of our
17 needs and the available resources available to deal with
18 those.

19 We are not as yet in a position to present to you a
20 revised or even adopt a budget that is in balance. We do not
21 yet know what the Congress will be giving us in terms of an
22 increase, if we get an increase, and, until we know that

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1 that's the linchpin on which we add other resources that are
2 available to us.

3 But it's clear, as I indicated earlier this morning
4 in the committee meeting, that we have a significant
5 shortfall, and the administration will need to present a
6 budget that is in balance and, hopefully, by the next
7 committee meeting, they will have a budget, we will know the
8 answers to the questions that are currently unclear, and they
9 will have a budget presented that is in balance.

10 That concludes our report.

11 CHAIRMAN WITTGRAF: Questions or comments for Mr.
12 Dana?

13 (No response.)

14 CHAIRMAN WITTGRAF: Hearing none, we will proceed
15 to Agenda Item 10. That is the report of the Special
16 Reauthorization Committee. No meeting was held this morning
17 by that committee. I think it's Mr. Uddo's desire, as I
18 understand it, to hold a meeting in conjunction with our next
19 Board meeting for the purpose of some discussion of
20 reauthorization issues.

21 I think it's fair to comment at this point that it
22 appears unlikely that the House or the Senate will move to

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1 full Senate consideration of reauthorization legislation this
2 year and, hence, that the matter of reauthorization will not
3 be accomplished once again.

4 Similarly, the efforts that were made by the House
5 and the Senate to include reauthorization language from the
6 respective House and Senate bills in the appropriations made
7 in the early stages by the House and by the Senate, that
8 those efforts have been withdrawn, so that it was possible
9 for the Conference Committee yesterday, September 25, to
10 adopt a report so that reauthorization, either in and of
11 itself or as an adjunct to the appropriations for the
12 Corporation apparently will not be in 1992.

13 Would anybody care to expand on my comments in that
14 regard?

15 (No response.)

16 CHAIRMAN WITTGRAF: Hearing no such desire, we will
17 proceed to Agenda Item Number 11. That is the consideration
18 of the adoption of proposed guidelines for the conduct of the
19 Corporation's annual financial audit, a matter that has been
20 considered not only by our treasurer and comptroller, David
21 Richardson, but also by the Audit and Appropriations
22 Committee and by the Office of Inspector General Oversight

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1 Committee.

2 For the purpose of presenting this matter for
3 discussion, the Chair recognizes Mr. Dana.

4 Mr. Dana.

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

6 I'm happy to report that the comptroller and
7 treasurer and the assistant inspector general in charge of
8 audits are in agreement and have recommended to the inspector
9 general and the president, and then, in turn, to us, that we
10 adopt GAGAS for the Corporation's annual financial audit.

11 Since that comes with the unanimous recommendation
12 of the executives involved, I think the Board and the various
13 committees have dealt with this at length and are prepared to
14 defer to them. At least, I believe the Audit and
15 Appropriations Committee is.

16 M O T I O N

17 MR. DANA: Therefore, I would move that the
18 guidelines that have been previously distributed be adopted
19 with that one hole filled with "generally-accepted government
20 auditing standards (GAGAS)."

21 CHAIRMAN WITTGRAF: You've heard the motion. Is
22 there a second?

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1 MS. WOLBECK: I second.

2 CHAIRMAN WITTGRAF: It's been moved and seconded.
3 Will you clarify or expand your motion, please, Mr. Dana, to
4 indicate for what fiscal year that becomes effective?

5 MR. DANA: I would if I could. It is -- I haven't
6 been told whether or not it is the intention of management to
7 apply that for the fiscal year ending Thursday or Wednesday.

8 CHAIRMAN WITTGRAF: I take the intent of the
9 motion, then, to be as soon as possible.

10 MR. DANA: As soon as reasonable feasible. And I
11 think it's the intention to do it this year. No, next year.

12 CHAIRMAN WITTGRAF: And as soon as possible
13 probably means fiscal year 1993, then?

14 MR. DANA: That is what I understand.

15 CHAIRMAN WITTGRAF: Further discussion?

16 (No response.)

17 CHAIRMAN WITTGRAF: Hearing none, those who are in
18 favor of motion will signify by saying aye.

19 (Chorus of ayes.)

20 CHAIRMAN WITTGRAF: Those who are opposed, nay.

21 (No response.)

22 CHAIRMAN WITTGRAF: The ayes appear to have it.

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1 The ayes do have it. The motion is adopted.

2 At this time, the Chair will return to Agenda Item
3 7. That is the report of the Office of Inspector General
4 Oversight Committee.

5 For that purpose, the Chair recognizes Mr. Kirk.

6 Mr. Kirk.

7 MR. KIRK: We had no committee meeting this week,
8 this month; and therefore, there's no report.

9 CHAIRMAN WITTFRAF: Thank you, Mr. Kirk.

10 The Chair now turns to Agenda Item 12. That is
11 consideration of the Corporation's effort to retain an
12 independent insurance consultant.

13 For that purpose, the Chair recognizes David
14 Richardson, the Corporation's treasurer and comptroller.

15 Mr. Richardson, will you please come forward and
16 identify yourself for the record?

17 MR. RICHARDSON: Thank you, Mr. Chairman, members
18 of the Board. My name is David Richardson.

19 I have contacted, in regards to the insurance
20 matter, our current broker, which is the same broker which
21 has appeared before you on a number of issues. We have
22 pulled out some records, because we did have a risk

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1 assessment a few years ago; and we're contacting those
2 particular people.

3 We're not prepared to give any type of
4 recommendation at this point. We'll have a further report in
5 October.

6 CHAIRMAN WITTGRAF: Any questions or comments for
7 Mr. Richardson?

8 (No response.)

9 CHAIRMAN WITTGRAF: Thank you, Mr. Richardson.

10 As the Chair indicated previously, Board
11 consideration of Agenda Item 13 will come after the Board
12 returns to open session following its closed or executive
13 session.

14 Accordingly, the Chair recognizes president Jack
15 O'Hara at this time for such report as he's prepared to make.

16 Mr. O'Hara.

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

18 Mr. Boehm, would you please come up to the table
19 while I'm beginning here?

20 There are just a few items that I want to report on
21 to the Board at this time.

22 Number one, the veterans' pro bono project, which

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1 we are working in collusion with the Court of Veterans
2 Appeal, the awards have been made, and we had a press
3 conference last Friday in Washington, D.C., which was pretty
4 well attended.

5 I have to tell the Board that Chris Sunset of the
6 corporate staff, and Ken Boehm, did a great job in holding
7 this group together. There were a lot of differences, but
8 they held them to the fire, and that project is now underway.

9 Secondly, with regard to Hurricane Andrew, the
10 Office of Field Services has already made two emergency
11 grants, one to Florida and one to Louisiana. Both projects
12 had requested money to aid them in the cleanup efforts in
13 their areas, and we have made the grants. I believe the
14 grant to Florida was in the amount of \$62,000.

15 Ellen, is that about right? Was it 126? It was
16 \$126,000 to Florida and approximately \$12,000 to the program
17 in Louisiana, which I believe was Capital City's.

18 Both programs had requested funds beyond what we
19 granted them, but we found that they had a trust fund balance
20 from which they could pay a portion of the expenses that they
21 had.

22 We didn't pay the whole thing, because we are

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1 expecting additional requests for assistance from other
2 programs in Florida, and possibly from Hawaii, because of the
3 storm damage out there. We do have a little money left in
4 that pot and we hope to be paying that out as the requests
5 come in.

6 The third thing I want to report on is that the
7 general counsel and the acting director of MAC, Susan Sparks,
8 and Vic Fortuno, and myself went to Evergreen Legal Services
9 in Seattle.

10 We met with the King County Bar Association in
11 Seattle, the surrounding area, the State Bar people, and we
12 met with the Evergreen Legal Services executive director, the
13 president of the board, and their counsel, to discuss a
14 letter which we had sent to them last year with regard to a
15 penalty that was imposed upon the program.

16 I want to report to the Board that the meeting was
17 very successful. We reached agreement on a lot of things
18 and, in discussing the situation with that group, I came to
19 the conclusion that they had raised a number of questions
20 with regard to the letter we had sent them, and we're going
21 to resolve them, and I think this will work out very well.

22 CHAIRMAN WITGRAF: Perhaps, for purposes of

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1 clarification, for the Board members and for the record, the
2 letter to which you've referred, over which the differences
3 exist that you're trying to work out, is what letter, Mr.
4 President?

5 MR. O'HARA: It's a letter that was sent out in
6 November of 1991 with regard to the results of a monitoring
7 trip which had taken place some time prior to that under the
8 previous president, at which time a penalty was imposed upon
9 the program.

10 The purpose of my meeting with them was to decide
11 how the money was to be spent, and I decided that the money
12 was not to be taken away from the program, that it was to be
13 left in the program service area.

14 The executive director came up with some
15 recommendations as to where the money should be expended, and
16 we reached agreement on that.

17 CHAIRMAN WITTGRAF: Thank you.

18 MR. O'HARA: Next, in regard to the competition,
19 the comparative demonstration project, following the meeting
20 in San Francisco I made arrangements to meet with Mary
21 Burdick of the Western Center on Poverty and Law.

22 I had worked with Mary in connection with changing

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1 the reporting requirements for the state support units around
2 the country, and I requested of Mary if she would perhaps do
3 the training of the peer reviewers when they are selected.

4 She has agreed to do so and she is putting
5 together, at this time, a team of trainers who will work with
6 the peer reviewers when they are selected.

7 If there are no questions on that, I'll go on.

8 (No response.)

9 MR. O'HARA: We've already heard on the meritorious
10 and innovative grant. At this time, I would like to ask Ken
11 to give the Board an update on the activities in Washington
12 with regard to Capitol Hill.

13 MR. BOEHM: Thank you. For the record, my name is
14 Ken Boehm. I'm assistant to the president, and counsel to
15 the Board.

16 Quite a bit has happened legislatively since our
17 last meeting. As Chairman Wittgraf has already indicated
18 with respect to the reauthorization legislation, as you know,
19 it had passed the House. It had not passed the full Senate,
20 had passed out of the Senate Committee on Labor and Human
21 Resources, and the next step in the process there would have
22 been consideration by the full Senate.

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1 As this Board already knows, there had been a veto
2 threat issued in the form of a statement of Administration
3 policy by the Administration with respect to the
4 reauthorization legislation.

5 The session of Congress, the second session of this
6 Congress is in the home stretch right now. They're trying to
7 leave the first week in October. And the feeling there was
8 that the votes were not there to overturn a Presidential veto
9 which, of course, would have to be overturned in both houses;
10 and the decision apparently has been made, since there is
11 nothing scheduled for the remaining days, that there would
12 not be reauthorization taken up by the full Senate.

13 The reauthorization issues were raised, however, in
14 respect to our appropriations, and the House had added the
15 House Appropriations Bill, H.R. 2039, to the House
16 appropriation dealing with legal services.

17 The Senate had added the Senate version of the bill
18 -- the bill that passed Senator Kennedy's committee -- to
19 their version of appropriations.

20 At that point, the Administration had indicated
21 that if the reauthorization continued to be in the funding
22 measure when it arrived at the President's desk, that it,

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1 too, would be vetoed for largely the same reasons that were
2 given for the veto threat with respect to the reauthorization
3 itself.

4 That, combined with the schedule, and the fact that
5 they were trying to get out of town by the first week of
6 October, had the effect of having the reauthorization
7 legislation removed.

8 What happened at the Conference Committee yesterday
9 took place at 10 a.m. yesterday, apparently -- and I say
10 apparently because a report really has not been filed yet.
11 That's when things become official, and that is expected to
12 be filed on Monday. But apparently what was done with
13 respect to reauthorization language was that they stripped
14 out the language that appeared in both the House and Senate
15 versions, added instead the FY '91 legislative riders.

16 And I say FY '91, because last year what happened
17 was the FY '92 riders merely incorporated by reference all
18 those riders that had been added in in '91. So the feeling,
19 I believe, was that they were not controversial, they would
20 pass muster with both houses and the White House as well the
21 last two years, so that those were substituted for -- again
22 I say apparently, because we won't know for sure until Monday

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1 -- the reauthorization riders that existed in the funding
2 bills as they came to the Conference Committee.

3 The funding measure is believed to be \$357 million.
4 That is a "split the difference" amount between the House's
5 version, which was \$364 million, which would have been a 4
6 percent or a \$14 million increase over the current fiscal
7 year's \$350 million.

8 The Senate had voted for \$350 million and the
9 figure appears to be split down the middle. We'll know
10 Monday, and I'd be happy at that point, if we have it in
11 writing, to make sure that each member of the Board gets a
12 copy of the line breakouts and any additional language that
13 may be in the bill at that time.

14 Again, officially nothing really is known until
15 that report is filed. It's still not considered completed
16 action, and just reporting what is understood to be at this
17 point.

18 What will happen, just very quickly, with respect
19 to reauthorization next year, because it is a new Congress,
20 it would have to start all over again. Anything that had
21 been done up to this point, in committee or even in the case
22 of the House, the full House is considered past, and there

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1 would have to be fresh legislation reintroduced.

2 It may go a lot faster. Typically that would be
3 the example when things have passed a full House. But the
4 procedure requires that it start all over again. So the
5 expectation is that at the beginning of the next Congress,
6 that the process would begin anew and would have to again go
7 through both houses in the same manner in which it proceeded
8 this year.

9 CHAIRMAN WITTGRAF: Questions or comments for Mr.
10 Boehm regarding either reauthorization or appropriations?

11 (No response.)

12 CHAIRMAN WITTGRAF: Thank you, Ken. Mr. President?

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

14 One final item. Although we were not able to set
15 Mr. Dana's committee up in grand style, we now have received
16 our chairs and tables for the Board hearing room and I can
17 assure you that, by October 19, we will be in good shape to
18 meet the public.

19 Thank you, Mr. Chairman.

20 CHAIRMAN WITTGRAF: Thank you, Mr. President.

21 Any questions or comments for the president?

22 (No response.)

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1 CHAIRMAN WITTGRAF: Hearing none, the Chair
2 recognizes the inspector general, Mr. Quatrevaux, for the
3 purpose of his report.

4 MS. PULLEN: Mr. Chairman?

5 CHAIRMAN WITTGRAF: Ms. Pullen?

6 MS. PULLEN: I certainly regret to interrupt, and
7 wish very much that I could hear the inspector general's
8 report.

9 As you know, the reason that I could not attend
10 today is because I am in a series of meetings that were set
11 before I knew about the Minneapolis dates, and I am in the
12 midst of one of those now, and I am going to have to
13 regretfully leave, if that's okay, Mr. Chairman, so that I
14 can complete my business here and go on to my next meeting.

15 CHAIRMAN WITTGRAF: Thank you, Ms. Pullen. We'll
16 look forward to seeing you next month, hopefully.

17 MS. PULLEN: I certainly I hope I can be there, Mr.
18 Chairman, and I appreciate your permitting me to participate
19 in the business today in this manner.

20 CHAIRMAN WITTGRAF: Thank you.

21 MS. PULLEN: Best wishes to everyone. 'Bye-'bye.

22 CHAIRMAN WITTGRAF: Mr. Quatrevaux?

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

2 A very short report, one item. That has to do with
3 the explanation or attempt to provide an explanation,
4 information about the functions and activities of our office,
5 to the directors -- project directors, program directors.

6 I had an invitation in which I took the opportunity
7 to speak to a group of project directors in Toledo, Ohio on
8 the 31st of August. It was a very good exchange of
9 information and concerns and, in fact, went more than double
10 the originally-scheduled time and probably could have gone on
11 for quite a bit.

12 The next such opportunity will be on the 1st of
13 October. I'll be meeting with the California and Nevada
14 project directors at their regional meeting, and I expect to
15 have the same sort of good exchange.

16 Are there any questions, Mr. Chairman?

17 CHAIRMAN WITTFRAF: Is there anything in particular
18 from the discussion that you had on August 31 with the
19 program directors when you met in Toledo that you wanted to
20 summarize for us?

21 MR. QUATREVAUX: No, I think not. It's really
22 related more to what it is that we do and how we do it.

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1 CHAIRMAN WITTGRAF: Questions or comments for Mr.
2 Quatrevaux?

3 (No response.)

4 CHAIRMAN WITTGRAF: Thank you, Mr. Quatrevaux.

5 At this time, the Chair is prepared to receive a
6 motion for the purpose of proceeding to executive or closed
7 session for consideration of those matters for which notice
8 has been given previously.

9 M O T I O N

10 MS. LOVE: So moved.

11 CHAIRMAN WITTGRAF: It's been moved by Ms. Love.

12 MR. SHUMWAY: Second.

13 CHAIRMAN WITTGRAF: Seconded by Mr. Shumway.

14 Discussion?

15 (No response.)

16 CHAIRMAN WITTGRAF: Hearing none, those who are in
17 favor of the motion will signify by saying aye.

18 (Chorus of ayes.)

19 CHAIRMAN WITTGRAF: Those who are opposed, nay.

20 (No response.)

21 CHAIRMAN WITTGRAF: The ayes appear to have it.

22 The ayes do have it. We will proceed to executive session.

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1 to ratify or to enter into a new contract with the president
2 of the Corporation. I believe all the members of the Board
3 have had an opportunity to review that draft.

4 The president has indicated his assent in the
5 proposed draft so that at this time in open session, the
6 Chair is prepared to receive a motion for the adoption of a
7 new contract with John P. O'Hara for the continuation of his
8 service as president of the Corporation.

9 M O T I O N

10 MR. KIRK: So moved.

11 MR. SHUMWAY: Seconded.

12 CHAIRMAN WITTGRAF: It's been moved by Mr. Kirk and
13 it's been seconded by Mr. Shumway.

14 Is there discussion?

15 (No response.)

16 CHAIRMAN WITTGRAF: In the interest of brevity and
17 people's need to make plane schedules, let me simply
18 reiterate very briefly the comments I made at the conclusion
19 of yesterday's annual conference. And they are that on
20 behalf of the Board, I think I can so to President O'Hara
21 that we have been delighted with his hard work and success of
22 the last 12 months.

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1 We are particularly pleased with the efforts that
2 he's made to re-establish the best possible working
3 relationship with the Corporation's grantees, his effort to
4 be supportive of the notion of high-quality legal services
5 for poor Americans, and his openness in working not only with
6 us and with his staff, but also working with the
7 representatives of the programs in the field.

8 We've indicated as much to him previously in
9 writing. We hope that a new contract is further endorsement
10 of our feelings and, at this time, we again thank him for his
11 efforts of the past year and look forward to working with him
12 in the coming year.

13 Hearing no further discussion, those who are in
14 favor of the motion will signify by saying aye.

15 (Chorus of ayes.)

16 CHAIRMAN WITTGRAF: Those who are opposed, nay.

17 (No response.)

18 CHAIRMAN WITTGRAF: The ayes appear to have it.
19 The ayes do have it. The motion is adopted.

20 On behalf of the Board I will enter it into the
21 contract and ask Mr. O'Hara to enter it likewise.

22 Further discussion? Further business to come

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1 before the Board at this time?

2 M O T I O N

3 MR. KIRK: I move we adjourn.

4 MR. SHUMWAY: Second.

5 CHAIRMAN WITTGRAF: Hearing none, a motion to
6 adjourn is in order. Such a motion has been made by Mr.
7 Kirk. It's been seconded by Mr. Shumway.

8 Those who are in favor will signify by saying aye.

9 (Chorus of ayes.)

10 CHAIRMAN WITTGRAF: Those who are opposed, nay.

11 (No response.)

12 CHAIRMAN WITTGRAF: The ayes appear to have it.
13 The ayes do have it.

14 This meeting is adjourned.

15 (Whereupon, at 12:46 p.m., the meeting of the Board
16 of Directors was adjourned.)

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