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Transcript of Proceedings

THE LEGAL SERVICES CORPORATION

1725 K Street, N. W.

Washington, D. C.

Meeting of
BOARD OF DIRECTORS

Washington, D. C.

Monday, ~~14~~ July 1975

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THE LEGAL SERVICES CORPORATION

1725 K Street, N. W.

Washington, D. C.

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Meeting of

BOARD OF DIRECTORS

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Main Courtroom
Court of Claims
Washington, D. C.
Monday, July 14, 1975

The meeting was convened at 9:40 a.m.,

Roger C. Cramton, Chairman, presiding.

MEMBERS OF THE BOARD PRESENT:

- Roger C. Cramton, Chairman
- Marshall J. Breger
- J. Melville Broughton, Jr., Esq.
- Marlow W. Cook, Esq.
- Robert J. Kutak, Esq.
- Rudolfo Montejano, Esq.
- Revius O. Ortique, Jr., Esq.
- Glee S. Smith, Jr., Esq.
- Glenn C. Stophel, Esq.
- Samuel D. Thurman

ALSO PRESENT:

- Louis F. Oberdorfer, Esq., Counsel to the Chairman
- Mrs. Jeannette Sisson, Temporary Secretary

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P R O C E E D I N G S

1
2 MR. CRAMTON: Mr. Justice Powell, we are delighted
3 to have you with us for the initial meeting of the Board of
4 Directors of the Legal Services Corporation.

5 MR. JUSTICE LEWIS F. POWELL, JR. I am very happy
6 to be here. I am informed it is unnecessary for you to
7 take any official oath of office. There is a statement which
8 I will read. After I have read it, if you are willing to
9 affirm your willingness to conform to it, please say, "I do."

10 "Having been appointed by the President of the
11 United States by and with the advice and consent of the
12 Senate, do you accept appointment as a member of the Board
13 of Directors of the Legal Services Corporation, and do you
14 declare your willingness to the best of your ability to
15 perform your responsibilities as members pursuant to law?"

16 (Board members replied, "I do.")

17 MR. JUSTICE POWELL: I congratulate all of you.
18 I have been interested in this work for a decade. I am
19 happy to see it in the hands of such a very strong Board.
20 I understand you met until midnight last night. You have
21 a heavy program today. I was sorry I could not be with you
22 for part of the ceremony yesterday.

23 I certainly wish you well on your extremely
24 important mission.

25 (Applause from the audience.)

1 MR. CRAMTON: The meeting will come to order.

2 Before we go on to other things, I would like to
3 transmit to the members of the Board certificates of
4 appointment signed by President Gerald R. Ford.

5 (Distribution of certificates of appointment.)

6 I would like to explain that the gentleman at
7 my left is Mr. Louis Oberdorfer, of the law firm of Wilmer,
8 Cutler & Pickering, in Washington, D. C., who is serving as
9 counsel to the chairman.

10 Mr. William Janklow was unable to be here today
11 because of pressing litigation responsibilities in South
12 Dakota.

13 This moment -- and this day -- has been a long
14 time arriving, and I think some people out there have
15 thought it would never come. And surely it would not have
16 without the courageous and persistent efforts of many of
17 you who are gathered here.

18 But the perspective of history will emphasize what
19 has been accomplished during the last ten years and the
20 possibilities that are now opened rather than the delays and
21 hesitations along the way.

22 The premise of our constitutional system is
23 citizen participation, and the system will not work unless
24 everyone in the community has the opportunity to participate
25 on fair terms. And in order to participate meaningfully and

1 effectively in our system of justice, a lawyer is often
2 required.

3 We do not deny poor people the opportunity to vote
4 because of their poverty. Similarly, we cannot deny them the
5 vindication of their legal rights in the courts, administrative
6 agencies or legislative bodies merely because they are poor.

7 Providing access to justice is not a radical or
8 dangerous proposition but a profoundly conservative one.
9 The legitimacy of our institutions and the order and stability
10 that they possess are dependent upon citizen confidence that
11 avenues of peaceful change, justice itself, are open to all
12 citizens and not merely to the rich.

13 Ten years ago a creative and energetic new Federal
14 program began to give larger meaning and content to the legal
15 profession's ancient commitment to the principle that
16 each citizen, without regard to means, should have access
17 to the institutions of justice. The zeal, enthusiasm and
18 accomplishment of this creative period led to some reaction,
19 some controversy and challenge.

20 Faced with a threat to its continued existence, the
21 legal services idea lost some of its innovative aspect and
22 concentrated on professionalism, the delivery of high quality
23 services in effective and economical manner.

24 Now, much of the controversy has abated. The
25 gains of the past have been consolidated. The program has

1 matured, and there is wider general acceptance of the
2 principles that inspired Reginald Heber Smith years ago and
3 legal services attorneys during the last decade.

4 The Legal Services Corporation Act of 1974
5 recognizes and endorses the great principle that the poor
6 are entitled to legal representation. It safeguards the
7 attorney-client relation from political use or political
8 influence. It provides effective machinery for an efficient,
9 high quality, and highly professional national legal services
10 program.

11 It is a promising beginning. The reality of ac-
12 complishment lies ahead, however. The Legal Services Corpora-
13 tion cannot achieve its full potential unless it draws on,
14 has available to it, the knowledge, the experience and the
15 support of those who care about it and about the principles
16 which are embodied in the Act.

17 Many of you are here today, and we will need your
18 help. With that help, creative energies may be released
19 that have been slumbering. New resources can build on
20 and extend the existence of the past and offer the
21 possibility of new ideas, new approaches, a better way.

22 The professionalism of today's legal service
23 program provides an anchor and a guide for us. The Legal
24 Services Corporation Act of 1974 commands us to protect the
25 attorney-client relationship, to enhance the independence of

1 professional judgment, and to see that full and effective
2 legal service is provided to all eligible clients. These
3 principles have many implications both for what we do and
4 how we do it.

5 Selection of personnel, for example, to serve the
6 Corporation must be made solely on the basis of merit and
7 quality. Resources must be obtained that are adequate
8 for the purpose. Decisionmaking should be informed by the
9 information and views of interested individuals and groups.

10 While the Corporation is a private entity which
11 must guard its independence with vigor, it is performing
12 public functions with public monies, and it must be
13 accountable to the people for the performance of this trust.

14 I hope and believe that the Board, this initial
15 Board, the gentlemen gathered here today, will be equal to
16 the large task ahead. We must approach it with a sense of
17 humility, a regard for the decent opinion of others, and
18 a prudent sense of what is possible, and yet we must be
19 fearless and bold in advancing and protecting what is funda-
20 mental.

21 It is a great opportunity and challenge. We will
22 give it the best of our ability. But we will need the help
23 and guidance of the people who are gathered here today and
24 many others who could not be with us.

25 Do other members of the Board wish to make comments?

1 (No response.)

2 I would like to recognize Mr. Edward Campbell of
3 the American Bar Association for some brief remarks.

4 MR. CAMPBELL: Mr. Justice Powell, Mr. Chairman,
5 and Members of the Corporation: This is really a great day
6 for legal services for the poor. It's more than a coincidence
7 that some ten years ago, when Mr. Justice Powell was a
8 practicing attorney and the President of the American Bar
9 Association, that our Association went on record at that time
10 in favor of the principle which is embodied in the Act which
11 is now a reality.

12 The Association has reaffirmed that position on
13 a number of occasions.

14 I would only say to you, sir, that the organized
15 bar of America stands behind you and will do everything it
16 can to make the activities of this Corporation and the work
17 of this Corporation in the great need that this Corporation
18 will seek to fulfill come to reality.

19 I express, Mr. Chairman, as I should have done
20 at the beginning, the regrets of President James D. Fellers
21 that a previous unavoidable engagement prevents his being
22 here and expressing to you, as he would have done much better
23 than I, the best wishes of the Association.

24 MR. CRAMTON: Thank you, Mr. Campbell.

25 This meeting was called on relatively short notice,

1 and many people had travel and vacation plans that could not
2 be rearranged at the last minute and could not be here today.

3 I notice that Mr. Bernard Veney of the National
4 Clients Council is here. I would like to ask if he would
5 have some brief remarks.

6 MR. VENEY: I will be very brief, Mr. Chairman.
7 Thank you. Mr. Justice Powell. I wish to congratulate each
8 and every one of you gentlemen. I think from my observations
9 of yesterday and the comments I have heard from others that
10 the Legal Services Corporation is in good hands.

11 May I just pledge the cooperation of clients
12 throughout this country in your efforts to make legal services
13 ever more meaningful.

14 Thank you.

15 MR. CRAMTON: We have two members of the Congress
16 here, I understand.

17 Congressman Steiger, would you stand, please?

18 CONGRESSMAN STEIGER: Thank you, Mr. Chairman.

19 MR. CRAMTON: I am informed the gentleman next to
20 you is also a member of the Congress.

21 CONGRESSMAN STEIGER: This is Congressman Biester
22 from Pennsylvania.

23 MR. CRAMTON: We are delighted you could be with us
24 today.

25 A number of groups and interests and professional

1 associations, including the two that have been recognized,
2 have worked long and hard for Legal Services Corporation.
3 A third such group is the National Legal Aid and Defenders
4 Association, and I note that its Executive Director, Mr. James
5 Flug, is here.

6 MR. FLUG: Let me also join in congratulating the
7 Board of this Corporation. Our organization has worked for
8 60 years I guess towards this moment, among others, and we
9 see it as the beginning of a new era in legal assistance
10 for the poor. We are glad that it is in such good hands.

11 MR. CRAMTON: Thank you.

12 I would like to introduce Mr. Bert Gallegos,
13 Director of the Community Services Administration, who has
14 been extremely cooperative in sponsoring a program which we
15 attended this weekend in which many people who were informed
16 on legal services in the United States gave us a diversity of
17 views and opinions and information and which was extremely
18 valuable.

19 He also promised, and I am sure will fulfill, to
20 carry out the statutory responsibilities of an orderly
21 transition and to insure that the legal services program is
22 carried on effectively and fully during the period in which
23 this Corporation is getting started and taking over.

24 Mr. Gallegos.

25 MR. GALLEGOS: Mr. Justice Powell, Mr. Cramton, and

1 Members of the Board: As I told you yesterday, I do sincerely
2 want to congratulate you. I have had the rare privilege of
3 this last year of heading the legal services program. And
4 I am always the first one to criticize myself. I wish I could
5 have done more. But I did do the best I could. I promised a
6 year ago when I took over the program, when I took over the
7 head of OEO, that I would hand over to you at the proper
8 time, and I had made a prophecy that the proper time was
9 going to be in October of 1974.

10 And then someone said, "Well, October is past."

11 I said, "Well, it's December of 1974."

12 But, nevertheless, I am very pleased that we were
13 able to cooperate with you. We are very pleased that my
14 Agency and this Government were able to assist you the last
15 several days.

16 And, Mr. Cramton and Members of the Board, I want
17 to assure you that my Agency and everyone that I can help
18 convince will do everything to make the transition a very
19 smooth one, and anything that we can do to assist you we
20 shall do so.

21 Congratulations, and may you fare well in your new
22 endeavor.

23 MR. CRAMTON: Thank you.

24 Is there anyone that I have not recognized who
25 would like to make a brief statement?

1 (No response.)

2 If not, we will take a brief adjournment and re-
3 convene in five minutes.

4 (Whereupon, a recess was taken.)

5 MR. CRAMTON: Gentlemen, can we take our seats?

6 The first order of business is the appointment of
7 a Temporary Secretary. Do I have a motion?

8 MR. COOK: Mr. Chairman, I move that Mrs. Jeannette
9 Sisson be appointed by the Board as Temporary Secretary.

10 MR. CRAMTON: Is there a second?

11 MR. MONTEJANO: Second.

12 MR. CRAMTON: It has been moved and seconded that
13 Mrs. Jeannette Sisson be appointed as Temporary Secretary.

14 All those in favor please say "aye."

15 (Chorus of "ayes.")

16 Those opposed say "no."

17 (No response.)

18 You are our Temporary Secretary, Mrs. Sisson.

19 MRS. SISSON: Thank you.

20 MR. CRAMTON: The second item is the adoption of the
21 proposed agenda which has been distributed to members of the
22 Board and also made available to members of the public. Is
23 there --

24 MR. SMITH: I move the adoption.

25 MR. STOPHEL: Second.

1 MR. CRAMTON: Mr. Smith moves the adoption of the
2 proposed agenda, and Mr. Stophel seconds that motion. All
3 those in favor of the motion please say "aye."

4 (Chorus of "ayes.")

5 All those opposed say "no."

6 (No response.)

7 The motion is adopted, and we now have an agenda.

8 We move to Item 3, consideration of corporate
9 matters and tax-exempt status.

10 I am informed that earlier this morning a
11 document which the Board has in front of it entitled "Certifi-
12 cate as to Establishment of Legal Services Corporation and
13 Designation of its Agent to Accept Service of Process" was
14 filed with the Recorder of Deeds in the District of Columbia.
15 The Chairman's counsel, Mr. Oberdorfer, is available to
16 explain and ask for any Board action which is necessary in
17 connection with this filing.

18 Mr. Oberdorfer.

19 MR. OBERDORFER: This certificate, in effect,
20 advises the District of Columbia that last July the Congress
21 established the District of Columbia nonprofit, nonmembership
22 corporation known as the Legal Services Corporation. This Act
23 now recorded with the Recorder of Deeds evidences the existence
24 of this corporation to the public.

25 The certificate also carries out the Corporation's

1 statutory duty to name an agent to accept service of process
2 for the Corporation. We have suggested, because the
3 certificate was filed on the authority of the Chairman before
4 the Board had occasion to act formally for the Corporation,
5 that the Board adopt a resolution:

6 "RESOLVED, that the Board of Directors hereby
7 ratifies, approves and confirms the filing on behalf of
8 the Corporation with the Recorder of Deeds, District of
9 Columbia, of a Certificate As To Establishment of Corporation
10 and Designation of Agent To Accept Service of Process in
11 the form attached hereto and the appointment of CT Corporation
12 System as agent in the District of Columbia to accept service
13 of process for the Corporation.

14 MR. THURMAN: I so move, Mr. Chairman.

15 MR. BROUGHTON: Second.

16 MR. CRAMTON: Mr. Thurman has moved that the
17 resolution which Mr. Oberdorfer has read be adopted, and the
18 motion was seconded by Mr. Broughton.

19 Is there discussion?

20 (No response.)

21 If not, all those in favor of the motion please
22 say "aye."

23 (Chorus of "ayes.")

24 All those opposed say "no."

25 (No response.)

1 The motion is adopted, and the resolution has been
2 adopted in the form in which it was read by Mr. Oberdorfer.

3 For the record, I will read it again.

4 "RESOLVED, that the Board of Directors hereby
5 ratifies, approves and confirms the filing on behalf of the
6 Corporation with the Recorder of Deeds, District of Columbia,
7 of a Certificate As to Establishment of Corporation and
8 Designation of Agent To Accept Service of Process in the
9 form attached hereto and the appointment of CT Corporation
10 System as agent in the District of Columbia to accept service
11 of process for the Corporation."

12 The copy of the certificate will be appended to
13 the transcript of this meeting.

14 Mr. Oberdorfer, are there other steps which the
15 Corporation will need to take in the next weeks or months
16 dealing with corporate matters or with tax-exempt status?

17 MR. OBERDORFER: Mr. Chairman, the statute
18 states that the Corporation shall be eligible -- "eligible"
19 is the word of the statute -- to be treated essentially as a
20 tax-exempt organization. We believe that an application for
21 a ruling that it is, in fact, tax-exempt is in order, and
22 in due course it will be necessary to file such an applica-
23 tion.

24 There are other possible corporate housekeeping
25 transactions which we in the short time we have had to consider

1 this can't specifically identify. Accordingly, we have
2 suggested a resolution that would authorize you or your
3 designee to take a number of these housekeeping steps in the
4 interim between this Board meeting and any subsequent one.

5 That is Resolution B, if anyone would care to read
6 it.

7 MR. CRAMTON: Does someone wish to read Resolu-
8 tion B and perhaps move its adoption?

9 MR. SMITH: I move its adoption.

10 MR. CRAMTON: Would you read it, Mr. Smith, for
11 members of the public?

12 MR. SMITH: "RESOLVED, That the Chairman or his
13 designee is hereby authorized and directed to do, or cause
14 to be done, all such things as shall be necessary or
15 appropriate, including without limitation the execution,
16 filing and delivery of necessary or appropriate documents,
17 to ensure that:

18 "a. the Corporation complies with such federal,
19 state and local laws relating to its organization and its
20 authority to transact business, as may be applicable, and

21 "b. the Corporation qualifies for all available
22 exemptions from applicable federal, state and local taxes."

23 MR. CRAMTON: And you so move the adoption of
24 that resolution?

25 MR. SMITH: I do.

1 MR. CRAMTON: Is there a second?

2 MR. MONTEJANO: Second.

3 MR. CRAMTON: The motion was seconded by Mr.
4 Montejano.

5 Is there discussion?

6 MR. ORTIQUE: I call the question.

7 MR. CRAMTON: Or Ortique.

8 MR. ORTIQUE: I made a call for the question.

9 MR. CRAMTON: I thought you said you had a question.

10 MR. ORTIQUE: No.

11 MR. CRAMTON: If there is no further discussion,
12 all those in favor of the adoption of the resolution please
13 say "aye."

14 (Chorus of "ayes.")

15 All those opposed say "no."

16 (No response.)

17 The resolution has been adopted.

18 That completes action on Item 3 of the agenda, and
19 we now move to Item 4, discussion of search for a President
20 and appointment of a Presidential Search Committee.

21 I suggest that the Board discuss first, if it can
22 separate it from the second item, the qualifications which we
23 are seeking in the person who should fill the office of
24 President of the Corporation, and then, after we discuss that

25 topic for a number of minutes or seem to be reaching a

1 consensus on some of the qualifications desired, move to the
2 question of the manner or process by which the search should
3 be conducted.

4 MR. THURMAN: Mr. Chairman, I think we first of
5 all have to look to the statute that brings this Board into
6 existence, and Section 1005 refers to the qualifications for
7 the President, and the first one is that that person be a
8 member of the bar.

9 It says that the Board shall appoint a President
10 of the Corporation who shall be a member of the bar of the
11 highest court of a State, who then becomes a nonvoting ex
12 officio member of the Board, and then also the Board appoint
13 other officers as it deems necessary.

14 It goes on then to provide the level of compensa-
15 tion, and then it has some prohibitions -- of no political
16 test and various kinds of actions that the President couldn't
17 take because of conflict of interest, and so on.

18 But I guess the first requirement then is he be a
19 member of the bar of the State.

20 MR. CRAMTON: And a requirement is imposed on us
21 in terms of no political test for appointment.

22 Mr. Ortique?

23 MR. ORTIQUE: It would appear to me this Board
24 ought to set the tone by saying that we ought to look for that
25 person who is one of the very best persons we can find

1 anywhere in the country. That to me is No. 1 -- the best
2 person.

3 And it seems to me inherent in that term "best" is
4 the concern of this Board that that individual be totally
5 committed to the concept for which this Board was appointed
6 and that that commitment be unwavering and that we insist that
7 the Search Committee have this as the No. 1 principle.

8 Further, that we should certainly endeavor to
9 reach all segments of the community for purposes of widely
10 advertising our search for a President, including but not
11 limited to the American Bar Association Journal, the
12 National Legal Aid and Defenders Association Briefcase,
13 the National Clients Council Newsletter, such scholarly
14 journals and periodicals as we might find in the academic
15 world, and certainly such other major bar association
16 journals throughout the country.

17 I state such a broad search because I am convinced
18 that the constituency that we represent deserves the very
19 best that is available to us. And I say as the No. 1
20 principle in seeking the best that total commitment should
21 be that principle for which we strive.

22 MR. COOK: Mr. Chairman, --

23 MR. CRAMTON: Mr. Cook.

24 MR. COOK: It seems to me under those circum-
25 stances that one of the things that we ought to do is to get a

1 chairman now of a committee for this purpose so that he can
2 be immediately authorized to get this distribution out as
3 soon as possible.

4 I think we ought to authorize him to move in
5 this direction expeditiously because although we should not
6 be limited in a time factor, we certainly should be cognizant
7 of the fact that the facilities have lacked leadership, which
8 is needed very badly, and that we should give that degree
9 of impetus that we can as soon as possible that we intend to
10 exercise strong leadership in the development and really
11 the resurrection of these programs.

12 So that it seems to me, following Mr. Ortique's
13 suggestion, we would like to have some idea from you as
14 to recommendations for a chairman of a selection committee
15 so that he can immediately be empowered to notify all segments
16 of the community that are vitally interested in legal services
17 to the best of our ability so that it's knowledge throughout
18 the entire community that we're in this search and so that
19 we don't find ourselves in a position of, oh, --

20 MR. KUTAK: Drifting?

21 MR. COOK: That's correct. Not only drifting, Bob,
22 but also be in a position where we can be subject to criticism
23 by any element of the community that is involved in legal
24 services.

25 MR. STOPHEL: Speaking on the commitment angle

1 that Revius mentioned, I feel we need to search for a man
2 who is not committed to a particular method of delivery of
3 the services. I think that we could get ourselves locked
4 in to the same problems that have perhaps caused controversy
5 and difficulties and that perhaps have held the program back
6 in some areas for three or four years.

7 And I think that this commitment needs to be
8 to the delivery of legal services, not to the method of
9 delivery that has been used or even a new method, but come
10 to us with ideas for the delivery of services.

11 I think the man needs an open mind in this matter
12 of delivery of legal services in the best, most efficient
13 method possible.

14 MR. ORTIQUE: I surely have no problem with that.

15 MR. COOK: You understand that we do have the
16 limitation with whoever we select for this position,
17 although we want him to be the best in the country and we
18 want all of these great things to go along with him, that we
19 are subject to a salary level under level 5, so, unfortunate-
20 ly, I'm afraid you're going to have to find somebody who
21 not only meets all the standards that you have set forth but
22 he's got to be seriously committed. (Laughter)

23 MR. MONTEJANO: Dedication.

24 MR. BREGER: We call it altruism now.

25 MR. ORTIQUE: That's right. All these good folks

1 who have been with legal services a long time have been
2 committed to the principle. They certainly haven't gotten
3 any money out of it.

4 MR. COOK: Well, that's another thing that we have
5 got to find. We have got to really -- and I'll be very
6 serious -- we have got to find somebody that's going to
7 take over this position that is going to realize and under-
8 stand the significance of attempting to establish and create
9 a permanent system of legal service, so that we don't find
10 ourselves with the tremendous turnover that has been the
11 case in legal services up to now.

12 And this is just something that everybody on this
13 Board has got to make their commitment to in regard to
14 upgrading these salary schedules at all levels. Because
15 it's going to be essential or we are going to find ourselves
16 with so much turnover that clients are going to wonder who
17 their lawyers are.

18 MR. BROUGHTON: I think it has been well covered.

19 MR. CRAMTON: What about the administrative
20 skills of such person? Are we concerned about --

21 MR. SMITH: I think that's uppermost really
22 because of some of the things Glenn mentioned about not
23 being committed to any particular delivery system. Actually,
24 the final determination of the kind of system we might
25 change to either gradually or pretty directly will be pretty

1 much up to us as a policy matter, and so it's pretty
2 important that the President be skilled in administrative
3 abilities.

4 MR. BREGER: I think in many senses the President
5 will be heading up the largest law firm in the country
6 and will have to have all of the extensive administrative
7 skills that go along with organizing and insuring the
8 efficient activity of all of the participants.

9 MR. COOK: Marshall, what you're really saying
10 is with all those great administrative skills-- That
11 sometimes is a skill that lawyers do not possess, by the
12 way. But you're going to have to look for it. You're
13 really going to have to look for it.

14 MR. ORTIQUE: Senator, I don't think that this
15 committee though ought to be limited to lawyers. It may be
16 to our advantage to have a nonlawyer.

17 MR. COOK: The statute says it must be.

18 MR. THURMAN: We have to have a lawyer.

19 MR. BREGER: We require a lawyer with the added
20 skills a nonlawyer would have.

21 MR. ORTIQUE: That may be bad for us. (Laughter)

22 MR. CRAMTON: As Mr. Thurman indicated, Congress
23 has taken that question out of our hands, and it does
24 require a member of the bar.

25 MR. BROUGHTON: We may have to go back to Congress

1 to amend the statute before we can pick a good administrator.
2 (Laughter)

3 MR. CRAMTON: This weekend we heard quite a bit
4 in the very useful conference that the Community Services
5 Administration organized for us about leadership and the
6 possibility for releasing new energies, and so on. Does
7 that suggest that the President ought to be a person who
8 has a public presence, perhaps even some charismatic
9 qualities, the ability to relate to a large number of
10 constituent organizations and activities, and have a
11 sensitivity to their needs and desires?

12 And may there not be also a problem occasionally,
13 Mr. Cook, at least once a year or more, of dealing with
14 some people at the other end of Pennsylvania Avenue who
15 may have a certain participation in the resources available
16 to the Corporation?

17 MR. COOK: Well, you're right in a way, but I
18 must tell you if we are talking about budget hearings, if
19 we are talking about supplementary budget hearings, I have
20 a feeling that the appropriate committees of Congress
21 are going to want overview, and when they want overview
22 they will want members of the Board.

23 And, secondly, I would hope that this Board would
24 be dedicated to establish its budget, to fight for its
25 budget, to appear in behalf of that budget, so that the

1 strength that the Board owes and is dedicated to the
2 selection of its President is not only obvious but is very
3 apparent at all times.

4 I'm sure that on occasions -- when all of
5 those problems will be created in the future I'm sure that
6 we have had to contend with in the past -- he is going to
7 have to be a very good individual to deal with those problems.

8 As you know, as we have discussed for two and
9 a half days now, this is a controversial business, and the
10 fact that it's going to continue to be controversial is only
11 a sign that it's necessary, and to that extent, you know,
12 we are going to have to be in there pitching along with that
13 President of the Corporation.

14 MR. CRAMTON: I think that's a good point, and
15 I may have occasion to remind you of it -- (Laughter)

16 MR. COOK: I know.

17 MR. CRAMTON: -- when I ask you to accompany me --

18 MR. COOK: I'm fully aware of that. (Laughter)

19 MR. CRAMTON: -- to go up on the Hill.

20 Mr. Kutak, you have been very silent. Do you
21 have something to contribute to these questions of criteria?

22 MR. KUTAK: I think they ought to --

23 MR. CRAMTON: To the questions of qualifications?

24 MR. KUTAK: They ought to be drawn up. I hope
25 that whatever committee is going to be working will try to

1 articulate and use as guidelines this conversation now and
2 reflections later and possibly additions by the Board as we
3 go on.

4 But I think really setting forth the qualifications
5 will be enormously beneficial to this Board and, frankly, to
6 the legal services community at large when they frankly wonder
7 about the suggestion we've come up with.

8 MR. COOK: Mr. Chairman, --

9 MR. CRAMTON: You know, one trait this man or
10 woman is going to have to have is just plain physical energy.
11 I mean if they run us through meetings that start at
12 7 o'clock in the morning and don't end until about midnight,
13 he's got to be able to keep up with Board members. Right?

14 (Laughter)

15 MR. COOK: Mr. Chairman, to salvage you and
16 me and to salvage Bob from having this chore, the first three
17 people who spoke to the issue were Mr. Thurman, Mr. Ortique
18 and Mr. Smith, and I'd like to make a motion that they be
19 appointed as a Committee on Presidential Search.

20 MR. MONTEJANO: I would second that motion, Mr.
21 Chairman.

22 MR. COOK: They set forth the requirements quite
23 aptly, and it seems to me that they would be at least a good
24 starting point from which we can move to make recommendations
25 back to this Board and move in this process very nicely.

1 MR. BROUGHTON: I'll second that and also say
2 if we extend this discussion and add additional criteria
3 we may find ourselves short of candidates for what has been
4 said thus far.

5 MR. ORTIQUE: Mr. Chairman, I would suggest that
6 because of the tremendous interest that persons here might
7 have in this subject and because of the peculiar nature,
8 would it be appropriate to invite persons who are in the
9 audience who might want to add to what we have said about
10 this particular subject at this time before we would close
11 off the discussion?

12 There may be someone here who might want to give
13 us some urgings about the President.

14 MR. CRAMTON: I think it would be useful.

15 MR. COOK: Absolutely.

16 MR. CRAMTON: And if the Board does not object,
17 I would ask for unanimous consent to have members of the public
18 make brief comments either dealing with the qualifications
19 that should be sought in terms of a search for a President
20 or the manner or process the Board should follow in selecting
21 a President.

22 Is there anyone who desires to make a brief
23 comment?

24 Mr. Flug.

25 MR. FLUG: I would make two points, Mr. Chairman.

1 One is I think you will not have the resources that
2 normally apply in the Federal Government to check out a
3 person that you are considering for this very important job,
4 and, therefore, I would suggest that you utilize to the maximum
5 extent possible the various resources represented in this
6 room and among other organizations not represented in this
7 room by opening up the process as much as possible and as
8 early in the process as possible getting the views of all
9 these organizations.

10 Secondly, I think you will not be able to
11 recruit the type of person that you have outlined here unless
12 you have shown your commitment to provide that person with
13 adequate resources to do the job.

14 I think that you are not going to get anybody in
15 here to do an impossible task, and I think that unless you
16 provide adequate resources you will be asking somebody to do
17 the impossible.

18 MR. CRAMTON: Mr. Greg Dallaire, Chairman of the
19 Project Advisory Group.

20 MR. COOK: Greg, would you hold just one minute?

21 Jim, I know what you're saying, but what you are
22 really saying, is it not, is that we have got to provide it
23 but that we have got to make an absolute commitment to provide
24 it?

You know, there's got to be a little concession,

1 because we're going to try like the very devil, but you know
2 how that process goes.

3 MR. FLUG: I think one of the best arguments you
4 can make at this stage of the process for getting additional
5 resources is to attract the kind of people to this important
6 program who are going to be first-rate trustees of the
7 public interest and client interests here that you need to
8 provide the maximum available resources.

9 MR. COOK: All right.

10 MR. CRAMTON: Mr. Greg Dallaire of the Project
11 Advisory Group.

12 MR. DALLAIRE: I think in some of the considerations
13 that were mentioned one I don't think was necessarily left
14 out but it's one that you definitely have to consider, and
15 that is that the person who is going to be performing this
16 important task has to be able to communicate with the client
17 community and be sensitive to the needs of the clients that
18 we serve. They have to communicate with the legal services
19 community but as well the client community.

20 And in addition, in terms of the process which was
21 mentioned, I think that it's very important that organized
22 women's groups, organized minority groups, professional
23 lawyers' groups, the National Bar Association, and so on and
24 so forth, be consulted. And I think that it's important that
25 the legal services community be consulted in the process as

1 this is going along.

2 Your meetings are open, and I think this process
3 is open, and we want to give you the benefit of our
4 experience.

5 MR. THURMAN: So far I have down here two --
6 charisma and good physique. (Laughter) Do you have other
7 specifics that should go into this? (Laughter)

8 MR. SMITH: Those are descriptive of the Chairman
9 though, not the President. (Laughter)

10 MR. CRAMTON: Both the Chairman and the President.
11 (Laughter)

12 MR. KUTAK: Private income. (Laughter)

13 MR. CRAMTON: Are there other comments from members
14 of the public?

15 Tony Locricchio.

16 MR. LOCRICCHIO: To pick up on something Senator
17 Cook said -- that is, recognizing that this is by its very
18 nature a controversial business -- the kind of person that I
19 hope you select is someone who can work through and in the
20 midst of controversy.

21 The thing that we need most in the field is not
22 only leadership on the Board -- I'm feeling very comfortable
23 about that -- but administrative leadership to give us the
24 kind of direction that has been sorely lacking for years.

25 MR. COOK: What you're really saying is you have

1 got to have somebody who is going to take the flak
2 and not decide it's too tough.

3 After all, you know, --

4 MR. LOCRICCHIO: Much better said.

5 MR. COOK: -- legal services have had as many people
6 operating it as we have had attorneys general. (Laughter)

7 MR. LOCRICCHIO: We would not like a situation
8 where the "director of the month" continues.

9 MR. CRAMTON: There wouldn't be any room here
10 if we put all the directors in. (Laughter)

11 Any additional brief comments?

12 (No response.)

13 Does the Board want to converse somewhat more on
14 the manner or process or timing of selection? The notion
15 was expressed that it would be desirable to complete this
16 selection process as soon as possible, and I certainly share
17 that view because to an extent some of the burdens which
18 the President is going to have to undertake are going to of
19 necessity fall on my shoulders during this interim period.
20 I can't afford to have that period be too long consistent
21 with my duties at the Cornell Law School.

22 Are there some notions about the time that the
23 process is likely to take and how we ought to go about it?

24 Mr. Breger?

25 MR. BREGER: I think, Mr. Chairman, we should

1 strive very hard to choose a President during the transition
2 period so that when we inherit the assets and liabilities
3 of the Office of Legal Services we will have a chief
4 administrator.

5 On the other hand, I think it should be clear
6 that our primary commitment is to excellence and that we
7 will only be satisfied with securing the very best individual
8 we can find for the job, and if that takes us a bit
9 longer we ought to recognize that we are just going to
10 have to shoulder the burden as a Board for a bit longer.

11 MR. BROUGHTON: Mr. Chairman, as I understand it,
12 we are talking about the committee which has been proposed
13 getting its function underway almost immediately.

14 MR. COOK: Mel, can I withdraw that. I don't
15 want to be so presumptuous as to give the Chairman a committee
16 as such. You know, I have decided that the better part of
17 valor is to let him pick that committee, obviously, and what
18 I would really say is that really the Chairman shall appoint
19 a Presidential Search Committee and they can frame such
20 language -- the Chairman can or Lou can -- in a resolution
21 so that we can have the selection of a Presidential Search
22 Committee to find those qualifications that we have discussed
23 this morning. And I am sure he can put it in appropriate
24 language.

25 MR. CRAMTON: There is a resolution which the

1 Board members have before them, and I will read it.

2 Before doing so, I will announce my intention -- if
3 the resolution passes -- of nominating Mr. Thurman as chairman
4 of the Search Committee, Mr. Revius Ortique as a member, and
5 Mr. Glee Smith as a member.

6 And the resolution --

7 MR. ORTIQUE: Since you did that, that means
8 these other members are going to vote in favor of the resolu-
9 tion. (Laughter)

10 MR. CRAMTON: I understand that's a very useful
11 gambit. (Laughter)

12 "RESOLVED, that the Chairman shall appoint a
13 Presidential Search Committee to assist the Board in its
14 search for a President of the Corporation. The Committee
15 shall be composed of three members of the Board. It shall
16 publicize the availability of the position and the qualifica-
17 tions desired, obtain information concerning the qualifica-
18 tions of potential candidates, and narrow the search for
19 consideration and action by the Board. The Committee
20 shall report on its activities and progress at each meeting
21 of the Board and shall proceed in accordance with directions
22 given to it by the Board at successive Board meetings. Unless
23 otherwise directed by the Board, the Committee shall terminate
24 when a President of the Corporation is appointed by the Board
25 and has taken office."

1 Is that the resolution the adoption of which you
2 have moved?

3 MR. COOK: I so move.

4 MR. CRAMTON: Is there a second?

5 MR. KUTAK: Second.

6 MR. CRAMTON: Mr. Kutak has seconded the motion.

7 Is there discussion on the resolution?

8 MR. KUTAK: Sam, does it fit your bill?

9 MR. THURMAN: Oh, I'll take on this assignment.
10 It's I think an important one.

11 MR. CRAMTON: There is no more important activity
12 during probably the entire life of the Corporation.

13 MR. STOPHEL: Although the committee will be screen-
14 ing and narrowing the search, I would think the Board members
15 would like to have the names of all those who apply, not just
16 those that are narrowed by the committee.

17 MR. THURMAN: We'll give you two piles.

18 MR. STOPHEL: I don't want piles. I want a list.

19 MR. CRAMTON: There's an expectation that we may
20 be meeting fairly regularly during the next few weeks and
21 months and that the Board will get progress reports from
22 the Search Committee which will include their identification to
23 the Board of individuals who have been suggested for considera-
24 tion and what progress they have made in examining their
25 qualifications, and then the Board can direct the committee as

1 to what steps the committee should then take.

2 That indeed is the intent that is expressed in
3 the resolution when it refers to the committee reporting
4 on its activities and progress and shall proceed in accordance
5 with directions given to it by the Board.

6 That might mean a direction to come back with
7 a pruned-down list, or it might include in the final stages
8 a direction that the Board would like to interview personally
9 a number of candidates.

10 Under this resolution we would work out those
11 details at subsequent meetings.

12 MR. STOPHEL: Fine.

13 MR. BROUGHTON: Mr. Chairman, I wonder if the
14 chairman of the committee has any comment to make at this
15 time, in view of the fact there are a number of people here
16 who might well have names to suggest, at least preliminarily
17 how he would proceed so far as taking applications and
18 processing those, and so forth?

19 MR. SMITH: Before that, we can't have a
20 chairman yet. We haven't voted on the motion.

21 MR. COOK: Oh, yes, we have.

22 MR. CRAMTON: Why don't we vote on the motion?

23 MR. COOK: I thought we had.

24 MR. CRAMTON: No. Is there further discussion on
25 the motion?

1 (No response.)

2 Are you prepared for the question?

3 MR. COOK: Question.

4 MR. CRAMTON: All those in favor of the motion
5 please say "aye."

6 (Chorus of "ayes.")

7 All those opposed say "no."

8 (No response.)

9 The resolution as read has been adopted, and I have
10 appointed a committee composed of Mr. Thurman as chairman,
11 Mr. Ortique and Mr. Smith.

12 And I think it would be in order and people who
13 have people who are interested in this position or who have
14 ideas that would be useful to the Board of people who should be
15 considered might be interested to know how they could
16 communicate that information to the Search Committee.

17 MR. BROUGHTON: What's your telephone number?

18 MR. THURMAN: I don't know of a group more interested
19 than the one that we have here, at least initially, or a
20 group that will be more knowledgeable so far as possible candidates
21 are concerned.

22 I think that I should state that the committee
23 would be receptive to nominations certainly and also to
24 applications. I personally will be very happy to talk with
25 by telephone or correspond with by mail or otherwise any one of

1 you. My address is the University of Utah, College of Law,
2 Salt Lake City. Occasionally I touch base there. And they
3 at least know where to get me.

4 There is an office-- Officially is there an office?

5 MR. CRAMTON: It is listed on the list of members
6 which all the members of the public here have received.

7 MR. COOK: Sam, I wonder if for uniformity--
8 I don't know how you feel about it, but it seems to me that
9 if we are going to proceed to get as wide a notification for
10 this position as we can that there ought to be some uniformity
11 and funneling of applications.

12 MR. THURMAN: That's my next proposal, that you
13 correspond with the Presidential Search Committee, and
14 it's listed here at 1725 K Street, N. W. here in Washington,
15 D. C.

16 In fact, I would urge anyone that contacted me to
17 send in the resume and the suggestion to this particular
18 office.

19 I also want to make it clear that I personally am
20 going to be available to talk with and make this informal
21 as well as have this formal procedure. But this address here
22 directed to the Presidential Search Committee is one that I
23 think that you should all keep in mind.

24 MR. MONTEJANO: Mr. Chairman, we should point out
25 we are looking not only for applications but nominations also.

1 MR. THURMAN: I said both nominations and applica-
2 tions.

3 MR. CRAMTON: I think that's very clear. We
4 do not want to put individuals necessarily in the position of
5 being candidates.

6 I think that, despite a salary which is slightly
7 under \$40,000, this is a position which because of its
8 importance and because of its opportunity for leadership and
9 innovation in one of the most exciting ventures in American
10 legal history will indeed be attractive to some of the very
11 best lawyers in the United States, and names should be
12 suggested whether or not we know that those people are
13 indeed available for the position.

14 We ought to go on the assumption that everyone is
15 available, and let's try and get the best, and only if they
16 say no, go to our second and third and fourth choices.

17 Is there further discussion on Item 4 which relates
18 to the search for a President and appointment of a Presidential
19 Search Committee?

20 This item will clearly appear as an order of
21 business at successive meetings of the Board until the
22 question of the selection of a President has been resolved.

23 If we have completed action on Item 4, I now move
24 to Item 5 on the agenda, discussion of appropriations request
25 and of resolutions authorizing transmittal of request and

1 appointment of Committee on Appropriations and Audit.

2 A word of background. This Corporation was
3 established by act of Congress approximately a year ago.
4 It has taken a substantial period of time to get it into being
5 in the sense of people who could take action. We are in that
6 position today.

7 Unfortunately, the appropriations cycle for fiscal
8 year 1976 has moved along and is in a relatively late stage.
9 I am informed, gentlemen, that the House Appropriations
10 Subcommittee on State, Commerce and Judiciary has completed its
11 work and that the House has passed the appropriation bill
12 which is now before the Senate. I am also informed
13 that the Senate Subcommittee of State, Commerce and Judiciary
14 has completed hearings on its appropriations matters, but
15 I am also informed through Senator Pastore that he is willing
16 to hold a hearing on this Wednesday, July 16th, if the
17 Corporation can ready an appropriation request by that time.

18 Today is Monday, July 14, and we have before us
19 documents and materials. We have before us a background of
20 two or three days in which this matter was discussed. Many
21 of us who have been in the nomination process for a period
22 of months have had opportunity to talk to interested people
23 and to acquire information. Whether that information is
24 fully adequate for the purpose I do not know.

25 But we are, nevertheless, under the necessity, if

1 we are to act in time for the main appropriations bill, of
2 acting today and submitting our request no later than 10 o'clock
3 Wednesday morning to Senator Pastore's subcommittee.

4 With those opening remarks-- Well, let me add one
5 other item just to remind us and informed members of the
6 public who are here. The Act as enacted contained
7 authorization of \$90 million for fiscal year 1975 which expired
8 several weeks ago. It contains an authorization for
9 appropriation of \$100 million for fiscal year 1976 which we
10 are now in.

11 In the meantime, if no further request is sub-
12 mitted, the legal services program is operating under
13 continuing resolution of \$71.5 million, an amount at which
14 it has been stabilized or stuck since fiscal year 1971.

15 We heard a great deal of discussion yesterday, and
16 some of us had been briefed on this earlier, about the
17 difficulties and problems that that has caused for legal service
18 organizations and for the legal services program generally.

19 Well, with that introduction, I raise the
20 question for your consideration of what are the Board's
21 wishes and desires. What are the funding needs of the legal
22 services program for fiscal year 1976?

23 MR. THURMAN: Mr. Chairman, we have had impressive
24 evidence over a period of some time as to almost -- not
25 really limitless, but needs far in excess of the assets that

1 have been available to legal services programs in this
2 country for many years.

3 I guess the important thing is to come before the
4 subcommittee, whoever is going to make the presentation,
5 with a proposal that is supportable. And we are going to have
6 really a substantial chore ahead of us in the immediate future
7 to check into this matter in considerably more detail.

8 But I think as of the present time we know something
9 about the problems of inflation, a period of some four years
10 when there have been no increases either in supplies or
11 rent or certainly salaries in the various projects around the
12 country. It seems to me that's something that doesn't take
13 a great deal of effort to support, and that certainly I
14 guess should be our starting point.

15 MR. ORTIQUE: Mr. Chairman, --

16 MR. CRAMTON: Yes, Mr. Ortique?

17 MR. ORTIQUE: Well, I want to urge that we make
18 absolutely certain that whatever our recommendation is as
19 an appropriations figure that that figure sends a message out
20 to the field that Greg Dallaire was talking about and that
21 Tony Locricchio spoke about that says one thing: "This Board
22 is committed to assist you in accomplishing your purposes
23 and your goals."

24 And I think that we cannot say that with appropriate
25 emphasis unless we develop a figure that assures them that

1 immediately we will do something about the level of funding
2 which has kept them at a certain wage and salary all of these
3 years.

4 And it seems to me that we have got to take up the
5 matter of annualization of the fund. Also that we ought to
6 put into that figure an amount sufficient to immediately give
7 to those people in the field an increase in salary
8 commensurate with the inflationary spiral and certainly not
9 less than the amount of money that the President has said
10 would bring Federal employees into the ambit of persons
11 earning an appropriate amount to keep up with that inflationary
12 spiral.

13 So that I think that this Board can reassure
14 them-- While I recognize that many of them have these high
15 ideals, I think it is important that we begin by saying to
16 them, "Look, we know what you have gone through for four
17 years. We recognize the sacrifices that you made. And we
18 are going to give you some tangible evidence of our support
19 by saying, 'Here is some additional money for your programs
20 out there in the field.'"

21 MR. SMITH: Mr. Chairman, --

22 MR. CRAMTON: Mr. Smith.

23 MR. SMITH: I think that the things that Revius
24 Ortique has said are very positive and very true -- that we
25 do have to give this assurance and make this position evident.

1 On the other hand, we are a corporation that is in a very
2 unique position I think with regard to request for funds,
3 in that we are appearing before the Congress after the
4 appropriation has already passed one house, and we have been
5 in existence only by day after tomorrow when you would appear
6 I guess two days, and we have a dual thing to present, a dual
7 image I think to present, one of responsiveness to
8 these things Revius mentioned and one of responsibility to
9 be able to support in detail everything we do request.

10 And in that regard, to show both the responsiveness
11 and the responsibility, I am wondering-- It isn't necessary,
12 is it, that we make this one-time appearance for our
13 appropriation for fiscal 1976 and that be it?

14 In other words, we can make an appearance -- or
15 you can make an appearance on our behalf -- requesting
16 everything we can now support and document and also at the
17 same time make it clear that as we have had a few weeks and
18 months of transition that we will supplement that request
19 and add to it in fulfillment of some of these things Revius
20 is talking about?

21 Isn't that possible -- that we can do that in two
22 stages?

23 MR. CRAMTON: That is correct.

24 MR. SMITH: And probably it would seem to me that
25 we should.

1 MR. CRAMTON: I think we are going to need to
2 start talking about some of the individual items.

3 MR. ORTIQUE: I just wanted to say that high on
4 the list has got to be this increase in salary for these people
5 out there in the field and additional funds-- And I would
6 suspect that if I asked Tony and some of these other people
7 to give me that by noon today I think that they will give it
8 to me on that item.

9 It just seems to me that we have got to push for
10 that.

11 MR. SMITH: Don't we first start by compiling the
12 list and start with \$71.5 million and the deficit, if we
13 are going to pick that up, and then the thing he's talking about
14 for salary increases, and then see where we get?

15 MR. CRAMTON: That would be certainly an orderly
16 way to proceed.

17 MR. ORTIQUE: Well, let's proceed.

18 MR. BROUGHTON: Mr. Chairman, reference was made
19 to this supplemental. I wonder if our legislative
20 expert, Senator Cook, could explain this supplemental part to
21 those of us who are uninitiated in budget procedures in the
22 Federal Government.

23 Have I done you in? (Laughter)

24 MR. THURMAN: Five minutes, Marlow. (Laughter)

25 MR. COOK: Supplemental appropriations have become

1 a common occurrence in the Congress of the United States the
2 same as original appropriation bills.

3 I am still within my five minutes. (Laughter)

4 We find that agencies of the United States Govern-
5 ment, first of all, are basically underfunded by Congress, to
6 the extent that at a later date during the course of the
7 fiscal year it's necessary to have supplemental appropriations.

8 I think what Glee is really getting at is that we
9 are brand new. Can we go to a committee of Congress for the
10 first time with a budget figure that many of us would really
11 like to go with but would have a very difficult time to
12 substantiate because of the time factor?

13 It seems to me that what, in effect, we are trying
14 to find here -- and we have all discussed this -- is a logical
15 figure that we can go to Congress with on Wednesday, because
16 we are going alone, that we can substantiate every item of,
17 with the understanding and with the knowledge at that public
18 hearing that we will have to come back with a supplemental.

19 Also, at the time that we come back with a supple-
20 mental it seems that we can be far more fortified with various
21 agencies throughout the country, with the American Bar
22 Association, with the client community, to be a full-packaged,
23 full-blown hearing to substantiate, which very frankly we
24 would have a very difficult time doing between now and Wednes-
25 day.

1 MR. CRAMTON: Does that answer your inquiry?

2 MR. BROUGHTON: Yes.

3 MR. CRAMTON: There are generally a number of
4 supplemental appropriation bills throughout the year to meet
5 needs that arise during the year or needs that haven't been
6 foreseen.

7 For example, the one common occurrence is a Federal
8 pay increase for Federal employees if it occurs. That is
9 automatically included in a supplemental appropriation bill
10 which provides those additional monies to all Federal agencies.

11 But they fulfill a wide variety of needs.

12 MR. SMITH: I think the procedure originally arose,
13 in Federal and State government both, as a supplement to take
14 care of unexpected things that arose after the original
15 appropriation. But I think, as Senator Cook has indicated,
16 we have passed that point now in government, and it isn't
17 just used for unexpected things that came up afterwards.

18 What my point was was that I think we should make
19 it clear at this time -- and it is now customary practice I
20 believe to make clear -- that we are not presenting our request
21 now as a total request. We are presenting it as a
22 beginning request with a definite understanding that a
23 supplemental request, documented and supported, will be follow-
24 ing it.

I think it would be the most logical way to bring

1 it up.

2 MR. COOK: Mr. Chairman, I'm wondering if it would
3 be appropriate for the Chairman to consider opening up this
4 matter for general discussion, because I think all of us are
5 in quite a dilemma. We have a bill that has already been
6 passed by the House. The best we can anticipate now is to
7 substantiate an increase in this budget in the Senate and
8 then send it to conference in the hopes that we can get some
9 increase as a result of that.

10 And I'm just wondering, with the remarks that
11 those of us have made, if there is displeasure with those
12 remarks with those who are vitally interested, if maybe
13 they'd like to get their input into this.

14 It's one of these things where you're "damned if
15 you do and damned if you don't," and I think we're all kind
16 of looking for some help.

17 MR. CRAMTON: Marlow, I think that is desirable,
18 but I think it would be useful if the Board exchanged views
19 among itself first for a while longer, --

20 MR. COOK: At any appropriate time.

21 MR. CRAMTON: -- about some elements that ought to go
22 into an appropriations request as detailed justification for
23 it, so that when we get to the appropriate time an an
24 appropriate time for comment by members of the public who are
25 gathered here that they could address themselves not only to

1 the portion of our conversation that they have heard thus
2 far but to other comments which they may either agree with or
3 more violently disagree with.

4 Mr. Ortique, then Mr. Smith.

5 MR. ORTIQUE: I'd like to urge that when we build
6 this pyramid, if I may use that term, of these monies,
7 starting with the \$71 million that you suggested, Glee, that
8 the burden of debt that we are being asked to assume be the
9 last item that goes on that pyramid.

10 Further, that we at least consider throwing this
11 ball back to the Congress in terms of extension of programs.
12 I want the record to be very clear that I am absolutely in
13 favor of extension of programs. I don't want anybody to feel
14 that I am not. But I think that the only way that we are
15 going to come close to properly supporting this Corporation
16 with funds is if we say to the Congress that, "It is your
17 responsibility to see to it that programs are extended to
18 those areas where there are no legal services and to those
19 areas where there are limited legal services," and that they
20 recognize that if we make this supplemental request that to the
21 extent that they limit the funds that come to us, to that
22 extent they are limiting the extension of these programs.

23 You know as well as I know, Mr. Chairman, that
24 there are a number of groups around the country that are talk-
25 ing strongly about reallocation. And I would suggest that if

1 reallocation gets to be a general principle by which demands
2 are made in the South and the Midwest that there be extension
3 of programs and you reduce those programs in the East, I
4 want those Congressmen, Senators and House members, to be
5 there protecting their constituencies by giving us additional
6 funds.

7 And I think that it's very important that we
8 understand from the beginning that there are certain
9 priorities that we have got to have to reassure the people
10 in the field, and that is (1) the level of funding, and (2)
11 let's not fall into this same business of of -- I call
12 it "red penciling" the money by saying we're funding for 10
13 months, for 11 months, when we ought to be funding for a full
14 year. Let's pick that up.

15 Let's give these people in the field 20 percent
16 across the board. I don't mind telling you what I have
17 got in mind -- 20 percent across the board. And then the
18 extensions and the picking up of that debt ought to come at
19 the end so that Congress will understand that they share
20 responsibility in that.

21 MR. BROUGHTON: You're talking about 20 percent
22 above the \$71.5 million which has been the figure that's
23 been involved in the continuing program or the continuing
24 resolution as I understand it? Is that the way --
25

MR. ORTIQUE: Yes, sir.

1 MR. CRAMTON: What's the derivation of 20 percent,
2 Revius?

3 MR. ORTIQUE: The additional funds for the programs?

4 MR. CRAMTON: No, what I meant is is it based on
5 cost of living changes since 1972? Is it based on analogy
6 to Federal pay increases? Is it based on --

7 MR. ORTIQUE: I think we have got to look at
8 four years of increases. You know, we were talking about two
9 years, but, as I appreciate it, the legal services people
10 have suffered for four years without any changes, and it
11 seems to me that we ought to make up that difference right
12 away.

13 MR. CRAMTON: Then the figure would be larger than
14 20 is what I'm getting at. I think it's closer to 30.

15 MR. ORTIQUE: Well, you know, some persons talked
16 about 10 percent, and other persons have come up with figures
17 of 30 percent. I would suspect that 20 percent would reassure
18 the people in the field that we are headed in the right
19 direction.

20 I think that 10 percent is too low. I'm not sure
21 that you can substantiate 30 for all of this period. And
22 I just think that we'd be acting responsibly if we selected
23 a 20 percent figure at least.

24 MR. CRAMTON: Now, would the 20 percent be on the
25 \$71.5 million which is the base figure now or on the

1 annualized figure, which as I understand it-- We received
2 a number of kind of conflicting --

3 MR. ORTIQUE: On the annualized figure.

4 MR. CRAMTON: On the \$80 million figure?

5 MR. ORTIQUE: Yes, on the annualized.

6 MR. CRAMTON: Something around \$79-something million
7 to \$81-something million, something in that area?

8 MR. ORTIQUE: All right. Yes.

9 MR. CRAMTON: Depending on whether or not certain
10 programs are or are not included?

11 MR. ORTIQUE: I'm talking about the annualized
12 figure of \$81 million, 20 percent on top of that.

13 MR. CRAMTON: Mr. Breger.

14 MR. BREGER: Mr. Chairman, I think we all recognize
15 that there are some aspects of our budget that we are not
16 going to be able to fix on now in terms of fixing on the costs
17 that we will incur.

18 For example, we really don't know how much the
19 transition period administration and the administration of the
20 Corporation is going to cost us. We don't have the figures yet.

21 We really can't say how much a serious and
22 intelligent analysis of alternative delivery systems -- analysis
23 and survey which is mandated by the Congress -- will cost us.

24 I think it may be useful to separate out those
25 items which we can't properly speak to their cost at this time

1 and possibly defer them to our supplemental request, focusing
2 on the items which we feel we can speak to at this time and
3 justify at this time.

4 Obviously, our basic figure is \$71.5 million.

5 Perhaps a figure of about \$1.5 million, which I
6 understand is the cost of non-Office of Legal Services
7 legal services projects which are funded by CSA.

8 And then consider the proper inflation figure that
9 we are going to have to use, to try to adjust the present cost
10 of the Corporation which was set back in 1971 -- adjust those
11 present costs to present-day realities and present-day
12 inflation.

13 MR. CRAMTON: When you mention the alternative
14 delivery system study and the additional costs of the
15 Corporation over and above the \$2.3 million that's included
16 in the \$71.5 million for administrative purposes as being
17 difficult to ascertain at this time, you weren't suggesting
18 that they weren't appropriate but merely that we are uncertain
19 of the amount, that we might be in a position of greater
20 confidence about the amount required in the fall, and those
21 items could be included and would be included in a supplemental
22 request? Is that the burden of your remarks?

23 MR. BREGER: Yes. These programs are mandated.

24 The survey is mandated by Congress. We just can't speak
25 intelligibly to them now. I think we can speak intelligibly to

1 the inflation coefficient that we should use in our request,
2 and I think in that regard it's worth noting merely as an
3 analogy that the cumulative Federal pay increases since 1972
4 have been about 22.5 or 22.6 percent throughout the Federal
5 Government and that the Department of Labor statistics
6 suggest that inflation since 1971 has been over 30 percent.

7 I think those are benchmark figures that we can
8 take into account in recognizing the kind of inflation adjust-
9 ment that we can properly ask for when we go to the Congress.

10 MR. CRAMTON: Indeed, if my arithmetic is right,
11 if a 22.6 percent adjustment was added to an \$80 million
12 base -- that is, \$7.5 million to annualize the present
13 programs and built up to \$80 million -- that that would
14 automatically take us over the \$100 million that is
15 authorized by Congress and, indeed, leave no room unless the
16 substantive legislation were changed and an increase in
17 authorization provided for the fiscal year-- There wouldn't
18 be any room for a later supplemental for alternative
19 delivery systems or anything else.

20 MR. BREGER: I'm not suggesting that we use
21 necessarily that 22.6 figure. I just feel we ought to recog-
22 nize it as a benchmark for discussion as the Federal pay
23 increases provide some analogy to the kind of increases that
24 we want to provide legal services employees and provide some
25 vague indication of the increases in the cost of living, cost

1 of telephones, rent, paperclips, which all government
2 administrations have suffered under during the last four
3 years.

4 MR. CRAMTON: I was merely pressing for further
5 illumination of your position on the inflation item or cost of
6 living item or analogy to Federal pay increases; whichever
7 way one specifies it is the same thing. What figure do you
8 think would be appropriate and on what base?

9 MR. BREGER: I would, like Revius, feel that a
10 figure of between 18 and 20 percent would be appropriate,
11 hopefully a 20 percent figure, which we would then add on to
12 the annualized cost of doing business that we had this last
13 year.

14 MR. CRAMTON: So you would start with the
15 annualized basis, build all of that in, pick up the entire
16 deficit in one year, so that programs can be forward-funding
17 with some kind of orderly continuity and stability, and then
18 add on to that an inflation factor of roughly 20 percent
19 which would be \$16 million. That would be an appropriation
20 request of \$96 million if no other items were included. Is
21 that --

22 MR. BREGER: Yes.

23 MR. CRAMTON: -- the position? Is that what you
24 are asserting?

25 MR. BREGER: Yes.

1 MR. BROUGHTON: What is it in actual dollars?

2 MR. CRAMTON: \$96 million. And it would leave a
3 \$4 million gap for return for a supplemental on alternative
4 delivery systems and increased costs of the Corporation
5 over the administrative cost now entailed in the CSA operation.

6 What would be your remarks to that, Mr. Broughton?

7 I didn't hear you.

8 MR. BROUGHTON: I think on what he outlines they
9 are the factors we need to take into account, that they are
10 realistic.

11 MR. CRAMTON: Mr. Kutak?

12 MR. BROUGHTON: Refinement of that may be something
13 we need to discuss further, but I think what Marshall has
14 laid out has taken into consideration circumstances no one
15 can dispute.

16 MR. KUTAK: I'd like to hear other comments.

17 MR. CRAMTON: Mr. Thurman?

18 MR. THURMAN: Sort of piggybacking on what Glee
19 mentioned, we have two problems that collide. One is the
20 more immediate problem of morale out in the field of all the
21 workers, and I think that's terribly important. The situation
22 is really deplorable in many areas if not most. And I think
23 they have got to realize that we are making the best possible
24 pitch we can.

25 We also have at the same time this long-range

1 interest in credibility on the Hill and with various
2 committees and groups that we have to work with, and that's
3 terribly important.

4 If we just go in and say, "All right, we want \$100
5 million -- period" and figure we can't come in after two days
6 with the proper justification, that's difficult.

7 It seems to me maybe Marshall has come up with a
8 pretty good compromise here. I don't know why 20 percent
9 isn't as supportable as 12 percent or whatever figure you
10 might have.

11 You're talking mainly just about two things then.
12 One is annualizing, which takes up the deficit, and the other
13 is the round figure of 20 percent. Maybe that's the best
14 we can do at this point. I would think though that we would
15 have to emphasize that they are going to hear from us again
16 in the next few months.

17 MR. CRAMTON: The range of possible figures for an
18 inflation factor that were discussed at the briefing conference
19 was-- The highest figure is the cost of living change all the
20 way back from I think it's May 1972 or June 1972 to May 1975,
21 and that's 30.8. And actually if you took 30.8 on top of
22 \$80 million, that's over \$104 million. It's over the amount
23 authorized right there. That's in terms of inflation factor --
24 the high side.

25 The low figure I think that we have heard expressed

1 is just merely picking up the period since the Act was
2 enacted, forgetting about the period of 1971 to 1974 and
3 just saying, "What about in the last year?" And the inflation
4 last year was what? 12 or 13 percent? 13 percent in cost of
5 living? Somewhere in that magnitude.

6 But, anyway, that's the minimum figure we have
7 heard, and which I think we would all feel was supportable and
8 justifiable.

9 The minimum figure on the \$80 million, accepting
10 the annualization, if my arithmetic is correct, comes out to
11 \$10.4 million, so that what we are talking about essentially
12 is a low figure, if that arithmetic is right, of approxi-
13 mately \$90.4 million or thereabouts, a high figure which
14 exceeds the appropriation, and an intermediate figure,
15 which Mr. Breger has suggested, based upon a 20 percent --
16 some compromise of going partway back to the fiscal year
17 1971 but not all the way back -- which comes out about \$96
18 million.

19 Is that --

20 MR. BREGER: Yes.

21 MR. BROUGHTON: Yes.

22 MR. CRAMTON: What are the views of the Board about
23 these three figures? Are there members that are unhappy even
24 on the low side, that think that-- Mr. Montejano?

25 MR. MONTEJANO: Mr. Chairman, we received informa-

1 tion over the weekend which I think clearly indicates that
2 the needs of this program are in excess of the authorized
3 appropriation of \$100 million. So I think maybe we are
4 taking the wrong tack by looking at a figure lower than the
5 authorized figure.

6 Also, I see in the regulations and in the statute
7 that Congress has given its express intent of a \$100 million
8 figure and I would assume implied consent for that figure
9 also.

10 I think it's necessary to establish credibility not
11 only with Congress but also with the client community. I
12 think it's necessary to establish good faith. I think we have
13 a responsibility to the poor people of this country, to
14 the people who work with the poor people, to maximize the
15 resources.

16 I think that looking realistically at what we
17 have, probably our bottom line figure is \$108 million when you
18 take the need, which far exceeds \$100 million, plus the
19 deficit, which is approximately \$8 million. I think you're
20 looking at about a bottom line figure of \$108 million.

21 Maybe for this time around this is unrealistic so
22 therefore we should go in for a lower figure.

23 MR. CRAMTON: So you would propose a higher
24 inflation factor, or would you put some portion of it in some
25 other item such as extension of service to a portion of the

1 country that is not served rather than inflation?

2 I mean there are two problems here. One, we have
3 to talk about specific items which we believe are needed and
4 can be justified that we need to include or ought to include
5 in the appropriation request for next Wednesday as distinct
6 from a supplemental.

7 And then a second matter is if you think that
8 \$100 million is required, or whatever figure you think is
9 required, we have to break it out into various categories.
10 And if we plan to devote some of that to extension of
11 service as distinct from giving an infusion, a quick infusion,
12 of money into all of the existing programs, then we have to so
13 identify it.

14 MR. MONTEJANO: Well, I think that we should
15 ask for the entire authorized appropriation eventually. I
16 do think, however, that Marshall offers a reasonable approach
17 at this time, and that would be to go in for the \$96 million,
18 with a firm understanding that we will be back very shortly
19 for additional funding.

20 I think we can justify easily the \$96 million, and
21 I am sure we can justify the additional amounts, but at this
22 time possibly his approach would be best.

23 MR. SMITH: I think Rudy is saying exactly what I
24 had in mind when I first mentioned the two-phase approach. In
25 other words, that we would be asking for the whole

1 \$100 million that is authorized but we would be presenting
2 it in two phases for the reason that some small portion
3 perhaps along the lines suggested by people at the other
4 end of the table -- after the \$96 million now -- would leave
5 us the flexibility of deciding which had the highest priority
6 for our supplemental request, whether it be extension,
7 change of method of delivery, whatever it might be.

8 And we would eventually reach the point you're
9 speaking of, because I agree with you that we should
10 utilize the whole authorization, but I think the two-phase
11 approach gives us a more orderly manner in which to do it.

12 MR. CRAMTON: Mr. Stophel, you haven't expressed
13 views on this subject.

14 MR. STOPHEL: We have three variables here,
15 obviously. One is how happy is Congress with its present
16 funding level? Is it ready to refund just on a continuing
17 resolution? I think we are assuming that it is, that it's
18 not going to make any reduction, although it may be unhappy
19 with some of the programs on the phases of our activities.

20 The second is what percentage do we add to that?
21 That has been the gist of the discussion here.

22 Then we are faced with the President's announce-
23 ments of his limits on what he plans to spend, and Congress
24 has placed itself some limitations I think.

25 So I think that in terms of the percentage I agree

1 that the 20 percent, that seems to be pretty well a consensus,
2 seems to be a factor that is reasonable.

3 Perhaps a view toward going in with the lower
4 percentage that you mentioned of 15 percent, say at \$90
5 million or \$90.4 million, or whatever it came out to there,
6 and then the supplemental would be larger, perhaps gives us
7 more flexibility in dealing with that. Because if we go
8 for \$96 million now and have \$4 million flexibility in the
9 supplemental appropriation request, it seems to me we are
10 allowing less flexibility because we have committed more of
11 our available funds to programs.

12 MR. KUTAK: Mr. Chairman, --

13 MR. CRAMTON: Mr. Kutak.

14 MR. KUTAK: I want to be sure I understand these
15 things because I will stipulate right at the outset that this
16 isn't my bailiwick.

17 But I think everybody agrees -- at least I heard
18 no disagreement and I certainly would not have any -- on
19 recognition of the needs of the community. The evidence is
20 out there as to an overwhelming need. And I think we all can
21 stipulate and agree that whatever it is it's far beyond
22 \$100 million, and it's going to have to be focused on in a
23 very careful and effective way so that this Corporation does
24 the job which the country, indeed the Congress, expects of it.

25 But it's not really the needs of the country or

1 the needs of even the client community, it seems to me,
2 that right now we are asked to make a decision on. It's the
3 choices of the Board. And whatever choices we make are going
4 to limit our options with respect to what we can do this year.

5 Now, I don't quite understand -- maybe I should ask
6 Marshall -- when he says it's a 20 percent increase, is
7 this 20 percent increase what I would understand is just to
8 catch up on the inflation factor, so that if we give a 20
9 percent increase to recognize the ravages of inflation we have,
10 in effect, consumed all of our funds that we could use
11 if Congress appropriated them, but for \$4 million, for the
12 entire year?

13 We have no options to go into the study of
14 the program or the administration cost or the expansion of
15 the services or in any way, possible, potential, for the year
16 except within a \$4 million range? Is that right?

17 MR. BREGER: I think that's basically correct.
18 Unfortunately, the present situation of many of the programs
19 in the field is such that they have been-- It's one of
20 desperation, and they have been terribly hit by inflation.
21 I'm not sure if we can responsibly begin to discuss the
22 extension of programs until we have dealt with the problem
23 at hand.

24 MR. KUTAK: I just wanted to be sure I understood
25 what he's asking for. It really comes down to two things to

1 me -- that is, the time of making this decision as against
2 the options we foreclose if we exercise it now.

3 MR. ORTIQUE: I will certainly give you back the
4 floor, Bob, but it seems to me Rudy makes a very good point
5 which I thought was inherent in the comments that I made
6 earlier.

7 That is, I am not convinced that when Congress
8 suggested \$100 million that Congress was saying to us, "Look,
9 you pick up \$7 million, \$8 million, \$9 million of debt that
10 was created by your predecessor."

11 I don't think it's illogical for us to tie
12 in-- Congress is going to be interested in extensions of
13 programs, and this is the one area that they can help us the
14 most. They have got a constituency back there demanding
15 that they extend programs.

16 There's a solid group that will be talking about
17 reallocation next year -- that is, taking something from the
18 East and the Midwest. I don't think that they are going to
19 do that. I don't think that the constituencies of the East
20 and Midwest will permit that to be done.

21 But I say that when we go back that it is not
22 illogical for us to urge that extension of the programs be
23 somehow tied in to that \$7, \$8 or \$9 million figure that
24 we're picking up now in our annualization of the program.

25 Therefore, I join with Rudy in urging that we have

1 \$100 million plus that annualization figure to deal with.
2 We don't have to deal with that now. We can deal with it when
3 we go in for our supplement. And, therefore, I'm not tied in
4 to \$4 million is what I'm saying, Bob.

5 MR. KUTAK: My only answer to that is I couldn't
6 agree with you more if it gives me \$109 million. But if it
7 doesn't, my options are then lost for the year.

8 And given the Congress agrees with you, we're
9 home free. At least we're home \$7.5 million or whatever it
10 is, \$9 million, more than we are now.

11 But if the Congress disagrees with us -- because
12 I agree with you -- we only have the \$4 million.

13 And we can't, unfortunately, make that call.

14 Again going back to my point, I'm not against
15 maximizing the case we can make for our authorization exclusive
16 of the deficit. I'm urging, I think, only because we weren't
17 even born yesterday -- we were born just two hours ago --
18 that we ought not to foreclose our options when there are so
19 many client demands and so many potential opportunities.

20 I would kind of go a little slower on my recog-
21 nition of the inflationary factor so that I could have a
22 chance at least to make a considered judgment as to what we
23 want to accomplish in this present fiscal year.

24 MR. ORTIQUE: You wouldn't go below \$90.4 million,
25 would you?

1 MR. KUTAK: No, sir.

2 MR. CRAMTON: Perhaps it would be useful for some
3 members of the public who are gathered here if I specifically
4 mentioned two documents which members of the Board have
5 before them and have been extremely helpful to us in focusing
6 on this issue under somewhat urgent time circumstances.

7 The first is a position paper prepared in the
8 Office of Legal Services of Community Services Administration
9 but not approved by the Director of Community Services,
10 which is entitled "A National Legal Services Appropriation,
11 Analysis and Justification."

12 There is an accompanying document which is
13 attached to it that purports to give a justification for
14 a \$100 million appropriation for fiscal year 1976, allocating
15 it to specific items, some of which have been mentioned.

16 The second document is a paper prepared by the
17 National Legal Aid and Defenders Association, of which the
18 Board has copies.

19 Would it be appropriate at this point -- we seem
20 to be at a momentary ebb in our conversation -- to ask if
21 there are members of the public who for say 20 minues or so,
22 25 minutes, before we adjourn for lunch, could present views
23 on the appropriations matter both in terms of the amount
24 which should be requested, whether it should be requested in
25 one bite or two bites -- that is, the main appropriation

1 bill plus a supplemental later on -- and what are the items
2 that should be included in whatever request is made?

3 I hope that the comments will be extremely brief.

4 Do I have unanimous consent from the Board to
5 invite comments from the floor?

6 (General assent indicated.)

7 Without objection, we will have brief comments
8 from the members of the public.

9 Mr. Locricchio.

10 MR. LOCRICCHIO: I feel this is one of those
11 statements I should apologize for before I make it.

12 One of the things that I would like you to con-
13 sider-- Mr. Ortique talked about salaries, and I'd like you
14 to put that whole question aside for a second. And I'm
15 not speaking as the chairman of the NLADA Civil Committee
16 at this point because what I am going to say will not meet
17 with approval especially of staff attorneys who have not had
18 raises in four years.

19 But I think the thing you really have to look at
20 is what happens to project directors in the field. The non-
21 salary costs are the things we have no control over. We can't
22 control Xerox, and we can't control the telephone company.

23 The more important thing is that many, many of us in
24 the field are currently practicing a brand of law which is
25 unethical. That's a very, very strong statement. When my

1 staff met a couple of weeks ago to talk about this upcoming
2 budget for our program, we cut out depositions. We cut out
3 expert witnesses. The Act commands you to provide equal
4 access to the system of justice in our Nation and also to
5 provide high quality legal services.

6 I see your hands as absolutely tied in this
7 matter. I know the good faith and the intent that you have.
8 But you have got to stop us from what we are currently doing.
9 We have become very, very hard in providing the kinds
10 of services as best we can, and we have crossed the line --
11 and it may have happened a year ago -- it may have happened
12 -- wow! -- four years! -- excuse me -- okay, I'm back --
13 where we say to clients, "Gee, I'm sorry, but you have got
14 to come in here and talk to an attorney with no privacy.
15 I'm sorry that there are secretaries sitting around. I'm
16 sorry there are other clients who can hear what you say."

17 You have got to stop us from doing that.

18 MR. CRAMTON: I assume you're not doing that
19 because you want to --

20 MR. LOCICCHIO: Exactly.

21 MR. CRAMTON: -- but because the circumstances are
22 so dire you have no choice?

23 MR. LOCICCHIO: We have automatically said as
24 project directors-- We have become so hard we have
25 automatically said, "To hell with our staffs. Salary levels,

1 salary considerations, are the last consideration."

2 Looking at that and accepting that, taking the
3 \$100 million, if you raise the annualized amount to \$80
4 million as you said, going back for four years, about 20 to
5 25 percent of our budgets are spent on nonsalaries. If we
6 try and bring those up -- only playing with the inflationary
7 figure for nonsalaries -- that's approximately \$20 million.

8 About four or five project directors got to-
9 gether and looked at their costs around the country. They
10 are standing here right now. And we came up with between
11 40 and 50 percent increase in nonsalaries in the last four
12 years.

13 And remember when we talk about four years we are
14 really talking about five years because you're talking about
15 budgets for the next year now.

16 So that if you add that to the \$80 million, that's
17 \$100 million right there with not one penny for salary
18 increases.

19 So that if we do what we have to do first, and
20 that is get back to the practice of an ethical brand of law,
21 we do that without one penny of salary increase with the
22 limit of \$100 million.

23 The other thing that you should recognize is the
24 delay. The figures of \$90 million and \$100 million were
25 being talked about in 1971. The one thing about the delay

1 and the one thing about our psychology is that the event
2 kept getting put off, so that in going to Congress we have
3 to say to them, "If you expect us to do anything near
4 this high quality legal services you're talking about,
5 we're embarrassed and we're on the edge of unethical conduct
6 when we ask for only \$100 million."

7 MR. CRAMTON: Have you and the other project
8 directors itemized the nonsalary increases and could you
9 provide that to us on very short notice?

10 MR. LOCRICCHIO: Yes, we have.

11 MR. CRAMTON: Lots want to speak so --

12 MR. LOCRICCHIO: Thank you very much.

13 MR. CRAMTON: Mr. Dallaire.

14 MR. DALLAIRE: Well, I just wanted to reiterate
15 a couple of things that Tony said, and I wanted to say that
16 I'm uncomfortable in the way things are being discussed,
17 and I'm uncomfortable because of the fact that for the most
18 part we are talking about salary increases, and I think over
19 the past two days you got the impression that salary
20 increases were the most paramount thing.

21 They are. They are important. There's no question
22 about that. But we have been talking about responsiveness
23 and responsibility. And I think with what you have heard
24 those things are co-equal. I mean they are the same thing --
25 responsiveness and responsibility. And it's leadership now

1 that is very important. And leadership encompasses
2 responsiveness and responsibility.

3 And if we were talking about food for poor
4 people or medical services for poor people, if this discussion
5 had been going on we'd have been talking about poor people.
6 And, unfortunately, legal services doesn't get talked about
7 that way.

8 It gets talked about in terms of staff. It
9 gets talked about in terms of offices, and so on and so forth.

10 We know what we're talking about, because we are
11 talking about an ultimate legal delivery to the client. But
12 I have been uncomfortable in sitting here and listening to
13 this.

14 MR. CRAMTON: What are your recommendations?

15 MR. DALLAIRE: Okay. My recommendation as far
16 as you're concerned is that I think that you have to go in for
17 the \$100 million, and I think that you recognize already
18 that there isn't enough money and you're going to have to go
19 in for another authorization, not a supplemental appropria-
20 tion.

21 Go in for the \$100 million. You can put your
22 careful study together. And I can't imagine-- Yesterday you
23 saw figures that said \$150 million. And that's responsive-
24 ness and that is responsibility and that is leadership. And
25 I think that those are the things that you have to address

1 this morning.

2 MR. CRAMTON: Mr. Veney of the National Clients
3 Council.

4 MR. VENEY: Thank you, gentlemen.

5 I humbly suggest you are discussing the wrong
6 question. There's nothing that you can convince me of that
7 would say you can't today make a very valid case for \$100
8 million.

9 You could have the staff of CLS or NDADA or
10 Clients Council get you figures that would defend \$100
11 million by this afternoon. So that is not the issue in ques-
12 tion at all.

13 The issue I would suspect is whether you are going
14 to, in fact, provide us with that leadership that was talked
15 about so that you will begin to to the question of how do we
16 as a collective Board and collective community begin to
17 convince the Congress that we need additional authorization and
18 a further appropriation for fiscal year 1976.

19 The Congress did not arrive at \$100 million
20 willy-nilly out of the air. It arrived at it as a considered
21 judgment of both houses in a conference committee after hearing
22 testimony from a great many people. So the \$100 million I
23 would say sends the signal up that says, "Thank you, Congress,
24 for your considered wisdom, but we will be back for
25 additional authorization and appropriation when we have had

1 time to use our collective heads and best judgment."

2 The second signal is the signal to the client
3 community that says, "Hey, we recognize not only is it \$100
4 million that is necessary but probably more."

5 And then the third signal to all of us is that,
6 "Yes, this is not continuing OLS. This is an active,
7 thinking body that is going to not only react but is going
8 to be pro-active, that is going to take the initiative
9 that has been so long lacking."

10 MR. CRAMTON: Mr. Veney, without intending to be
11 argumentative, the documents we have before us I'm not
12 sure provide the justification which I would be comfortable
13 with in terms of testifying in the appropriations process.

14 I might add that I have had the experience of being
15 head of a Federal agency and going into appropriations
16 committees and even asking for items like \$60,000 and \$75,000
17 and being grilled for 15 or 20 minutes about their necessity
18 and how we plan to spend the money, and so on.

19 Here are two items, for example, in the OLS
20 justification. One, alternative delivery system study. There's
21 one paragraph devoted to that. Estimated cost \$1 million.
22 It quotes the statute for a long paragraph and then says,
23 "Given the existence of current judicare problems, funding
24 levels in excess of \$1 million, the Corporation should provide
25 an additional \$1 million per year for two years for the

1 study."

2 I would want to have more to say about that than
3 that. And I think my experience with appropriations
4 committees, particularly in the House, is that they want more
5 detail than that.

6 They say, "What study have you given to alterna-
7 tive delivery systems? How much staff is this going to
8 require? How are you going to use them? What studies are
9 you going to engage in?"

10 And I don't have any answers to those questions.

11 MR. VENEY: Mr. Chairman, I don't think either
12 house would expect you to have answers, being two hours old.

13 MR. CRAMTON: They might say, "Come back in a
14 supplemental when you have the answers." That's what they
15 have told me.

16 MR. VENEY: I can only say that there are
17 justifiable defenses beyond what is there. I think that that
18 is a reaction to OLS's habit of requesting about as much
19 money as they think they can, and fitting in, and what I'm
20 asking you for is not that you try to fit but that you take
21 what we can at this moment in history when, frankly, your
22 reputation is probably at the highest point. You haven't
23 alienated anybody yet. (Laughter) I'm not sure you will
24 ever be able to say this again. (Laughter)

But get it now and go back later and we will join

1 you in the fight.

2 MR. CRAMTON: It's a statement that won't be true
3 at the end of the day I'm sure.

4 Mr. Tracy?

5 MR. TRACY: Thank you, Mr. Chairman. I must
6 emphasize ABA, of course, has taken no --

7 MR. CRAMTON: You're speaking for John Tracy,
8 private citizen?

9 MR. TRACY: Yes, and I'm probably going to lose a
10 lot of friends.

11 I think we have to approach this situation much
12 more practically than we are approaching it right now. We
13 are very late in the appropriations process. The Senate
14 Committee is hearing us kind of at our convenience, not
15 theirs. I think they're going to be somewhat impatient.

16 I think if there's a simpler solution we ought to
17 look for it.

18 It seems to me the two-step solution might be one
19 that we consider. There is a figure in existence that I
20 think you could come in and ask for with your heads held
21 high and perhaps have a chance of getting, and that's the
22 \$90 million figure, which is what Congress assumed you were
23 going to need the first year of your corporate existence.

24 I'm not so sure you can't come in, make a strong
25 pitch indicating that you are convinced that you need more

1 than \$90 million, but that you will be back within six months,
2 at which time you haven't lost a lot of money, with a
3 well justified appeal for the larger amount.

4 And I think at that time there is no question but
5 that you can demand and perhaps justify the \$100 million.

6 But I think if you come in right out of the gate
7 and ask for the \$100 million two days old that you're going
8 to have a very, very difficult time convincing some impatient,
9 tired members of Congress that they should hand you that
10 money.

11 You also are not going to have a chance, it seems
12 to me, to get an OMB reaction, which of course the committee
13 is going to be looking for.

14 So I suggest that as a possible alternative --
15 with the understanding and the statement directly to the
16 people involved that this in no way is any indication of a
17 lack of faith or confidence in the fact that you can get the
18 \$100 million but it's a more practical way of reaching it.

19 MR. CRAMTON: Are there other --

20 MR. COOK: Mr. Chairman, --

21 MR. CRAMTON: Mr. Cook.

22 MR. COOK: Relative to what has been said and the
23 fact that this \$100 million was not a figure picked out of
24 the air, I have to tell you it was a figure picked out of the
25 air. And it was a figure Congress picked out of the air,

1 because when the study on a national legal service
2 appropriation was really made it said a national legal
3 service organization could spend a minimum of \$241 million
4 or a maximum of \$525 million. And Congress gave it \$100
5 million.

6 Now, if we're saying that they gave a lot of
7 thought to it, they gave a lot of thought to knocking it
8 down anywhere from \$525 million to \$241 million and came up
9 with \$100 million. And there's nobody up on that Hill that
10 can justify how they came up with the \$100 million.

11 So, you know, I think we really ought to put it
12 in perspective that we are ultimately looking for appropria-
13 tions to the national legal service corporation for in
14 excess of the \$100 million.

15 MR. CRAMTON: But we want to get what we can this
16 year.

17 MR. COOK: What bothers me is after you're three
18 days old can we make a strong case for an increase in
19 operating cost? Yes, you say so. I would like to see
20 those figures, and I think everybody on this Board would
21 like to see them.

22 Because if we have misapplied our emphasis and
23 just said, "Okay, everybody needs a salary increase," and
24 we forgot about the telephone, we forgot about paper, we
25 forgot about Xerox, then give us those figures. Those

1 justify what we're asking for right away without any equivoca-
2 tion.

3 Can we talk at this time about restoration of
4 capacity? I'm not sure. I'm concerned. I think it's going
5 to take a little time to do it.

6 Can we talk about alternate delivery systems?
7 I don't think we can at this time at all.

8 Can we talk about extension of service? Again, I
9 don't know.

10 Program administration? I don't know.

11 But when you talk about flat, outright costs,
12 if you all can get those costs in here this afternoon, as
13 you said, if we can put them down here on paper and show
14 that those are the normal increase in costs as a direct
15 result of inflation, then everybody on this Board is going
16 to go for that figure even if it's in excess of \$100 million.
17 That's the way I feel about it.

18 MR. CRAMTON: Mr. Flug.

19 MR. ORTIQUE: Mr. Chairman, as long as -- and I
20 think Bernie would have to agree -- as long as there are
21 three or four items in that \$100 million figure that we have
22 been discussing and those three or four items we're not
23 prepared to address ourselves to at this moment-- Of course,
24 my figure is \$96 million. But somewhere there must be an
25 appropriate figure that would in my way of thinking place

1 upon Congress the onus of recognizing that we have picked
2 up a debt and, further, that attached to whatever amount
3 they give us is the question of extension of services, that
4 those two items are realistic, that we can make a case for
5 them comes the time to place the supplement.

6 Therefore, I come out with a figure of something
7 less than the \$100 million at this time, and I come out with
8 something more than \$100 million, as Rudy does, at the time
9 of the supplement. And I can assure you, Bernie, that
10 that's where I will be coming from comes the time of the
11 supplemental.

12 MR. CRAMTON: Mr. Flug wants to speak.

13 MR. FLUG: Mr. Chairman, I think that when we
14 talk about the Corporation being a couple of hours or a couple
15 of days old, first of all your counsel has told you that's
16 not true as a technical matter. You are almost a year old
17 even though some of you never probably heard of the Corpora-
18 tion until maybe less than a month ago.

19 It is the fact, however, that as far as Congress
20 is concerned you are a year old. Congress has been prepared
21 for this Corporation for quite some time. It's been talking
22 about this Corporation since President Nixon's message in
23 1971. It's been talking about this level of money.

24 When Senator Cook talks about the arbitrary figure
25 being picked of \$90 and \$100 million, that's true, but it

1 was with a realization that that was an extremely low
2 figure, that it was putting aside to the future a substantial
3 amount of recognizable need and that you are the beneficiaries
4 of that understanding on the part of Congress.

5 They understand that that figure of \$100 million
6 was a very, very conservative figure.

7 Now, in terms of justification, I think that,
8 Mr. Smith, if you think that we can't put on a hearing on
9 Wednesday, we'll be glad over the lunch hour to prepare to
10 put it on right here. We can provide whatever justifications
11 are necessary by Wednesday.

12 But, really, you have it all. You have in the
13 OLS document behind Tab 3 the list of programs and what
14 their annualized rates of expenditure are. That adds up,
15 when you add the existing OLS cost, to \$80 million. So
16 then we get into the question of what do you put on top of
17 that.

18 Now, the figure I used was the accumulated
19 inflation, taking the cost of living index since June of
20 1972, which is kind of late in the game in terms of the
21 programs which really haven't had the increases by and large
22 since before that. That comes out 27.4 up until last month.

23 We're dealing with the year ahead. You can make
24 any assumption you want about the year ahead. I used 9 percent
25

1 which is conservative considering that last year was 13.5
2 percent.

3 I would also respond to John Tracy that way. If
4 you are considering the \$90 million figure as a reasonable
5 figure for the first year of the Corporation, had the first
6 year been last year and you considered that reasonable, then
7 you have to take into account the delay of one year, the
8 13.5 percent inflation.

9 And if my figures are right, that adds up to
10 \$12.15 million on the top of \$90 million, which still brings
11 you for this year, at what would have been a \$90 million
12 rate last year, to \$102.15 million on that theory.

13 I would say that even if you take the most
14 conservative figures, take the Federal pay raises, they add
15 up to over 20 percent, and there is another one probably
16 coming during this fiscal year.

17 If you take only the inflation for last year and
18 this year, 13.5 percent and 9 or 10 percent, you're still
19 up into the 20, 22, 24 percent area.

20 I think that the difference between \$100 million
21 and \$96 million is not worth the impression and the
22 appearance you will give that you are not hard-pressed, that
23 there is room here, that you are going to have a lot of
24 discretion.

25 You're going to have very little discretion. You

1 are going to have to put some things aside. You are going
2 to have to put aside and not do things which ought to be
3 done. And you ought to be in a position to make that point
4 now, so that if you come to a determination, as Bernie
5 suggests, that the \$100 million figure is unacceptable and
6 that you can justify a higher figure, that you are prepared
7 to come back in to it with \$100 million as a base.

8 MR. COOK: I'm not convinced of the congressional
9 benevolence you allude to. I hope you're right.

10 MR. FLUG: I think the fact Congressman Steiger
11 was here this morning is indication of the kind of support
12 you will find up in that Congress. This program went through
13 vote after vote after vote in that Congress.

14 The majority of both houses, the Senate, two-
15 thirds of the House, had to vote several times in favor of
16 this program and for this \$100 million figure. And I think
17 you're the beneficiaries of that good will and should take
18 advantage of it.

19 MR. CRAMTON: I note that Chief Judge Cowen of
20 the United States Court of Claims has come into the room. We
21 owe to his gracious help the use of this very pleasant
22 facility today, and I want to thank you, Judge, for your
23 helpfulness.

24 Are there further comments from members of the
25 public concerning the appropriation request and the items

1 that should be included in it?

2 Mr. Corbett, you are very much informed on these
3 things. I don't know whether you feel free to express a
4 personal view, but if you did I think the members of the
5 Board would appreciate it.

6 Would you have some personal advice about the
7 appropriate amount and the items within the appropriate
8 amount that ought to be given priority?

9 MR. CORBETT: I have some difficulty in talking
10 with you on any kind of official basis.

11 MR. CRAMTON: No, this is a personal request.

12 MR. CORBETT: I do feel you might wish to consider
13 some practical considerations that you face.

14 It seems to me that this Corporation is not going
15 to be in a position to make grants certainly until after
16 there would be time to go for a supplemental. I do not
17 think you would anticipate making any new grants until after
18 the first of the year until you probably had some better
19 idea of the problems out in the field.

20 From your discussion, you do wish to deal with
21 immediate problems. One of those that you have mentioned
22 is to deal with the deficit that does exist above \$71.5
23 million, and you have used the figure of about \$80 million,
24 which would provide for the regular deficit of the OEO-funded
25 programs and some money to pick up programs that you feel

1 that you probably have to do.

2 Now, if you are using that as a base, the \$80
3 million, you could deduct from that the \$2.3 million
4 which is taken off the top in terms of the administrative
5 costs which Community Services is providing for the program,
6 and that would leave you a base of \$77.7 million against
7 which you could deal with your percentage.

8 If you applied 20 percent to that, you'd have
9 something like \$93 million, and this would leave out
10 those items that you might want to consider in more detail,
11 like expansion of the system into new areas or the alternative
12 delivery system, where we did discuss that you might wish
13 to have considerable presentation and background before you
14 went into that.

15 It would not probably deal with the extra costs
16 of administration, and those again I am not sure that you
17 feel that you are in a position to comment on.

18 And there would, of course, be other costs that are
19 over and above that you are not dealing with.

20 You would take a first step toward the inflation
21 and perhaps a first step toward part of the restoration of
22 capacity, which are facts that you can deal with.

23 MR. CRAMTON: My figures, if I add correctly,
24 indicate that that adds up to \$93.2 million if that were done
25 on that basis.

1 MR. CORBETT: If that were the inflation.

2 MR. CRAMTON: Would you think a 20 percent infla-
3 tion factor is reasonable?

4 MR. CORBETT: Well, you'd have two items there that
5 you are dealing with. One is the restoration of attorneys
6 which have been lost to programs.

7 MR. CRAMTON: Right.

8 MR. CORBETT: Plus you have the inflation factor
9 where all the figures that have been presented have been over
10 that amount. You may wish to cut it up into pieces or deal
11 with it in terms of priorities of salary and then deal with
12 the restoration at some future time.

13 MR. CRAMTON: If you were to separate those into
14 two pieces, is that what you prefer to do and provide
15 separate percentages to each or separate amounts to each?

16 MR. CORBETT: Well, I think in terms of the
17 priority for the field, the priority would deal with those
18 who are now in place and the ability to have salary adjust-
19 ments there, and I think that would be a priority.

20 We have also presented background figures dealing
21 with the salary gap between our attorneys and those funded
22 by government, funded by defender units, and who earn money in
23 the private area.

24 MR. CRAMTON: Are there other members of the public
25 who desire to speak briefly on this subject?

1 MR. ORTIQUE: What was that reduction he made
2 from \$80 million?

3 MR. CRAMTON: It's the theory that the cost of
4 administration hasn't necessarily undergone an inflation
5 increase, or if it has, when the additional costs of
6 the corporate operation are determined that would be included
7 in the supplemental request, so you take out the \$2.3
8 million on the grounds that we are going back or would be
9 going back in a supplemental for any additional costs of the
10 Corporation.

11 Therefore, you don't apply the inflation factor
12 to that \$2.3 million, so then your base is \$77.7 million.

13 If you apply a 20 percent increase, you get -- my
14 figures -- \$15,540,000. And that added to the \$77.7 million
15 gives a total of \$93.2 million.

16 We plan to adjourn very shortly for lunch. If
17 there are no further comments from the members of the public,
18 we will adjourn now.

19 Before we do, I would like to state that it is my
20 view that there are several topics which the Board needs to
21 discuss in executive session, that we are meeting privately for
22 our luncheon, and that I propose to the Board that we meet
23 in executive session during lunch, or at least for a portion
24 of the luncheon session, in order to discuss certain matters
25 relating to the hiring of transition staff, which involves

1 discussion of particular individuals, and, second, that
2 we receive advice from counsel on several matters which we
3 feel is privileged under the attorney-client relationship.

4 MR. ORTIQUE: Mr. Chairman, in an informal dis-
5 cussion you indicated that we would make a practice of
6 advising the public of the discussions that we have had
7 during the executive committee, and I take it that you will
8 do that if we do vote to hold an executive session -- that
9 you will apprise the public of what we have discussed during
10 it, the nature of the matters that were discussed.

11 MR. CRAMTON: If the Board votes to hold an
12 executive session and we do hold one, I plan, unless otherwise
13 advised by the Board, to report in a general manner on the
14 topics discussed in executive session, and, if formal action
15 is required because of anything done in executive session,
16 to ask that the matter be discussed and considered and any
17 action taken in open, formal Board meeting.

18 MR. SMITH: Mr. Chairman, based on those condi-
19 tions, and for the purpose of discussing the things you
20 mentioned, we should have a motion then, shouldn't we?

21 MR. CRAMTON: We should.

22 MR. SMITH: I will so move.

23 MR. ORTIQUE: I second.

24 MR. CRAMTON: Mr. Smith has moved that, in
25 accordance with the procedure outlined, the Board will hold

1 an executive session during its luncheon break. The motion
2 has been seconded. Is there discussion? Is there discussion
3 from the Board?

4 (No response.)

5 All those in favor please say "aye."

6 (Chorus of "ayes.")

7 All those opposed?

8 (No response.)

9 MR. ORTIQUE: The statute requires it to be two-
10 thirds. Let the record reflect it is unanimous.

11 MR. CRAMTON: That's correct. The statute
12 requires two-thirds vote, and the record will reflect that
13 a two-thirds vote was obtained.

14 We will return --

15 MR. FLUG: May I have unanimous consent for brief
16 remarks on the last item of action by the Board?

17 MR. CRAMTON: Does Mr. Flug have unanimous consent?

18 (General assent indicated.)

19 You have unanimous consent.

20 MR. FLUG: I would just like to state my hope for
21 the record that it will be the Board's policy, consistent with
22 the Senate report, that you will go into executive session on
23 a specific occasion where extraordinary circumstances justify
24 closed discussion of a particular matter, and that the public
25 minutes of the meeting will show in general terms the reason

1 for going into executive session and that the Board's
2 action is consistent with that policy that this is the
3 exception rather than the rule.

4 MR. ORTIQUE: Thank you. I think the comment,
5 Jim, is in the record that it's personnel matters. I think
6 the Senate made it specific -- personnel matters.

7 MR. CRAMTON: We will return probably at 1:30,
8 but I'd like to leave a little flexibility depending upon the
9 length of our luncheon discussion.

10 (Whereupon, at 12:15 p.m., the luncheon recess
11 was taken.)

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AFTERNOON SESSION

2:25 p.m.

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3 MR. CRAMTON: The meeting will come to order.

4 The Board, as indicated earlier, has met in
5 executive session during a portion of the luncheon break.
6 The matters discussed in executive session were, first, the
7 selection of specific persons to serve the Board as staff
8 during the transition period contemplated by the Act.

9 The Board assumes that professional personnel who
10 are selected to serve on the transition staff will not be
11 eligible for the office of President and that as a general
12 matter, subject to possible exceptions, they will not
13 remain in the employ of the Corporation after the transition
14 period ends.

15 Second, the Board received advice of counsel on
16 several issues raised by the Legal Services Corporation Act.

17 After completing its executive session, the Board
18 chatted informally at lunch about other matters on the
19 agenda, especially the item to which we will shortly return,
20 the question of an appropriation request to Congress.

21 No action was taken by the Board in executive
22 session except on two matters which will now be the subject
23 of formal consideration and discussion.

24 Do I have a motion from Mr. Thurman?

25 MR. THURMAN: I have a motion, Mr. Chairman. I

1 would like to introduce this as a resolution: That Mr.
2 Louis F. Oberdorfer, of the firm of Wilmer, Cutler &
3 Pickering, here in Washington, D. C., be retained temporarily
4 as counsel to the Corporation to serve without compensation
5 from the Corporation, either to himself or to his firm, but
6 without limitation on his receiving compensation from his
7 law firm during the period of his service with the Corpora-
8 tion.

9 And I would like this resolution also to include
10 a vote of appreciation to Mr. Oberdorfer for his valuable
11 services to date as counsel to the Chairman.

12 That is the resolution I would like to make.

13 MR. BROUGHTON: I second the motion, Mr. Chairman.

14 MR. CRAMTON: You have heard the motion of Mr.
15 Thurman, seconded by Mr. Broughton.

16 Is there discussion?

17 (No response.)

18 Are you ready for the question?

19 MR. STOPHEL: Question.

20 MR. CRAMTON: All those in favor please say "aye."

21 (Chorus of "ayes.")

22 All those opposed, "no."

23 (No response.)

24 MR. OBERDORFER: Thank you, Mr. Chairman.

25 MR. CRAMTON: Congratulations. You are counsel to

1 the Corporation temporarily.

2 MR. KUTAK: With a cloud on your title. (Laughter)

3 Mr. Chairman, if I could be recognized --

4 MR. CRAMTON: Mr. Kutak.

5 MR. KUTAK: I have a proposed resolution which
6 some of you saw as I was translating into I hope adequate
7 words from the back of an envelope as I was taking careful
8 notes during the meeting.

9 But, quite seriously, I will read it as I can best
10 decipher it.

11 "RESOLVED, that the Chairman is hereby authorized
12 and directed to consult with the Director of the Community
13 Services Agency with respect to the funding of backup
14 centers" -- I wish I could use a more artful word; I will put
15 those in quotes as I think everybody knows what we mean --
16 "and to make a recommendation to the Board at its next
17 meeting for appropriate action on such operations, which
18 motion should be taken up at that time."

19 MR. MONTEJANO: Second the motion, Mr. Chairman.

20 MR. CRAMTON: You have heard Mr. Kutak's motion
21 and Mr. Montejano's second. Is there discussion?

22 MR. ORTIQUE: I am not satisfied that that motion
23 authorizes you, Mr. Chairman, to make such request as would
24 give strength to the spirit of such motion. I don't want you
25 to just talk to him. I want you to be able to say some things

1 to him on behalf of this Board if you deem it necessary.

2 MR. CRAMTON: I thought that was contemplated in
3 the motion.

4 MR. ORTIQUE: If that's inherent --

5 MR. KUTAK: It's inherent.

6 MR. ORTIQUE: -- that he is authorized to make
7 such request and then report back.

8 MR. KUTAK: Authorized and directed to consult
9 with. Perhaps I should say "consult with and make recommenda-
10 tions to." Would that be better, Revius?

11 MR. SMITH: Do you have the word "negotiate" in
12 there?

13 MR. KUTAK: No, sir.

14 MR. SMITH: Might it not be in there "consult
15 and negotiate with"?

16 MR. CRAMTON: No, consult with --

17 MR. KUTAK: And make appropriate recommendations?

18 MR. CRAMTON: -- and make appropriate recommenda-
19 tions.

20 MR. KUTAK: To the Director with respect to the
21 funding and to bring back to us -- the substance of it is --
22 a recommendation for us to take up and act on at the next
23 meeting.

24 MR. MONTEJANO: I still second the motion.

25 MR. CRAMTON: The mover and seconder have adopted

1 the amendment that has been heard. Mr. Ortique, does that
2 satisfy your question?

3 MR. ORTIQUE: That takes care of it.

4 MR. CRAMTON: This is a topic which we got into
5 in executive session without giving notice to the people
6 here, and I would like to ask if there is anyone who has any
7 brief comments on this item, if the Board has unanimous
8 consent, before we vote on this topic.

9 Would the Board give unanimous consent for
10 brief comments?

11 MR. KUTAK: I so move.

12 MR. CRAMTON: I don't think we need a motion.
13 We need the absence of an objection.

14 MR. MONTEJANO: Briefly, yes.

15 MR. CRAMTON: Are there any brief comments? Mr.
16 Flug.

17 MR. FLUG: Could you just clarify the nature of
18 that motion?

19 MR. KUTAK: You bet. Maybe I should have before
20 I made the motion.

21 There was a great deal of discussion on the week-
22 end of the anxiety about the expiration of the backup
23 centers. And am I using the correct word of art, Jim?

24 MR. CRAMTON: Support services I think is a
25 broader term.

1 MR. KUTAK: All right. Whatever. You fellows
2 are going to have to educate me on the vocabulary.

3 MR. FLUG: The term probably has broader coverage
4 than the statute, but since no one knows the exact coverage
5 of the statute I assume you mean to cover the broader.

6 MR. KUTAK: Yes, the marvelous things we hear
7 about.

8 The anxiety was these are going to expire
9 and there was some concern that even before the next meeting,
10 scheduled for early in August, certain things may automatically
11 be set in motion by inaction.

12 And I was hopeful that this direction to our
13 Chairman to confer with and to consult with, to use the word,
14 and to seek advice from the Director of the Legal Services --
15 from the Community Services Agency --

16 MR. ORTIQUE: And to make recommendations to.

17 MR. KUTAK: -- and to make recommendations to
18 him would facilitate some practice and guidance to those
19 operations without their lapsing by inaction.

20 MR. CRAMTON: Does that clarify, Mr. Flug?

21 MR. FLUG: I assume that included within that is
22 some intention that they be preserved a sufficient amount of
23 time so that the Board can have ample room to take whatever
24 action it may need to take in this area.

25 MR. KUTAK: You came through so clearly, Jim.

1 (Laughter)

2 MR. MONTEJANO: Mr. Chairman, if I may, a brief
3 comment in response to Mr. Flug.

4 MR. CRAMTON: Yes.

5 MR. MONTEJANO: I think the motion represents a
6 positive step on the part of the Corporation.

7 MR. CRAMTON: Is there further inquiry or question?

8 MR. THURMAN: I move the motion.

9 MR. CRAMTON: All those in favor of the motion
10 please say "aye."

11 (Chorus of "ayes.")

12 All those opposed, "nay."

13 (No response.)

14 The motion is adopted, and the Chairman will engage
15 in appropriate discussions with the Director of Community
16 Services Administration.

17 MR. BROUGHTON: Mr. Chairman, as I understand,
18 our next meeting will be on what day?

19 MR. CRAMTON: August 4 and 5. So it will not be
20 very long before you will hear a report gack on that subject.

21 We now return, having completed action on the
22 only items that were discussed at the executive session
23 which require action, to the major topic for which this
24 meeting was held, the appropriations request.

25 Are there Board members who wish to try to

1 crystallize some of the discussion which we had before our
2 break? And does that perhaps present a specific proposal
3 for consideration by the Board?

4 MR. ORTIQUE: Mr. Chairman, someone asked -- I
5 think it was the Senator asked -- if Tony or somebody would
6 produce some figures. And if they have got them, I think
7 we ought to have the benefit of those before we get back
8 into our own discussion.

9 MR. CRAMTON: Is there unanimous consent for
10 a brief presentation by-- Is it Tony Locricchio?

11 (General assent indicated.)

12 You have unanimous consent. Please give us your
13 views and information.

14 MR. LOCRICCHIO: I think one of the problems that
15 you have been looking at the last couple of days is that
16 the mass figures reflecting the overall figures have been
17 very hard to take a look at.

18 What we have done is we had six program directors
19 during lunch, who come from New York, California, Hawaii,
20 New Jersey, Colorado -- in other words, a cross-section of
21 costs -- and we asked them-- We broke down the average
22 program in the country. An average program in the country
23 is approximately ten attorneys, eight to ten attorneys.

24 And we made up, looking at each of the costs to
25 run that program, salary costs and nonsalary costs --

1 (indicating chart). And then we took the average cost of
2 running that program in the 1970-71 fiscal year, looked at
3 running it in the 1975-76 fiscal year, and we averaged
4 out what it cost these representative programs around the
5 country to run it in 1971, the mythical program, and what
6 it costs to run it in 1975. What we came up with was an
7 overall increase of 32 percent.

8 Let me tell you how we got that. 32 percent
9 increase in the cost of running the exact same program. No
10 increases in the program at all.

11 Now, looking first at the nonsalary -- those
12 are the things we talked about this morning that we don't
13 have controls over -- those costs went an average increase
14 of about 53.8 percent.

15 You notice in our budget here we kept salaries
16 constant. That's not true across the country. Some staffs
17 have raised salary during that time. Some have not.

18 Here is the dilemma. In 1971 you have got
19 \$198,740 to run this program. In 1975 you have got \$198,740
20 to run the same program. The only problem is that the cost
21 of the program, with no salary increases, was \$231,248.

22 With salary increases, figuring 22.9 percent cost
23 of living indicator -- and we cut that and only used 20
24 percent -- that same program would have cost \$262,688, or
25 an overall increase of 32 percent.

1 Now, because we weren't getting any more money
2 in the field, we had to take that increase, all that amount
3 over \$198,000, out of the program. What happened in most
4 cases is it was taken out of salaried positions.

5 So that the figures that Alf Corbett came up
6 with, loss of anywhere from 300 to 500 lawyers, that's where
7 around the country those costs were absorbed.

8 MR. CRAMTON: 13 to 20 percent decline in the
9 number of attorneys over that period depending upon which of
10 the statistics you follow?

11 MR. LOCICCHIO: Which of the two figures you use.

12 MR. COOK: In other words, vacancies were just not
13 filled?

14 MR. LOCICCHIO: That's right.

15 Now, if you do this in the appropriations re-
16 quest, if you try and not give the 22.9 percent but only
17 a 20 percent across-the-board salary, then you're going to
18 come up with an increase overall, averaging out the costs
19 of nonsalary and salary, of 32 percent to maintain current
20 level. That's no increases, nor is that increasing the lost
21 attorneys.

22 Now, that's important. If you do take the deficit
23 and also use the figure that Alf gave us just before we
24 broke and annualize it at \$80 million, take off the
25 \$2.3 million for administrative, and follow Alf's suggestion

1 on that, you end up with an annualized basis of \$77.8
2 million.

3 Adding the 32 percent, you come up with a total
4 of \$102,696,000, and that's only giving the 20 percent or
5 overall of 32 percent.

6 Now, that's without restoring the lawyers. That's
7 with no money for administration. That is with no money
8 for restoring the lost lawyers. That's only those things I
9 mentioned, and again using the base we used earlier today.

10 Suppose we cut out -- and please realize I'm
11 saying this for supposition only -- suppose we cut out all
12 salary increases. That still brings you to a \$93.4 million
13 figure without restoring, without experimentation in
14 alternative delivery systems, without administration.

15 So that even a step as drastic as that one, which
16 would only recognize the increased nonsalary costs, still
17 leaves you at a point where your expenditures are high,
18 high above the \$100 million.

19 The other thing to consider is the six months.
20 What happens in the supplemental funding? That is, looking
21 at it for a second as a profit corporation, when we delay
22 requesting income-- And suppose you went in and asked for
23 \$93 million, for example, and six months later went back
24 and asked for the additional \$7 million. That is an overall
25 loss of income of \$3.5 million, enough money to fund an

1 alternate delivery study, some administrative costs, etc.

2 Once that money is gone, once the date passes for
3 us to have it come into the Corporation as income, then
4 it is not available during the fiscal year to the Corporation
5 again.

6 MR. CRAMTON: Why is it-- I didn't follow that.
7 If you get the \$7 million in the supplemental, why is half
8 of it lost?

9 MR. LOCRICCHIO: The \$7 million, once the six
10 months has passed and you have only got six months left of
11 your fiscal year-- It all depends on how OMB decides. If
12 you can take that money at that point on a prorated year
13 you don't have a problem. If you can take the \$7 million
14 and put it in --

15 MR. CRAMTON: You ask for it because you need
16 it, and you need to spend it before the end of the year.

17 MR. LOCRICCHIO: If the thinking of OMB, though,
18 is that half of the year is already gone and looking at this
19 on the basis of \$100 million per year --

20 MR. CRAMTON: This would be extension of service
21 and Corporation costs and alternative delivery systems,
22 programs that can be mounted and started before the end of
23 the year and it is needed before the end of the year.

24 MR. LOCRICCHIO: If that is what the thinking is,
25 If the feeling is that you can get that program done in six

1 months' time and finish it before the end of the fiscal year
2 and spend those funds before the end of the fiscal year,
3 there is no problem. But to do the kind of study that I
4 have heard the Board members talk about in the last couple
5 of days that seems to be needed, you're talking about a
6 fairly comprehensive study that covers I would think a minimum
7 of a year's period. Maybe there's some idea it can be done
8 in a shorter time.

9 MR. ORTIQUE: The only reason I even considered the
10 idea of something less than the \$100 million was that if
11 the Chairman goes up there and if the Senate or, if it
12 happens, the House, which is likely to happen, as has been
13 indicated, were to say, "Are you ready at this moment to
14 fund the study?" -- for example -- and his response was,
15 "Yes," and they said, "What kind of study are you going to
16 do?" -- because you're bound to have some pro-judicare,
17 some pro-local office, and then some pro-combinations -- and
18 someone raised the question with him as to what proportion
19 of that money will go into what, and he says, "Well, I can't
20 tell you at this time," then he's acknowledging that
21 he's not ready to spend that money.

22 Now, I can't argue with that. And I take the
23 position that our chances of getting the \$100 million-- And
24 then my theory is we ought to be able to get more than the
25 \$100 million by doing it in a two-step situation. I strongly

1 urge that we use \$96 million, which was my basis by applying
2 a 20 percent.

3 Now, I have heard some other arguments against
4 that. But my point is that there is at least something
5 between let us say \$93 million and \$100 million that we
6 are not able to spend as of this moment that is justified.

7 MR. LOCICCHIO: I guess that's what I have the
8 problem with. Using this, what we come up with is \$102.6
9 million without considering-- I see the problem for the
10 Board, that if you can't go before the Appropriations
11 Committee and say, "Here is how we are going to spend the
12 money on the study, here's how we are going to spend the
13 money on administration," then there's no way --

14 MR. ORTIQUE: Right. Those two items. I have
15 no problem otherwise.

16 MR. LOCICCHIO: Remember this figure does not
17 include one penny for administration or one penny for the
18 study.

19 MR. ORTIQUE: But the statute says --

20 MR. LOCICCHIO: Exactly.

21 MR. ORTIQUE: It says I've got to have some money
22 for that. And that's the only reason why I have troubles
23 with saying, "Look, let's go into a one-step situation."

24 On the other hand, I would much-- I think from
25 our point of view we would be in better shape if we used a

1 two-step.

2 I'm sure there will be some quarrel with what the
3 amount should be, but we would be in a position to say,
4 "Okay, we picked up that deficit, and we used some of that
5 \$100 million for"-- That's my theory. And with the
6 arguments being made by constituents against reallocation
7 and with arguments being made by my Senator from Louisiana
8 for expansion and extension, I think this Board is in a better
9 position to say, "Look, fellows, you need to redo that
10 \$100 million in a hurry if you expect us to do that."

11 That's my --

12 MR. LOCICCHIO: I really appreciate the time you
13 have given me. I'll wind up with this. I think the
14 problem that confronts you at this point -- and I would not
15 want to be in your shoes -- is you have to meet the terms of
16 the statute. You have to cover --

17 MR. COOK: Tony, what program is this?

18 MR. LOCICCHIO: That's a mythical program.

19 MR. FLUG: About the size of Providence, Rhode
20 Island.

21 MR. COOK: Let's talk about this, and let's get
22 some input from everybody though, because we've got to have
23 trouble with a mythical program. Are you saying that your
24 rent usually runs that or does run that, your telephones do
25 run that or usually run that? I mean, you know, we've got to

1 get a little --

2 MR. LOCICCHIO: What we did, Senator, is we took
3 five actual programs, and instead of giving you the budget
4 of one of those programs, because it might have been-- If
5 we used New York costs, New York might be higher. If we
6 used California, they might be higher. We took five
7 programs from across the country who happen to be here.

8 MR. COOK: Do you have the five programs and
9 could we get the individual costs in each one of them? It
10 really would be better.

11 MR. LOCICCHIO: Yes.

12 MR. COOK: Honestly, now, if we could just flat out
13 say, "This is Providence, Rhode Island, and this is some
14 place else, and this is some place else, and there's what we've
15 got," --

16 MR. CRAMTON: You've either got to be talking
17 about national averages or you've got to be talking about
18 specific programs that are representative, and then you can
19 have an average of the representative programs.

20 MR. LOCICCHIO: When we used the national averages
21 on a very extensive study-- This was done. There was a survey
22 made nationally. Susan Tepper from the Office of OLS made
23 the study. We talked to Susan during the lunch break. Her
24 study shows a need figure of \$342 million using the costs from
25 the survey across the board. We knew that was out of the

1 question.

2 MR. CRAMTON: But that's based upon the supposed
3 need for legal services of the entire eligible client
4 population? Not in terms of increased cost of the existing
5 programs?

6 MR. LOCICCHIO: No, what they do is they use a
7 region in the country, the Boston region, which they feel
8 is currently coming closest to the poor-to-attorney ratio,
9 and bringing every other region up to that ratio.

10 MR. CRAMTON: But that essentially involves a
11 tremendous series of issues involving extension of
12 service that we're not in a position to grapple with today.

13 MR. LOCICCHIO: It allows you to serve about I
14 think 40 percent of need.

15 MR. CRAMTON: Mr. Smith has a question.

16 MR. CORBETT: I have a letter from the Providence,
17 Rhode Island program that talks to the point that you're
18 making, and within about half an hour we will have it costed
19 out. But from 1973 to 1975 alone they had four branch offices.
20 They have two now. They had 18 attorneys. They have 13 now.

21 MR. COOK: I knew they had lost attorney strength.

22 MR. CORBETT: They had 13 secretaries. They're
23 down to nine. They had a turnover of 11 staff attorneys
24 because they didn't have money for increases. Generally that
25 would be normal for three or four.

1 He's going to take and fund those from 1971,
2 what his level is -- \$460,000. He was fully staffed we'll
3 assume in 1971. He will price out in 1975 what it would cost
4 him to maintain that program with the 18 attorneys, with
5 four branch offices, and what not.

6 MR. CRAMTON: Mr. Smith had a question for Mr.
7 Locricchio.

8 MR. SMITH: I would share Marlow's concern if I
9 thought that was purely hypothetical, but I understood that
10 represented an average of five actual programs, which is
11 something different than hypothetical.

12 MR. CRAMTON: If we know what they are and have
13 the data base for the underlying figures --

14 MR. COOK: That's right.

15 MR. SMITH: Maybe I misunderstood something you
16 said, Tony. But leaving off the bottom line, just dealing
17 with the \$231,000, which you said would represent a \$93.4
18 million budget, if we were to finance that, --

19 MR. LOCRICCHIO: That's right, with no salaries.

20 MR. SMITH: I understood you to say it was
21 currently being financed by the reduction in lawyers and
22 if we went \$93.4 million and financed that we wouldn't do
23 anything about the increase or the restoration of lawyers.
24 And I think we would do something about the restoration,
25 wouldn't we, if it's currently being financed by the

1 reduction? If you finance it otherwise, we could either
2 restore or raise salaries.

3 MR. CRAMTON: There would be money either for new
4 lawyers or increased salaries.

5 MR. LOCRCICCHIO: If that's what the program has
6 done. Many programs have not. When their rent costs went
7 up, they moved to cheaper quarters. They cancelled the
8 Xerox 4,000 and got a 660. Et cetera. So as not to cut
9 staff.

10 In fact, the indication is probably that even
11 though people have cut staff, I don't think you can look
12 at that. We know there's 300 to 500 lawyers lost. But the
13 number of clients has actually in many programs gone up. So
14 that maybe what people are doing is cutting some lower-level
15 staff, holding on to people with some experience, ending up
16 with less attorneys.

17 So that you can't-- The point you're making is a
18 very valid one, but the problem is when you are trying to
19 get a national picture both things are true.

20 MR. SMITH: I understood you to say if we
21 financed it we wouldn't be doing anything about any of the
22 other problems. It seems we would. It seems we'd do some-
23 thing about whatever other problems were being sacrificed to
24 carry it out.

25 MR. LOCRCICCHIO: That's right.

1 MR. CRAMTON: We're under some time pressure because,
2 unfortunately, several Board members have transportation
3 commitments that are going to require them to leave
4 sometime between 3:30 and 3:45 or surely before 4 o'clock. I
5 think the Board would be interested if there are some very
6 brief comments that might illuminate or suggest some solutions
7 to the problem we're struggling with, but then we have got
8 to try to formulate a motion or resolution and act on it and
9 move on to the other items on the agenda.

10 MR. COOK: May I make one point while we are at
11 it to substantiate the figures that are on that board just
12 from a standpoint of what we have listened to for the last
13 two days?

14 If you will really look at that figure and look
15 at the \$198,000 and the \$262,000 and then remember that
16 we talked in terms of the fact that we have been kind of
17 advance funding, that we have been picking up the first quarter
18 of next year in relation to the last quarter of the previous
19 year, you will find out if you take three quarters of
20 \$262,000 you're at \$196,000, which means that really and
21 truly we are funding at three-quarters level.

22 And what inflation has meant is we are just short
23 one full quarter.

24 So if you want to look at it that way, you will
25 come very close to it if you will take an overall figure and

1 just come to the conclusion that what you have been doing
2 is you have been failing to fund the fourth quarter, and
3 that's the amount of money that you have really run out of,

4 Now, does that make sense, Mr. Corbett?

5 MR. CORBETT: I think you're adding, say, the 20
6 percent?

7 MR. COOK: I am. Oh, yes.

8 MR. CRAMTON: 20 percent on the base of \$77.4
9 million or something like that?

10 MR. COOK: All I'm saying is if you take the
11 \$262,000 you're talking about \$65,500 a quarter.

12 MR. CORBETT: It's about 33 percent increase that
13 would be needed.

14 MR. COOK: Well, they've got a delightful figure of
15 32 percent up at the top, and, you know, you can't --

16 MR. ORTIQUE: You can't beat that for closeness.

17 Mr. Chairman, I'm ready to propose a resolution.

18 MR. CRAMTON: Before you do, Mr. Flug wanted to
19 speak. And why don't we have one more comment from the
20 floor and then see if we can't have a motion and some resolu-
21 tion of this subject.

22 MR. FLUG: I'd like to get away from the figures
23 for a minute and just look at two figures -- these two, 1971
24 and 1975. What this means is that since 1971 those attorneys,
25 those secretaries, those project directors, those para-legals,

1 those clients have been trying to figure out day to day and
2 week to week and month to month how to get along at that same
3 figure with everything else going up.

4 And they figured it out. They have cut out
5 things. They haven't done things they ought to do.

6 Now, if you are saying to them, "We're here, but
7 since we can't figure out exactly how we're going to divide
8 up the money we have, even though we agree that this money
9 is not enough, we want you to wait another six months," I
10 think there's going to be a great sense and justifiable sense
11 of disappointment out in the field.

12 I think the members of these committees that you
13 will be facing are sophisticated enough to know that you
14 know the need is there even though you can't tell them now
15 whether what you're going to do is take that \$200,000 program
16 and say, "Here's 50,000 more," or whether you're going to
17 take that \$200,000 program and say, "Here's \$25,000 more
18 and we're going to put the other \$25,000 into extension of
19 another program."

20 I don't expect that they will ask you to be able
21 to split the allocations that finely right now.

22 I think if you are persuaded that the need is
23 clearly over \$100 million and then if you want to take those
24 two things that you are somewhat unsure about and subtract
25 them, that's a matter of tactics to you. I don't really see

1 the difference for those purposes between \$96 million and
2 \$100 million. If you feel tactically that's something you
3 want to do, that's a policy choice for you.

4 I would say that the implications of that, the
5 appearances of that are that you are not sure that you need
6 the whole \$100 million, and you have to make very, very clear
7 that you're sure that you need the whole \$100 million and
8 that you're going to come in for the rest of it and perhaps
9 come in for more and make it clear right now.

10 But to say below \$96 million you're not sure
11 exactly how you're going to spend it and therefore you're
12 not going to come in for that amount I think will be unfair,
13 inaccurate and certainly will produce another six months of
14 decreasing morale out in the field that the field cannot
15 afford and I think is not a good start for the Corporation.

16 MR. CRAMTON: There is some language which the
17 Board members have in front of them which reads as follows:

18 "RESOLVED, that the Chairman is authorized on
19 behalf of the Legal Services Corporation to transmit to
20 Congress an appropriation request for fiscal year 1976 in the
21 amount of (blank). The budget justification in support
22 of this request shall be in accordance with the conclusions
23 reached by the Board, and it shall indicate that the
24 Corporation intends to submit a supplemental request later
25 this year for items not included in the initial request."

1 I would entertain a motion in this form with the
2 figure filled in.

3 MR. ORTIQUE: Mr. Chairman, --

4 MR. COOK: Would you yield, Revius?

5 MR. ORTIQUE: I yield.

6 MR. COOK: Before you make your motion?

7 MR. ORTIQUE: Yes.

8 MR. COOK: Before you make your motion, let me
9 just get this into the record, because I think we ought to
10 be voting on it with this understanding.

11 Being a new Corporation, being established as a
12 public corporation by the Congress, there are agencies
13 who have participated to some extent, whether small or
14 insignificant or in some instances significant, to fill in
15 the gap on lack of funds, one of them being the State of
16 Georgia, another being the State of Pennsylvania, and there
17 are others where funds have been allocated from HEW,

18 And I think as we look at these figures we'd
19 better anticipate in our testimony some kind of ballpark
20 figure of these kind of contributions, because I have a
21 notion that these departments are looking for a way to stop
22 these appropriations. They now have a new vehicle where
23 they can say, "You're running your own ball game and it's
24 now yours to operate and it's yours to run."

And I'm afraid we just honestly don't have the

1 time between now and Wednesday morning to evaluate those
2 figures.

3 Because we're really conceivably running up
4 against a wall where regardless of what we ask for we are
5 going to find that we are going to be shorter than we think
6 we are going to be purely and simply because HEW is waiting
7 for the first request that we can make so that they can
8 decide to terminate whatever appropriations they make to
9 agencies.

10 I'm not picking on HEW, and I don't want to give
11 that impression, but I'm familiar that they give the State
12 of Georgia a million dollars, they give to the State of
13 Pennsylvania I think somewhere around \$8 million.

14 I would hope that we would make a plea in that
15 congressional testimony, whatever figure we have, that
16 Congress take cognizance of the fact that this is being done
17 and that Congress help us by making sure that those agencies
18 continue that level of appropriation until we fight our way out
19 of this maze of exactly what it's going to cost to give
20 adequate legal service.

21 It really does kind of frighten me.

22 MR. CRAMTON: Mr. Ortique was recognized before
23 he yielded.

24 MR. ORTIQUE: Mr. Chairman, I ask the indulgence
25 of this Board that I have tried three different methods for

1 arriving at a figure, and on all three methods in cold, hard
2 figures I come out at \$96.1 million. And I therefore
3 move that we ask for \$96.1 million.

4 That is based on Civil Service, based on salary
5 adjustments, or based on cost of living at a 20 percent figure
6 instead of the 10, 15 or 30 that have been mentioned here.

7 MR. CRAMTON: Is there a second?

8 MR. MONTEJANO: Mr. Chairman, I second the motion.

9 MR. CRAMTON: It's open for discussion.

10 Mr. Smith.

11 MR. SMITH: Mr. Chairman, I have a question for
12 Revius. You said you moved that figure. Did you intend to
13 insert that figure in the resolution the Chairman read so it
14 would include that language about what the Corporation intends?

15 MR. ORTIQUE: Yes -- that we would come back.

16 MR. CRAMTON: That's the way I interpreted it.

17 MR. SMITH: I wanted to be sure.

18 MR. CRAMTON: That he was inserting the figure and
19 moving the resolution.

20 MR. SMITH: Okay.

21 MR. KUTAK: Under the category of discussion,
22 could you break it out for me? Because I don't follow it,
23 Revius.

24 MR. ORTIQUE: All right. I take the \$71.5
25 million, and I add to that the annualized figure, which wipes

1 out --

2 MR. KUTAK: Which is \$7.5 million?

3 MR. BROUGHTON: Is \$71.5 million the first figure?

4 MR. ORTIQUE: Yes.

5 MR. CRAMTON: The base under the continuing resolu-
6 tion now is \$71.5 million.

7 MR. KUTAK: Then we have a deficit -- we don't,
8 but there is a deficit -- of \$7.5 million. Right?

9 MR. MONTEJANO: More than that.

10 MR. CRAMTON: We have another million with those
11 CAP programs, and so on, that have to be picked up.

12 MR. KUTAK: That's a million and a half?

13 MR. CRAMTON: That goes down too.

14 MR. KUTAK: You want to put that in there right now?

15 MR. ORTIQUE: I put that in.

16 MR. KUTAK: That's \$9 million then?

17 MR. ORTIQUE: \$9 million.

18 MR. KUTAK: All right. That's \$9 million.

19 MR. ORTIQUE: That brings me to \$80 million.

20 MR. KUTAK: \$80.5 million?

21 MR. ORTIQUE: I applied the Civil Service Commission
22 average general schedule of salary increases from 1972 to
23 the present, which comes out to 22.6 percent of the base
24 figure now. I'm not applying that on the annualized -- to
25 the additional \$9 million. And I get \$16.1 million.

1 MR. KUTAK: That's Civil Service for salaries, and
2 you're applying it to salary plus nonsalary items?

3 MR. CRAMTON: But you're assuming inflation or cost
4 of living increase effect on costs which actually have risen
5 higher than --

6 MR. ORTIQUE: I think we ought to be realistic
7 and not just close our eyes and say that this average general
8 salary schedule met the clamor, you know, to cover inflation.
9 It obviously didn't.

10 MR. CRAMTON: He's saying it's a conservative in-
11 flation figure which with respect to salary items is what
12 Federal employees got, what these staff attorneys would have
13 gotten, what these secretaries would have gotten. And
14 then, second, that with respect to nonsalary items, since
15 this was 30.8 percent inflation in cost of living during
16 that period, it's a very conservative rendering of the cost
17 of living inflation in nonsalary items.

18 MR. KUTAK: It's a very eloquent non-analysis.

19 MR. CRAMTON: What analysis would you substitute?

20 MR. KUTAK: If you're using Civil Service cost of
21 living increase or whatever it is over the period of 22 per-
22 cent, shouldn't that apply to the salary portion that is
23 applicable?

24 MR. COOK: Applicable within the framework. That's
25 right.

1 MR. ORTIQUE: And take a 20 percent inflation factor
2 on those nonsalary items?

3 MR. CRAMTON: You reach virtually the same result.

4 MR. ORTIQUE: Yes. Or are we going to ignore that?

5 MR. CRAMTON: Do you have a substitute?

6 MR. KUTAK: No.

7 MR. CRAMTON: The Chair would entertain an amend-
8 ment.

9 MR. KUTAK: I realize that. All I'm asking Revius
10 is how he got to his figure.

11 So you took 22 percent of \$80.5 million --

12 MR. OBERDORFER: No.

13 MR. STOPHEL: \$71.5 million.

14 MR. KUTAK: 22 percent of \$71.5 million, and that
15 came to what, sir?

16 MR. MONTEJANO: \$16.1 million.

17 MR. KUTAK: \$16.1 million?

18 MR. CRAMTON: On \$71.5 million.

19 MR. SMITH: Or 20 percent of \$80.5 million is the
20 same thing.

21 MR. CRAMTON: Mr. Breger?

22 MR. ORTIQUE: Either 20 percent across the board
23 or 22 of one and 20 of the other and you still come out with
24 \$96 million.

25

MR. BREGER: Will that \$3.9 million leave us with

1 sufficient flexibility, Revius, to carve up your administrative
2 expenses, the mandated survey, and any extraordinary
3 expenses that might occur?

4 MR. ORTIQUE: My theory is that we are not going
5 to be limited to the \$100 million and we ought not to be
6 limited to it.

7 Now, I haven't found any company on my theory, but
8 I am willing to fight that battle six months from now.

9 MR. KUTAK: Excuse me. If I took 20 percent --
10 I'm not chiseling -- that comes to \$14.3 million. I don't
11 know. 22 percent of \$71.5-- Is that \$16.1 million?

12 MR. OBERDORFER: 22.6.

13 MR. ORTIQUE: 22.6, yes.

14 MR. KUTAK: At least I understand how you got it.

15 MR. CRAMTON: There would be other alternative
16 explanations which might arrive at approximately the same
17 kind of general area. I suppose if we can reach agreement on a
18 figure, then we can talk about some detail about what the
19 Chairman is supposed to say in terms of filling in the details.

20 MR. BROUGHTON: Mr. Chairman, as a matter of
21 clarity, I wonder if one of the gentlemen would repeat the
22 breakdown.

23 MR. KUTAK: Let me try. If I understand it, I
24 guess anybody in this room can understand it. (Laughter)

25 The base is \$71.5 million, the continuing

1 resolution and therefore the base. Then there is a \$7.5
2 million deficiency that we are catching up or making up.
3 Then there is a \$1.5 million expenditure that the CAP agencies
4 are using for legal services but are not coming out of the
5 legal services agency.

6 MR. ORTIQUE: That's \$9 million.

7 MR. KUTAK: And those three figures together bring
8 you to \$80.5 million.

9 Then we have the suggestion of taking the
10 inflationary figure of 22.6 percent and applying that against
11 the \$71.5 million base, and that gives us a computation of
12 \$16.1 million really to be used across the board for salaries
13 and office expense cost of living increases.

14 MR. ORTIQUE: Yes.

15 MR. KUTAK: That brings us to the grand total of
16 \$96.6 million. Did I state it correctly?

17 MR. ORTIQUE: Yes.

18 MR. KUTAK: At least I understand it.

19 MR. CRAMTON: Well, is there an alternative proposal
20 in the form of an amendment to the resolution which would
21 direct itself to the figure first to be included in the blank?

22 Mr. Breger?

23 MR. BREGER: I'd like to just raise a possible
24 alternative formulation. I'm not yet at the point in my own
25 thinking where I'd want to put it forth as an amendment to the

1 motion.

2 Is that parliamentarily feasible?

3 MR. CRAMTON: Yes. Someone else may want to move
4 it.

5 MR. BREGER: We have this \$80.5 million figure which
6 we have arrived at by adding to our base of \$71.5 million our
7 \$7.5 million annualization and our \$1.5 million CAP takeover
8 amounts.

9 We then have to consider what inflation factor we
10 should add.

11 We also recognize that we are going to have to go
12 back to Congress and ask for increased administration costs
13 for the Corporation because we don't have any idea what those
14 added costs will be now.

15 It might be sensible to go back to Congress and,
16 rather than ask them just for the increased administration
17 costs, be able to give them an intelligible breakdown at that
18 time of what our total administration costs are likely to be,
19 and to do that we would-- Because we are in a new ball game.
20 We are no longer a government agency. We're a private
21 corporation. We may yet be more efficient. If we are going
22 to have greater expenditures we ought to-- We may well be
23 parceling them out in a different manner.

24 So it may be feasible to subtract from our \$80.5
25 million figure the present amount of that figure that is the

1 CSA administration costs of the program.

2 MR. CRAMTON: That would get down to \$78.2 million,
3 and then what inflation or other cost of living figure you
4 apply to that.

5 MR. BREGER: Then I would consider using a 20 per-
6 cent inflation factor.

7 MR. CRAMTON: \$15,640,000. Then you add that to
8 \$80.5 million.

9 MR. KUTAK: No, to \$78.2 million.

10 MR. CRAMTON: No, you have to add it to the \$80.5
11 million because you're only subtracting \$2.3 million for the
12 purposes of computation on the submission.

13 MR. BREGER: We're saying we'll go to Congress in a
14 supplemental budget for all our administrative expenses.

15 MR. CRAMTON: Oh, but that-- I mean can't we
16 assume that there are going to be some administrative expenses
17 and that may indeed be at least as great as \$2.3 million,
18 and isn't it safe to include that in the budget rather than
19 having no fund for administration at all?

20 MR. BREGER: Well, it seemed to me that we could
21 by September have a much clearer sense of what our administra-
22 tive costs would be.

23 MR. COOK: What is your ultimate figure, Marshall?

24 MR. BREGER: \$93.8 million, and with the under-
25 standing that we would be going back to Congress for a further

1 figure which would include our full and carefully analyzed
2 administrative expenses of the Corporation, our mandated
3 survey, and any other figures for extension of service that
4 we might desire.

5 MR. SMITH: That's not realistic not to ask for
6 any administrative costs right now.

7 MR. CRAMTON: The figure in the motion now is
8 \$96.1 million?

9 MR. COOK: Yes.

10 MR. CRAMTON: It is a curious fact that you reach
11 precisely that same figure if you follow the method that
12 Marshall Breger has outlined except you keep the administration
13 costs in and apply the 20 percent inflation increase to
14 \$78.2 million and then add that figure of \$15.64 million to
15 \$80.5 million, and it comes out to \$96.1 million, which is ex-
16 actly the same figure that --

17 MR. KUTAK: Mr. Chairman, may I call the question?

18 MR. BROUGHTON: You offered that as an amendment?

19 MR. BREGER: No.

20 MR. CRAMTON: I would be interested if there are
21 individual expressions on some of the choices up and down.

22 Mr. Thurman?

23 MR. THURMAN: I think that you could go to the
24 appropriate committees or to Congress, Mr. Chairman, and

25 document -- I think we'd all be in agreement on this -- almost

1 any figure from \$90 million up to \$100 million. I don't
2 think anybody at this point is suggesting a figure over \$100
3 million.

4 I think it's a matter of strategy at this point.
5 I think we're all in agreement that this is going to be a two-
6 step proposition. I could come up with an acceptance of
7 almost any figure in between \$90 million and \$100 million.
8 It's a question of where the best strategy is to convince
9 Congress we're going to do a careful job on this and that we
10 don't have the time before Wednesday to do a careful kind of
11 job for any one of the items.

12 MR. CRAMTON: Do you have some preference for some
13 figure that you think might be easiest to defend in the short
14 time available and the method of reaching it that you think
15 is most plausible?

16 MR. THURMAN: Oh, I think you have to go back again
17 and start with the \$71.5 million. You have to add the \$7.5
18 million. I think you have to add the \$1.5 million. And you
19 come up to \$80.5 million there. And I guess I'd go along
20 with the conclusion that we come up with a little over
21 \$96 million with using a 20 percent rounded figure there on
22 inflation.

23 MR. CRAMTON: And applying that to the \$78.2
24 million with the administration costs removed?

25 MR. THURMAN: Yes, I think so.

1 MR. SMITH: Then add them back in to get to the
2 \$96.1 million?

3 MR. CRAMTON: Yes.

4 Mr. Broughton?

5 MR. BROUGHTON: I'm still not clear as to the formu-
6 la that --

7 MR. CRAMTON: Well, there are so many.

8 MR. BROUGHTON: The same formula comes up one time
9 one figure and another time another figure.

10 MR. CRAMTON: What about the general kind of order
11 of magnitude that you'd be comfortable with and could support?

12 MR. BROUGHTON: I would say this: I think it
13 should be a careful documentation and --

14 MR. CRAMTON: As careful as can be produced between
15 now and 10 o'clock on Wednesday morning.

16 MR. BROUGHTON: I would say this: That if in the
17 judgment of the Board the amount that is requested is less
18 or in the minds of some people here assembled considerably
19 less than \$100 million, I think that would in no way indicate
20 a lack of commitment so far as the Board is concerned but a
21 recognition I think of the responsibility the Board has in
22 this, the initial presentation as a Board to Congress, which
23 I think calls for utmost care and documentation looking towards,
24 of course, many other times we would hope in the future we will
25 be returning to the same committees with funding requests

1 considerably more than what we are talking about now.

2 MR. CRAMTON: Are you satisfied that a plausible
3 justification can be made at this time for the request in the
4 magnitude which is embodied in this motion, \$96.1 million?

5 MR. BROUGHTON: My personal inclination is more in
6 line with what Mr. Breger worked out at \$93.8 million, with
7 the supplemental figure, but again with careful documentation.

8 MR. STOPHEL: I arrived at \$94.4 million. Take
9 \$71.5 million. 20 percent of that is \$14.3 million. Adding
10 that back to the \$71.5 million you arrive at \$85.5 million.
11 Then you add your \$9 million for the \$7.5 million and the
12 \$1.5 million, and you arrive at \$94.4 million.

13 MR. CRAMTON: Is that the figure that the two
14 of you are most comfortable with, or do you find it somewhat
15 easier to defend at this time, than the \$96.1 million?

16 MR. BROUGHTON: That is my feeling.

17 MR. CRAMTON: Mr. Breger.

18 MR. BREGER: I will have to ask Glenn to recapitu-
19 late his.

20 MR. STOPHEL: You get to \$94.8 million by --

21 MR. BREGER: His explication of my suggestion.

22 MR. CRAMTON: I think that's what the math adds
23 up to. I did it while you were spelling it out and I got the
24 same thing.

25 MR. BREGER: Leaving out or including the

1 administration costs?

2 MR. CRAMTON: That leaves them out as I understand
3 it.

4 MR. STOPHEL: I haven't reduced by the \$2.3 million
5 Mr. Corbett referred to which was another way of arriving at
6 the same. It doesn't leave them out or put them in. Just
7 start with the base of \$71.5 million and add 20 percent then
8 and add to it the deficit.

9 MR. CRAMTON: Mr. Kutak?

10 I'm trying to get us to move toward a consensus so
11 when we come to vote we have some notion of what the views of
12 the members are.

13 MR. KUTAK: This is a tough way to develop a
14 budget, maybe not even a sound way. But I think everybody can
15 understand the very persuasive arguments that have been made
16 to us by a bunch of experts today and which were reflected in
17 the motion of Revius.

18 And I think that what we have got to do is at this
19 stage of the proceedings, Mr. Chairman, kind of go on our
20 equities rather than our law and make a very strong argument.
21 And if the consensus of the Board is to drive toward the
22 \$96 million figure with the logic that lies behind it and it's
23 supportable and can thereby accomplish what we need at the
24 outset to give not only good cheer -- but not total -- to the --
25 well, to our people that are working in this endeavor -- and

1 at the same time we have left -- even though I don't think
2 very much -- we have left the options open for the
3 alternatives which we still need to pursue, we ought to go
4 at the \$96 million figure and go for a supplemental, at the
5 same time making it clear we are going to go for a supplemental
6 and at the same time making it clear we are also going to ask
7 Congress for relief with respect to authorization and really
8 do a two-stage campaign for a supplemental and for an
9 enlargement of the authorization.

10 MR. COOK: Mr. Chairman, --

11 MR. CRAMTON: Yes.

12 MR. COOK: So far it seems that we have figures
13 of \$93.8 million, \$94.8 million, \$96.2 million and \$96.6
14 million. Under the circumstances I would like to have you
15 consider a proposal that I have in mind to amend Mr. Ortique's
16 motion to say that a budget preparation be made for presenta-
17 tion to the Congress on Wednesday not to exceed \$96.6 million.

18 Now, that gives us a latitude within the framework
19 of what we can support, what we cannot support, what we can
20 do, what we can go for. At least it gives you an opportunity
21 as you reflect on these figures between now and Wednesday,
22 what that ultimate figure will be, to say not to exceed the
23 highest figure that we have determined on computation.

24 I think that that makes a little more sense for we
25 who sit here purely and simply because we are asking you to do

1 something and hit a magic number right on the nose, and I am
2 merely saying to you that if the highest figure that we have
3 analyzed so far is \$96.6 million, then I think we ought to
4 use that figure as a "not to exceed" figure for the presenta-
5 tion.

6 MR. ORTIQUE: What about the floor? That's what
7 worries me.

8 MR. COOK: I'll give you the floor. Of course, my
9 floor would be not to exceed \$96.6 million and not to go below
10 \$96.6 million. (Laughter)

11 But I think we all realize the numbers that we have
12 sat here and gone over. I'm really not concerned about the
13 floor. I think as a matter of fact what you are going to
14 do is you're going to come up with a figure somewhere between
15 \$96.2 million and \$96.6 million. Now, that's exactly what I
16 think you're going to do. But I also think that --

17 MR. ORTIQUE: I have no problem with that.

18 MR. COOK: I also think you ought to be in a
19 position where we're not saying on the minutes of this Board
20 meeting that we're telling you to come up with a budget
21 presentation that hits \$96.2 million or \$96.6 million and that
22 you have got to hit that right on the nose. Because I just
23 don't somehow or other feel that's the logical way to do it.

24 So I would move that his amendment be amended to
25 add the phrase "not to exceed \$96.6 million."

1 MR. CRAMTON: I gather, since you seconded the
2 motion, Mr. Montejano, you're in support of it?

3 MR. MONTEJANO: I accept the amendment.

4 MR. CRAMTON: You accept the amendment?

5 Mr. Stophel.

6 MR. STOPHEL: Well, I put out my number, and I
7 guess it's as good as anyone else's and just as poor as anyone's.

8 MR. CRAMTON: \$94.8 million?

9 MR. STOPHEL: Yes, but I would tend to agree
10 with Senator Cook that to give you a figure that has to be
11 arrived at through the computations and the supporting
12 documents is probably unreal, and I would prefer that the
13 maximum be \$96.1 million, which was the original motion,
14 but would not oppose \$96.6 million.

15 MR. CRAMTON: Mr. Smith.

16 MR. SMITH: I'm ready to vote on the amendment.

17 MR. BROUGHTON: The intent of the motion is that
18 it's to be left to the judgment of the Chairman?

19 MR. KUTAK: That puts him on the spot.

20 MR. BROUGHTON: That is the thrust of the motion,
21 Senator?

22 MR. CRAMTON: It is contemplated that I will
23 certainly come in with something higher than \$71.5 million.

24 MR. BROUGHTON: I just wanted to make sure.

25 MR. SMITH: I interpret the intent of the motion

1 though that you wouldn't be in a position of reducing it
2 by \$2 million or something like that. It would just be
3 a question of the fractions really he's talking about as
4 you develop your support, and it would be within one- or two-
5 tenths of that exactly.

6 MR. CRAMTON: I was unclear what the intent was.

7 MR. COOK: The intent was I just don't think you
8 can set out a figure and say that you have got to come in
9 with it. That's as irresponsible as the \$100 million that
10 Congress picked.

11 Now, you know, let's just be very fair and honest
12 about it. I just don't think that somehow or other we sit
13 down here tonight and tomorrow and have got to come up with
14 a document that winds up with \$96.1 million. The distinction
15 between \$100,000 and \$600,000 is only significant to me
16 if we could get an extra \$500,000 you could keep that project
17 going and maybe two more like it. You know, that's all I
18 really care about, and I think that's important.

19 So I don't even want to give up the \$500,000.

20 I think when you do these things you ought to
21 realize the significance of the responsibility of saying "not
22 to exceed."

23 MR. CRAMTON: So the discretion you have in mind
24 would be between the \$96.1 million and the \$96.6 million?

25 MR. COOK: As far as I'm concerned it is, and I

1 want the record to show that as far as I'm concerned it is.

2 MR. CRAMTON: Does that clarify the intention?

3 MR. SMITH: That's the way I was interpreting it.

4 MR. COOK: Obviously, if you vote on that motion,
5 you don't vote on it that I have given you a high and a low,
6 because I have not.

7 MR. CRAMTON: Are we prepared for the question on
8 the motion as amended? I gather the motion was accepted by
9 the mover and the seconder so you have a resolution that has
10 now been moved and seconded, and let me read it.

11 "RESOLVED, that the Chairman is authorized on
12 behalf of the Legal Services Corporation to transmit to
13 Congress an appropriation request for fiscal year 1976 in
14 an amount not to exceed \$96.6 million. The budget justifica-
15 tion in support of this request shall be in accordance with
16 the conclusions reached by the Board and it shall indicate
17 that the Corporation intends to submit a supplemental request
18 later this year for items not included in the initial request."

19 Is that your motion?

20 MR. COOK: That's it.

21 MR. CRAMTON: Is there further discussion?

22 MR. SMITH: Question.

23 MR. CRAMTON: All those in favor of the motion
24 please say "aye."

25

(Chorus of "ayes.")

1 All those opposed say "no."

2 (No response.)

3 I think it might be appropriate and desirable
4 to have a show of hands on this question. All those in favor
5 of the motion please raise their right hand.

6 (Show of hands.)

7 All those opposed say "no."

8 (No response.)

9 In connection with this agenda item, there is
10 another resolution which calls for the appointment of a
11 Committee on Appropriations and Audit to assist the Chairman
12 in performing the responsibility that has just been laid
13 upon him and several other responsibilities.

14 MR. SMITH: I move the adoption of that resolution.

15 MR. COOK: Which one is it?

16 MR. CRAMTON: Resolution E in your materials.

17 Would you read it, Mr. Smith, for the members of the public?

18 MR. SMITH: Mr. Chairman, I move the adoption of
19 the following resolution:

20 "RESOLVED, that the Chairman shall appoint a
21 Committee on Appropriations and Audit composed of three
22 members of the Board. The Committee shall assist the Chairman
23 in the preparation and transmission of appropriation requests
24 for fiscal year 1976, provide information concerning such
25 requests to Congress and the Executive Branch, and report to

1 the Board on the status of appropriation bills or other
2 legislative proposals which may affect the Corporation. The
3 Committee shall also recommend to the Board appropriate pro-
4 cedures and mechanisms for internal and external audit of
5 expenditures. The Committee shall terminate when these
6 functions are concluded but no later than the end of the
7 Ninety-Fourth Congress."

8 MR. COOK: Second.

9 MR. CRAMTON: You have heard the motion, which has
10 been seconded by Mr. Cook.

11 Is there discussion?

12 (No response.)

13 If not, are you ready for the question?

14 All those in favor of the motion please say "aye."

15 (Chorus of "ayes.")

16 All those opposed say "nay."

17 (No response.)

18 The motion has been adopted.

19 We now move to agenda item 7, discussion of by-laws
20 and regulations and appointment of Committee on By-laws and
21 Regulations.

22 MR. MONTEJANO: You skipped 6.

23 MR. CRAMTON: Excuse me. I skipped agenda item 6,
24 discussion of administrative and personnel matters and
25 appointment of Committee on Administration.

1 A word of background to introduce this topic.
2 Shortly after being designated as Chairman and after the
3 confirmation process was well along, I initiated conversations
4 with the officials in the Office of Management and Budget con-
5 cerning several issues and problems that the Corporation would
6 need to face during its initial days, such housekeeping
7 details as offices, space, equipment, administrative support
8 services from the Federal Government, and many kindred matters.

9 It is also apparent from discussion that we have
10 had with counsel that there are some questions with respect
11 to personnel policies, and there may be some issues on which
12 the Board will need to be advised perhaps by management
13 consultants or by the experience of other quasi-government
14 agencies which have been set up in recent years and had to
15 design their own personnel packages.

16 All of these subjects are very, very complex. They
17 are going to require a great deal of work during the transition
18 period. And the resolution that is before you authorizes
19 the appointment of a Committee on Administration to deal with
20 these matters.

21 Let me read it, and then I would hope that a member
22 of the Board would be prepared to move the adoption of the
23 resolution.

24 MR. COOK: Do you want me to read it? Because
25 you've been doing so much talking. Let me relieve you.

1 MR. CRAMTON: I'll be happy to have you read it.

2 MR. COOK: "RESOLVED, that the Chairman or his
3 designee is hereby authorized to:

4 "a. make or cause to be made whatever arrangements
5 are necessary or desirable with the Director of the Community
6 Services Administration or his designee and any other federal
7 agency or instrumentality in connection with the obtaining
8 of necessary financial assistance, services and facilities
9 to assist the Corporation in its organization and the initial
10 undertaking of its responsibilities;

11 "b. make or cause to be made whatever arrange-
12 ments are necessary or appropriate with the General Services
13 Administration or any other federal agency or instrumentality
14 in connection with the retaining, in accordance with
15 applicable federal law, of temporary outside counsel and a
16 temporary professional and non-professional staff to serve
17 until permanent outside counsel and staff are appointed; and

18 "c. to make or cause to be made, after consulta-
19 tion with the Committee on Administration, whatever other
20 arrangements are necessary or appropriate to request the
21 President of the United States or his designee to direct
22 that appropriate support functions of the federal government
23 be made available to the Corporation."

24 MR. SMITH: Second.

25 MR. CRAMTON: Since this resolution is related to

1 the appointment of the committee, perhaps it would be
2 desirable to also read proposed Resolution G since this one
3 refers to the creation of the Committee on Administration
4 which the next resolution also involves. Then perhaps the
5 two of them could be considered together.

6 MR. COOK: The next resolution:

7 "RESOLVED, that the Chairman shall appoint a
8 Committee on Administration to be composed of three members
9 of the Board. The Committee shall recommend personnel
10 policies and procedures for consideration by the Board,
11 advise the Board on employee relations, advise the Chairman
12 or his designee concerning support services which should be
13 requested from the President of the United States or his
14 designee, and recommend to the Board the daily rate of
15 compensation of Board members when engaged in the business
16 of the Corporation (within the limits established from time
17 to time by the federal government for per diem payment of
18 consultants). The Committee shall terminate when these
19 functions are concluded or on July 13, 1976, whichever is
20 earlier."

21 MR. CRAMTON: Is there a second?

22 MR. SMITH: I'll second the combined motion.

23 MR. CRAMTON: You move both resolutions?

24 MR. COOK: Yes.

25 MR. CRAMTON: Both resolutions have been moved and

1 seconded together I gather.

2 MR. SMITH: Right.

3 MR. ORTIQUE: I don't think you can do it together,
4 Mr. Chairman, because one is directed toward one person
5 and the other is directed toward another. I think we
6 ought to do them separately.

7 MR. CRAMTON: Take them one at a time?

8 MR. ORTIQUE: Yes.

9 MR. CRAMTON: Proposed Resolution F deals with
10 the transition arrangements with the Community Services
11 Administration, with the General Services Administration,
12 and other Federal agencies and after consultation with the
13 Committee on Administration authorizes the Chairman to
14 request appropriate support services from the President of the
15 United States or his designee.

16 What is involved there, of course, is the question
17 of Federal telecommunications service, use of postal
18 frank, use of GSA services in renting space, purchasing
19 supplies and the like.

20 Before we take action on this resolution, I would
21 like to, with the consent of the Board, ask Mr. Bingman of
22 OMB, who is here, to summarize on this topic briefly for us.

23 Do I have the unanimous consent of the Board for a
24 brief presentation by Mr. Bingman?

25

(General assent indicated.)

1 Mr. Charles Bingman of the Office of Management
2 and Budget.

3 MR. BINGMAN: Thank you. I think I will just stand
4 here if I may.

5 At the request of Mr. Cramton, my office, which
6 frequently is involved in assisting in getting new agencies
7 started and in business, has been looking at the question
8 of what alternatives and options the Corporation may have
9 in obtaining the kinds of administrative services that Mr.
10 Cramton has talked about. There are three provisions of the
11 law that I think are especially relevant here.

12 One is the defined nature of the Corporation
13 itself as a wholly independent nongovernment agency. That
14 means that that opens up to you the options to obtain these
15 services in a variety of ways.

16 You may either obtain them from the Federal Govern-
17 ment under any kind of arrangements that you would like to
18 negotiate and that would involve either obtaining them
19 from CSA itself, which is now prepared and enabled by the
20 statute to provide services, or you may obtain them from
21 the General Services Administration or any other government
22 agency that has services which you would like to try to obtain.

23 You can also obtain these things by private
24 contract directly with industrial or commercial firms, or you
25 may choose the option of building up the Corporation's staff

1 itself to furnish whatever services you think are best done
2 in house.

3 Section 3(d)(1) of the Act entitles the Community
4 Services Administration at least during this transition
5 time to assist the Corporation and provide services, so I
6 think you are fortunate in the sense CSA is already able
7 and funded to carry you through whatever portion of the
8 next transition period you may want to use them for.

9 And you may well want to consider taking some
10 time in looking at using CSA as your base service organization
11 and look at the alternatives that are available to you.

12 Mr. Cramton has also referred to section 1012 of
13 the Act which says the President may direct that appropriate
14 support functions of the Federal Government may be made avail-
15 able to the Corporation in carrying out its activities under this
16 title to the extent not inconsistent with other applicable
17 laws.

18 What we will do in OMB is prepare a letter for the
19 President to sign authorizing Federal agencies to provide
20 such services as the Corporation may choose to require. That
21 will probably be quite a general statement since it will have
22 very little impact on the kinds of services that are
23 normally available now from the Government. Since this will
24 be funded out of your own funds there is no add-on of monies
25 that is required, and probably OMB can, in effect, become

1 the orchestrator of whatever assistance from the Federal
2 establishment you choose to draw on.

3 What we have done is form an informal working
4 group of people from OMB, General Services Administration,
5 and CSA. That working group is now preparing some option
6 papers that the Board will be able to look at very shortly,
7 I would say within a week, covering such functional areas
8 as budgeting and accounting, payroll and personnel, computer
9 services, audit, both internal and your grantee audits,
10 office space, transportation, communication, printing and
11 reproduction, procurement and supply, contracting and
12 contract administration, and records management.

13 These options will try to describe what choices
14 you have between selection of CSA, section of GSA, or going
15 into the private sector or building up your own staff.

16 I might say that the general idea of the size
17 of the Corporation's staff itself suggests to me that you will
18 probably not want to build up your own internal-overhead
19 working force, and I think both CSA and GSA would be able to
20 provide services at very reasonable rates since you are, in
21 effect, sharing their overhead costs with many other
22 organizations in the GSA case or with the overhead needed to
23 support the Community Services Administration itself.

24 We are also going to try to give you what we can
25 in the way of cost comparisons so that you will have some

1 insight into when and under what circumstances one of these
2 courses of action might be less expensive for the Corporation.

3 You were to have received in your package
4 a summary paper outlining the proposed actions of this
5 working group and showing you some general considerations
6 as to when and under what circumstances each of these options
7 might be preferable to you.

8 Just one word on provision of these services.
9 If you hew very closely to the kinds of services that are
10 now provided to the Government, in effect those contain
11 standards of service. And one of the issues you will have to
12 face is: Are those standards appropriate to what you see
13 the Corporation wanting to adopt for itself?

14 If you go outside those Government services, then
15 you will have to devise your own standards for each of
16 these service areas, and I think essentially what you want
17 to do is look at where you might want to diverge
18 from the Government standards as either being too luxurious
19 or perhaps too spartan.

20 You have that attractive option which is something
21 that Government agencies seldom have.

22 And I would solicit the views of the Board on any
23 of these issues in which you feel you would like to express
24 some guidance to us as we prepare these option papers.

25 What we intend to do is deliver those papers to you

1 for your consideration. You may either then make some decisions
2 based on them or consult others about the issues that we
3 propose to highlight or ask us to do any further in-depth
4 look at any kind of service which we have not made clear.

5 Are there any immediate questions on this general
6 area?

7 MR. SMITH: Mr. Chairman, the two resolutions
8 we have before us would delegate to you and the Administration
9 Committee the authority then to deal with Mr. Bingman on
10 these?

11 MR. CRAMTON: That's right, and on fundamental
12 matters report back to the Board and get its approval at
13 an early Board meeting.

14 MR. SMITH: So it would seem to me the appropriate
15 thing to do is adopt our resolutions and then the three or
16 four of you deal with him instead of the whole Board engaging
17 in discussion.

18 MR. CRAMTON: The intention is that the Committee
19 on Administration would deal with the interagency task
20 force and might also want at sometime in connection with the
21 personnel policies question, on which there is also an
22 issue paper prepared, to undertake early explorations on that
23 subject.

24 MR. BINGMAN: That would be most helpful for us.
25 And just a couple of words on that personnel program.

1 I think this is an item which will be very important
2 to the Corporation in its initial time frame. As it sets out
3 to hire new employees, it is going to get asked all kinds of
4 questions about what the salary schedules are, what the
5 benefits are. I think you are not prepared at this stage
6 to answer those questions, and, therefore, that is going
7 to make it extremely difficult to negotiate with the kinds of
8 people that you are going to want to bring on the staff.

9 We have taken a look at, very quickly I'm afraid,
10 some of the personnel programs that have been prepared for
11 other private organizations or quasi-governmental organiza-
12 tions, particularly the United States Rail Association, the
13 Corporation for Public Broadcasting, and the Export-Import
14 Bank. We have some of that material now.

15 The Board might conceivably retain the services
16 of a consultant organization of some kind because you are
17 dealing not just with a government personnel program but
18 also private industry potentials. Many attractive features
19 in private industry personnel programs you might want to con-
20 sider.

21 There are very few people inside the government
22 that are really that conversant with private sector programs
23 in detail.

24 Your Committee on Administration I think might
25 devise standards or criteria or guidelines if you choose. Our

1 office could fairly quickly assemble a proposed or a draft
2 or tentative personnel program largely stealing liberally
3 from these other corporations which we could show you as a
4 potential against which you could react. I suspect something
5 like that could be done in a week or week and a half.

6 MR. CRAMTON: Well, my tentative outline of
7 future meetings calls for a meeting of the Committee on
8 Administration during the week of July 21. I don't know
9 whether that is within the time frame that you contemplated.

10 MR. BINGMAN: It certainly can be.

11 MR. CRAMTON: It's now the 14th.

12 MR. BINGMAN: We'll just have to steal more
13 rapidly than I figured. (Laughter)

14 MR. CRAMTON: I forgot to state that if this resolu-
15 tion is adopted the three members of the Board I would
16 appoint to this Committee would be Mr. Cook as chairman, --

17 MR. COOK: I object. (Laughter)

18 MR. CRAMTON: -- Melville Broughton, and Mr.
19 Montejano. Mr. Cook has the enormous advantage which --

20 MR. COOK: Do you work on Saturdays?

21 MR. BINGMAN: Yes, sir.

22 MR. COOK: That's all right.

23 MR. CRAMTON: The other members of the Board --

24 MR. COOK: I don't mind Sundays either.

25 MR. CRAMTON: -- have reported to me his presence

1 in Washington and his experience with the Federal Government
2 make him indispensable to this particular assignment.

3 MR. COOK: Who said that? (Laughter)

4 MR. CRAMTON: Are there questions for Mr. Bingman?

5 MR. COOK: You do work on weekends?

6 MR. BINGMAN: Yes.

7 MR. COOK: Boy, that's good.

8 MR. ORTIQUE: I call for the previous question,
9 Mr. Chairman.

10 MR. CRAMTON: Thank you very much, Mr. Bingman.
11 You have been extremely helpful all during this period
12 in which we have been getting started, and I am sure that
13 you will be even more helpful during the period that lies
14 ahead.

15 The resolution before you is the resolution that
16 authorizes the Chairman to deal with other Federal agencies
17 in terms of making arrangements and so on. I think it has
18 already been moved and seconded as I understand.

19 MR. ORTIQUE: Yes. I call for the question. The
20 question has been called.

21 MR. CRAMTON: All those in favor-- Is there further
22 discussion on this resolution?

23 MR. THURMAN: Resolution F?

24 MR. CRAMTON: Yes.

25 Mr. Flug is attempting to get my attention. Is

1 there unanimous consent for Mr. Flug to speak?

2 (General assent indicated.)

3 MR. FLUG: A very brief comment, Mr. Chairman,
4 that the Board would not necessarily be acquiescing in quite
5 everything Mr. Bingman said. He did indicate that everything
6 the Government did would involve reimbursement by the Board.
7 I think there was some indication on the part of the
8 Congress that although they wanted you to be as independent
9 as possible, they would relax that requirement in cases where
10 other government agencies would receive services and support
11 without reimbursement, that you would be allowed to do so too.

12 MR. CRAMTON: That's an important point, and I
13 think that Mr. Cook has noted that and would want to
14 raise that question.

15 MR. ORTIQUE: That's very important.

16 MR. COOK: But extend on that, will you, Jim?

17 MR. FLUG: To the extent, for example, that GSA
18 picks up certain things for government agencies without re-
19 quiring reimbursement, that if you can so persuade the
20 Executive Branch that you would be entitled to do that. And
21 I would assume, given your budgetary circumstances, you would
22 be looking for those opportunities.

23 MR. BINGMAN: Are you speaking of services above
24 and beyond those for an initial year of a new organization?
25 GSA does furnish that kind of service when a new organization

1 is started up and does not have a budget of its own. Where
2 they go beyond that first year is very limited, but, in any
3 event, I think that's perfectly appropriate.

4 MR. FLUG: To the maximum extent possible.

5 MR. SMITH: This doesn't foreclose that.

6 MR. CRAMTON: No. I think it's consistent with
7 the resolution, and, indeed, is the posture which the Chairman
8 would adopt whenever we can get other Federal agencies to pay
9 some of our bills. We will attempt to do so so long as it
10 doesn't compromise our independence. Is that a reasonable
11 position?

12 MR. ORTIQUE: Yes.

13 MR. SMITH: Right.

14 MR. CRAMTON: Is there further discussion on the
15 motion?

16 (No response.)

17 If not, I move the resolution. All those in
18 favor of the resolution please say "aye."

19 (Chorus of "ayes.")

20 All those opposed say "no."

21 (No response.)

22 The resolution is adopted.

23 The next resolution has to do with the appointment
24 of the Committee on Administration. I have indicated how
25 I would intend to exercise the discretion vested in terms of

1 the appointment of the committee, and the resolution describes
2 the functions of the committee and indicates that it, like
3 the other committees to be created today or already created,
4 are viewed as transition committees, and by transition here,
5 because of their dates of termination, we clearly contemplate
6 a period that may be somewhat longer than the 90-day period --
7 as long as is required in order to do what is necessary.

8 MR. SMITH: It has been read and seconded.

9 MR. CRAMTON: It has been read and seconded. Is
10 there further discussion?

11 (No response.)

12 If not, are you ready for the question?

13 MR. ORTIQUE: Question.

14 MR. CRAMTON: All those in favor of the resolution
15 dealing with the Committee on Administration please say "aye."

16 (Chorus of "ayes.")

17 All those opposed say "no."

18 (No response.)

19 Marlow Cook, who made the motion, will not be heard
20 to vote against it. (Laughter)

21 We are now to Item 7 which deals with discussion
22 of by-laws and regulations and appointment of Committee on
23 By-Laws and Regulations.

24 Mr. Kutak, could I ask you to summarize the issues and
25 problems that the Board faces in that area particularly in the

1 90-day period?

2 MR. KUTAK: You can ask. (Laughter) I cannot
3 except to say that we have been well apprised
4 that the law contemplates some action by this Board in some
5 areas within the 90-day period and permits some action by
6 the Board to be deferred until a more deliberate process
7 is undertaken.

8 We have had the benefit of some enormous work, Mr.
9 Chairman, on the part of both an umbrella -- I guess the
10 word today is a "consortium" of committees in the private and
11 public law area as well as, not to be outdone, an even
12 larger set of proposed regulations by the Office of Legal
13 Services for us to consider.

14 I think the Board is enormously indebted and I
15 trust I could speak for the Board in that regard.

16 MR. CRAMTON: You can.

17 MR. KUTAK: For that work.

18 I must say in the words of one who has peeped
19 into the pages of this memorandum and found that my name
20 appears in connection with one particular assignment that I am
21 both grateful for that work and somewhat sobered by the
22 assignment that is about to fall on my shoulders.

23 I really can only say to the Board that if it is
24 your will to implement the authority that you have by this
25 resolution that your committee will be as diligent as it can be.

1 I happen, however, to now be reading a biography
2 of James Joyce, and it discusses how Silvio, the bookseller,
3 nearly went blind trying to proof his copy, and I suspect
4 I may be in the same situation trying to go through those
5 regulations.

6 But, in any event, we will certainly do our best
7 to be ready for you at the earliest possible date with
8 recommendations as to interim regulations and as to final
9 regulations in compliance with the statute.

10 MR. CRAMTON: Special mention is perhaps necessary
11 concerning the proposed by-laws which is also put in the
12 area of responsibility of the committee, because it is
13 important to adopt by-laws at as early a date as possible,
14 and I would hope the committee would take that as a particular
15 priority item and attempt to develop proposed by-laws for
16 consideration by the Board, --

17 MR. COOK: I move the adoption of the resolution.

18 MR. CRAMTON: -- at a very early date.

19 Would you read it?

20 MR. KUTAK: I will. "RESOLVED, that the Chairman
21 may appoint a Committee on By-Laws and Regulations composed
22 of three members of the Board. The Committee shall recommend
23 proposed by-laws for consideration and adoption by the
24 Board, recommend proposed regulations which should be issued
25 during the 90-day transition period, and report to the Board

1 concerning the manner in which the Board's future rule-
2 making responsibilities should be carried out. The
3 Committee shall terminate when these functions are concluded
4 or on July 13, 1976, whichever is earlier.

5 MR. SMITH: Second.

6 MR. CRAMTON: The Chairman would state that it is
7 his intention to appoint Mr. Kutak as chairman of this
8 committee, Mr. Breger and Mr. Janklow, who is unable to be
9 here today because of pressing litigation in South Dakota,
10 to the committee. I tell you that before you cast your votes
11 on the motion.

12 Is there further discussion?

13 MR. COOK: Question.

14 MR. CRAMTON: All those in favor of the motion
15 please say "aye."

16 (Chorus of "ayes.")

17 All those opposed "no."

18 (No response.)

19 The motion is carried, and we now have a Committee
20 on By-Laws and Regulations.

21 I have been informed I inadvertently forgot to
22 indicate the membership of the Committee on Appropriations and
23 Audit. I don't recall whether the resolution on that item
24 was read or not.

25 MR. SMITH: Yes, it was. I read it and moved it and

1 it passed.

2 MR. CRAMTON: Mr. Stophel as chairman, Mr. Kutak
3 and Mr. Ortique.

4 The next item is Item 8, future meeting schedule.
5 The Board has discussed a number of dates on which it plans
6 to meet and to meet quite frequently during the period
7 ahead. It is expected that committees will be holding
8 meetings at dates to be specified between the Board meetings,
9 not necessarily every committee meeting between every Board
10 meeting but meeting as frequently as necessary.

11 The date that has been agreed on for the second
12 Board meeting is Monday and Tuesday, August 4 and 5.
13 There also is a high likelihood -- and let me just mention
14 these dates as probable dates and not as certain dates --
15 that a third meeting of the Board will be held on Wednesday
16 and Thursday, September 3 and 4, that a fourth Board meeting
17 will be held on Thursday and Friday, September 25 and 26,
18 and that a fifth Board meeting, meeting a few days prior to
19 the termination of the 90-day transition period, will be
20 held on Thursday, October 9.

21 It is contemplated at that date, if it hasn't been
22 done earlier, the regulations that are required to be issued
23 within the 90-day period would be issued so that they can be
24 published in the Federal Register on or before October 12,
25 which is the end of the 90-day period.

1 MR. SMITH: Mr. Chairman, would you like for us
2 to adopt that meeting schedule subject to possible
3 later revision if necessary but have it on the record?

4 MR. CRAMTON: What I think we should do is we put it
5 on the record and vote to adopt the date of the second Board
6 meeting, and because the rest are stated as probable Board
7 meetings and may be subject to readjustment depending upon
8 how the committee process goes and when it seems desirable --

9 MR. SMITH: I will so move that the next meeting be
10 set for August 4 and 5, 1975 and that the remaining portion
11 of the schedule be adopted as the schedule for future meetings
12 subject to later revision.

13 MR. CRAMTON: Is there a second?

14 MR. THURMAN: I'll second that.

15 MR. CRAMTON: Is there discussion?

16 (No response.)

17 All those in favor of the motion please say "aye."

18 (Chorus of "ayes.")

19 All those opposed, "no."

20 (No response.)

21 We adopt the date of the second Board meeting.

22 We have a tentative schedule for some following dates that
23 may be rearranged if the work in process so indicates.

24 I do not know of any other business, which is the
25 next item.

1 MR. BREGER: I move we adjourn.

2 MR. CRAMTON: Mr. Veney has asked to speak briefly.
3 Is there unanimous consent?

4 (General assent indicated.)

5 You have unanimous consent, Mr. Veney.

6 MR. VENEY: I just would like to have you take
7 one piece of paper with you, one additional piece of paper.
8 We projected what it would cost for a three-day meeting of
9 this Board in 1971 versus 1975, and I think it makes interest-
10 ing reading. (Laughter)

11 MR. CRAMTON: I see you have an effective increase
12 of 26 percent.

13 I would accept a motion for adjournment.

14 MR. BREGER: So move.

15 MR. CRAMTON: Mr. Breger so moves. Is there a
16 second?

17 MR. STOPHEL: Second.

18 MR. CRAMTON: All those in favor please say "aye."

19 (Chorus of "ayes.")

20 The meeting is adjourned.

21 (Whereupon, at 4:00 p.m., the meeting was
22 adjourned.)

23 * * *

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4. The Corporation maintains its principal office in the District of Columbia at 1725 K Street, N. W.

5. Pursuant to Section 1003(b) of the Act, the following person has been designated as agent to accept service of process for the Corporation:

C T Corporation System
918 - 16th Street, N. W.
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Roger C. Cramton

Dated: July 11, 1975