

LEGAL SERVICES CORPORATION  
BOARD OF DIRECTORS MEETING

OPEN SESSION

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January 28, 1991  
10:00 a.m.

The Marriott Suites Alexandria  
801 N. St. Asaph Street  
Conference Center  
Alexandria, VA 22314

Board Members Present:

George W. Wittgraf, Chairman  
Howard H. Dana, Jr.  
Luis Guinot, Jr.  
J. Blakeley Hall  
Jo Betts Love  
Guy V. Molinari  
Penny L. Pullen  
Basile J. Uddo  
Jeanine E. Wolbeck

Staff Present:

David H. Martin, President  
Timothy B. Shea, Vice President and General Counsel  
Maureen R. Bozell, Secretary  
David Richardson, Comptroller and Treasurer

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## C O N T E N T S

	PAGE
Approval of Agenda	4
Approval of Minutes	5
Election of Board Chairman	6
President's Report	11
Discussion of Board Committee Structure	37
Report on the 1991 Application for Funding	38
Report on the Fiscal Year 1990 Consolidated Operating Budget	46
Report on Proposed FY 1991 Consolidated Operating Budget	65
Legislative Report	72

## M O T I O N S

4, 5, 7, 8, 28, 32, 84, 87, 91

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

1  
2 CHAIRMAN WITTGRAF: Ladies and gentlemen, the regular  
3 meeting of the Legal Services Corporation Board of Directors  
4 will be in order.

5 Let me begin by asking those directors present to send  
6 over to the Corporation president, if they have not already,  
7 their signed stipulation or waiver of notice as to the  
8 scheduling of this meeting for this date rather than for last  
9 Friday as is provided for in the bylaws of the Corporation as  
10 regards its annual meeting. Thank you very much.

11 To the staff and the guests who are here, let me say  
12 good morning on behalf of the Board and on behalf of the  
13 president, Mr. Martin. We're delighted to see you again,  
14 another year. We have on different face with us this morning.  
15 Those of you who haven't had a chance to meet Basile Uddo should  
16 take the opportunity when you have it yet today.

17 Ms. Pullen and Mr. Molinari should be joining us soon,  
18 as soon as they arrive from New York and from Chicago. Our  
19 other two new Board members, Mr. Kirk from Florida and Mr. Rath  
20 from New Hampshire, did not anticipate being able to join us  
21 today. So that we anticipate there will be 9 of the 11 of us  
22 here for the day's deliberations.

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1 the agenda as presented.

2 MR. DANA: Second.

3 CHAIRMAN WITTGRAF: And it's been seconded. Moved by  
4 Mr. Guinot, seconded by Mr. Dana. Discussion?

5 (No response.)

6 CHAIRMAN WITTGRAF: Hearing none, those in favor of  
7 the agenda as presented, please signify by saying aye.

8 (A chorus of ayes.)

9 CHAIRMAN WITTGRAF: Those opposed, nay.

10 (No response.)

11 CHAIRMAN WITTGRAF: The ayes appear to have it. The  
12 ayes do have it. The agenda as presented is approved.

13 APPROVAL OF MINUTES

14 CHAIRMAN WITTGRAF: The first order of business then  
15 is approval of the minutes of our last meeting or last meetings  
16 on September 23 and 24 of 1990, in Denver, Colorado. The  
17 members of the Board have before them the minutes as drafted by  
18 the Corporation secretary. The Chair is prepared to entertain a  
19 motion that the minutes be approved as presented.

20 M O T I O N

21 MR. DANA: So moved.

22 CHAIRMAN WITTGRAF: Moved by Mr. Dana.

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1 MS. WOLBECK: Second it.

2 CHAIRMAN WITTGRAF: Seconded by Ms. Wolbeck. Is there  
3 discussion?

4 (No response.)

5 CHAIRMAN WITTGRAF: Hearing none, those in favor of  
6 the minutes as drafted and presented with the materials for this  
7 meeting will signify by saying aye.

8 (A chorus of ayes.)

9 CHAIRMAN WITTGRAF: Those opposed, nay.

10 (No response.)

11 CHAIRMAN WITTGRAF: The ayes appear to have it. The  
12 ayes do have it. The minutes of the September 23 and 24 meeting  
13 as drafted are approved.

14 At this time it's my privilege to surrender the chair  
15 to another Board member, Mr. Guinot, for the purpose of the  
16 election of the 1991 chairman for the Board and a 1991 vice  
17 chairman for the Board. Mr. Guinot.

18 ELECTION OF BOARD CHAIRMAN AND VICE CHAIRMAN

19 MR. GUINOT: Thank you, Mr. Chairman. I guess that  
20 that means I will not be the chairman and that makes me feel  
21 rather badly. Somebody suggested that I should just adjourn the  
22 meeting now that I've got the power, adjourn the Board sine die,

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1 MR. GUINOT: The ayes have it. Mr. Wittgraf is  
2 elected Chairman of the Board of the Legal Services Corporation  
3 for the forthcoming year of operations.

4 Moving now to the position of vice chairman. The  
5 Chair will call for nominations on the floor for the position of  
6 vice chairman.

7 MR. HALL: Mr. Chairman?

8 MR. GUINOT: Mr. Hall?

9 M O T I O N

10 MR. HALL: I would recommend Guy Molinari.

11 MR. GUINOT: Mr. Hall nominates Mr. Molinari who is  
12 not here to defend himself. Do I hear any seconds?

13 MS. WOLBECK: I'll second.

14 MR. GUINOT: Ms. Wolbeck seconds the nomination of Mr.  
15 Molinari. Any further nominations for the position of vice  
16 chairman?

17 (No response.)

18 MR. GUINOT: There being no further nominations for  
19 the position of vice chairman, the Chair will call for a vote.  
20 All in favor of Mr. Molinari serving as vice chairman for the  
21 next year in operations of the Board, please signify by saying  
22 aye.

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1 (A chorus of ayes.)

2 MR. GUINOT: Any opposed, say nay.

3 (No response.)

4 MR. GUINOT: The ayes have it. Mr. Molinari is  
5 elected Vice Chairman of the Board for the next operating year  
6 of the Legal Services Corporation.

7 Having concluded my assigned job, I now turn the Chair  
8 back to the rightful occupant of the same, Mr. Wittgraf.

9 CHAIRMAN WITTGRAF: Thank you, Mr. Guinot. Thank you  
10 all. At this time I have just a couple of brief remarks to make  
11 before we turn to the president for his report. I think, at  
12 least judging by some of the editorial comment of the New York  
13 Times and the Washington Post, among other places, there's been  
14 some curiosity, if not concern, about the 11 of us who have been  
15 made recess appointees and whether or not the 11 of us who are  
16 recess appointees will in turn be nominees subject to Senate  
17 confirmation.

18 It's my understanding that subject to just a little  
19 bit more paperwork being accomplished by one of the new recess  
20 appointees for the purpose of nomination, that it should be  
21 possible by early February for the White House to nominate the  
22 11 of us who are at this time recess appointees as directors of

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1 the Board of the Legal Services Corporation.

2           Hopefully that will mean that the confirmation process  
3 will be able to begin. Before 1990 ends, perhaps there will be  
4 a confirmed Board of the Legal Services Corporation. So that  
5 notwithstanding some of the comments or concern editorially, I  
6 believe it is the White House's intention to go forward with the  
7 nominations as soon as possible, and that those nominations will  
8 be of the 11 people who have been made recess appointees at this  
9 time.

10           Many of you who are here in the audience this morning  
11 were with us on December 10 when we had a conference recognizing  
12 and commemorating the 25 years of the provision of federally  
13 funded legal services. Let me, as I said that morning, again  
14 thank Dave Martin and the staff and in particular Maureen Bozell  
15 for the work that went into that conference that made it, I  
16 think, quite a successful conference.

17           I guess, judging by a few comments I read in a few  
18 places, there might have been some things done additionally or  
19 differently, but I think most importantly in the content of the  
20 conference as a whole as well as in the informal discussion and  
21 conversations that followed, at and after the awards  
22 presentation and the reception, that an important step was made

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1 toward insuring that the Corporation's Board, the Corporation's  
2 staff, and the grantees and their representatives can go forward  
3 into the next 25 years working hand in hand rather than, as has  
4 been the case sometimes over the last 10 or 11 years, at odds  
5 with one another.

6 I think we made a step in that direction on December  
7 10th. And I hope that each of our meetings and the things that  
8 happened between our meetings will be further steps in that  
9 direction toward cooperation and toward success.

10 With that in mind, it's my pleasure at this point to  
11 turn the meeting or turn at this point in the meeting to the new  
12 president of the Legal Services Corporation, who is actually  
13 attending his first Board meeting of the Legal Services  
14 Corporation in his capacity as president, our new president,  
15 Dave Martin.

16 And at this time I'd like to ask him to make his  
17 report, and then I'm sure some of the Board members will have  
18 comments and response. Mr. Martin.

19 PRESIDENT'S REPORT

20 MR. MARTIN: Thank you very much, George. It is  
21 indeed a pleasure to be here with a new Board. And I can't say  
22 how pleased I am that President Bush has appointed a Board, so I

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1 don't need to refer to you as I have over the last three months  
2 as Mr. Ex-Chairman.

3 I'm flattered and honored to be selected as your  
4 president and to have an opportunity to work with you over the  
5 next year. I would like to welcome back each one of you. I  
6 look forward to working with you. And in particular, I would  
7 like to welcome the new appointees, Mr. Rath, Mr. Kirk, and of  
8 course Mr. Basile Uddo, who was a member of the Board in the  
9 past and whose experience will, I'm sure, be valuable to all of  
10 us.

11 Since this is my first Board meeting and we do have a  
12 new Board of Directors, I'd like to take this opportunity to  
13 express to you, the Board, and to interested parties what I see  
14 as my primary challenge, and perhaps yours, in the near term and  
15 maybe in the long term.

16 As George said, we did celebrate the 25th anniversary  
17 of the provision of legal services to the poor. My first point  
18 is what the chairman said at that occasion and which I say  
19 again, a point which perhaps cannot be said enough, and that is  
20 about trust, integrity and what I call the ethics factor.

21 Our legal services community has in the past and  
22 presently, I think, contained a lot of conflict which really

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1 doesn't, in my opinion after being only on Board three months,  
2 have to exist. We're a community providing the poor with access  
3 to the fundamental institutions of our society, one of the  
4 fundamental institutions of our society; that is fair play in a  
5 system of justice.

6 Every time we disagree, all the energy and the  
7 negative forces that we have to expend, and I have to expend,  
8 and my staff, and you as Board members, is really something that  
9 we take away from the people and the principals we serve. And I  
10 can tell you from my personal experience I know what it's like  
11 to not have the prerequisites that come with a middle class or  
12 an upper class status and the advantages that come from that.

13 As George said just a few minutes ago, we need to be  
14 working hand in hand and not fist to fist. I agree with that.  
15 So my agenda, and I think perhaps our first agenda, is to  
16 reestablish trust and respect in the Corporation, in the  
17 programs, in the field and in the legal community at large.

18 I have already instituted Outreach programs to the  
19 state bar associations and the ABA. And I will be attending--  
20 and I'll share with you later the number of ABA meetings that I  
21 will be attending as well as my staff. What I'm talking about  
22 is communications with each other clearly, straightforward and

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1 in good faith.

2 I think we can demonstrate to each other our integrity  
3 and our commitment to the principles of ethics. You can expect  
4 from me a commitment to be straightforward, direct and honest.  
5 And I expect the same of you, and I know that I will receive it.  
6 Let me now turn to what I call perhaps a three-year agenda, that  
7 the Corporation's law or the Corporation's statute limit the  
8 president's tenure to three years. So I'm assuming that my  
9 tenure will be three years, although it could be extended.

10 In order to consider myself successful over that three  
11 years, these are the things that I think I would like to  
12 accomplish. First of all, this matter of trust needs to be  
13 instituted. More specifically, I hope that as a community we  
14 can develop ways to measure accurately and fairly the quality of  
15 legal services provided to the poor in different areas of our  
16 country and to improve that quality where necessary.

17 I also hope that we have credible systems in place for  
18 assessing the unmet needs for legal services in our client  
19 community. I would like to have credible data that I can show  
20 any member of congress or anyone else what we are and are not  
21 accomplishing, we at the Corporation and the programs in the  
22 field.

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1 Internally for the Corporation, I would like to  
2 provide a management system that is consistent, that involves  
3 cross training of the mid-level and high-level managers. I  
4 would like to reduce the turnover rate in the Corporation. I  
5 would like to have more of a career ladder and a career staff  
6 that we can keep qualified people and promote them as the  
7 Corporation's needs expand or reduce.

8 I want to have a team that is harmonious. And in the  
9 end and along the way I'd like to have a lot of fun. We're even  
10 talking about a softball team to get in the congressional league  
11 and in picnics and things like that that can bring the staff  
12 together and share work as well as some good times.

13 Finally, I hope that by the end of my tenure here we  
14 will have restored the credibility of our mission and public  
15 confidence in our programs to the point that Congress can bring  
16 our funding to whatever level that is required to meet the needs  
17 of the poor people of America in terms of legal services.

18 The issue of funding, I think, rests on establishing  
19 trust and credibility. And that means reaching out, building  
20 bridges rather than fences and communication and being open. I  
21 am committing the Corporation and myself to responsible  
22 administration and management.

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1           In terms of openness, let me share with you what I've  
2 done over the last three months in terms of meeting people. I  
3 have visited programs in Minnesota with Ms. Wolbeck. I have  
4 visited the Virginia legal services programs at a training  
5 center down in Natural Bridge. I have visited the program along  
6 with the rest of the Board in Denver.

7           I attended, along with Chairman Wittgraf, the NLADA  
8 Conference in Pittsburgh and will be visiting the ABA Pro Bono  
9 Conference in April. I have personally met with individuals and  
10 executive directors from New York, the St. Louis program, Kansas  
11 and Detroit. I have met with Bill McCalpin, president of NLADA,  
12 individually and with their executive director, Clint Lions.

13           I have met with Dick Taylor, president of PAG, and  
14 with their executive director, Harrison McGiver. My future  
15 schedule includes visits to West Virginia in February. I'm just  
16 discussing now with Jo Betts Love coming to Mississippi in March  
17 and bringing some of my staff with me to meet with the entire  
18 state program there.

19           I have not forgotten my commitment to the chairman to  
20 visit the midwest, including Cherokee, Iowa, and to go through  
21 St. Louis and other programs while I'm there. And I hope to  
22 establish with the Board places where they want to meet as a

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1 Board other than in Washington and maybe some of these places  
2 will be convenient for them.

3           So I think I've demonstrated in the last three months  
4 that I am reaching out, and I want to continue that, and I will  
5 be. I've established what I am calling, for want of a better  
6 term, the president's forum. I hope to have the first meeting  
7 of this forum on February 11th.

8           I have invited executive directors and representatives  
9 of more than 20 programs to come and meet with me here in  
10 Washington to voice their concerns, their hopes and their vision  
11 of where legal services for the poor should be headed, where  
12 they think we should be going.

13           I have some of my own ideas, but I think that I need  
14 direct and immediate advice from those people. I want to hold  
15 these forums on an irregular basis, perhaps once every quarter,  
16 and maybe not the same individuals will be joining us and  
17 sharing with us.

18           But it's a way for me to stay plugged in to what's  
19 going on in the field in a nonstructured way. I am aware that  
20 the programs have their own structures, and I will be getting  
21 advice from a meeting maybe on a more formal basis. But I feel  
22 a need to relate directly to the programs.

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1           So my president's forum is a way to do that. And I  
2 think that it will be very productive for me and informative for  
3 me, my staff, and the people who join us in that forum.

4           Another important piece of information that I think is  
5 lacking is the length and depth and a number of unmet legal  
6 needs of the poor that exist in this country. In order to at  
7 least get some empirical data about that, I have asked over the  
8 last three months, three or four, four executive directors of  
9 programs to give me their views on a form called the Declination  
10 of Representation form, DORR for an acronym.

11           It will help us -- and by the way, all the comments I  
12 received back from that form were positive in that the executive  
13 directors who did respond thought it would be helpful to them in  
14 assessing unmet legal needs as well as helping me nationwide.  
15 And the results we get from this form will, for the first time I  
16 think, help us to determine who is being turned away on a daily  
17 basis and for what reasons.

18           It is not the only source of information to determine  
19 unmet legal needs, but I think it will provide us with some hard  
20 and empirical data that we need in order to make the  
21 determinations of the lack of legal services that exist  
22 throughout the country.

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1           And I might add, if we are to provide additional  
2 funding for the programs, and if it indeed is necessary, as I'm  
3 told -- the executive director in New York City, Dale Johnson,  
4 tells me that they turn away four out of five people. I think  
5 we need some statistics to back that up. And I hope this form  
6 does it.

7           I am going to institute an annual report. Now, back  
8 in the 70s I understand there was a Corporation annual report.  
9 That will help us consolidate all of the information about the  
10 Corporation. It will provide some simple spending figures for  
11 Congress and other interested parties.

12           The staff is currently at work on this annual report.  
13 And we hope to have it ready for a distribution to Congress. I  
14 haven't told you yet, Mr. Chairman, but we've been asked to come  
15 up on April 11th, you and I, to testify. And I hope to have it  
16 ready by that subcommittee meeting before the House  
17 Appropriations Subcommittee.

18           A picture of each Board member will appear in the  
19 report along with brief biographical comments. Chairman  
20 Wittgraf has graciously agreed to write a column which will  
21 appear in the report. And I will, of course, share the final  
22 draft of the entire report with the chairman and any other

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1 interested Board members before we go to press.

2 We have completed our fact book. It's loaded with  
3 facts. That was through the efforts of our Office of Field  
4 Services headed by Ellen Smead. It is out and being distributed  
5 now. It has lots of information in it and it is available  
6 through the field services office.

7 I am pleased to announce to you, on a different  
8 subject, the Corporation is continuing its eighth consecutive  
9 year of promoting law school participation in the provision of  
10 legal assistance to the poor. During academic year 1991 and  
11 1992, we will make a \$1.17, almost \$2 million available for  
12 grants for clinical legal education. They will be awarded  
13 competitively.

14 On January 10, we sent an application to every  
15 accredited law school in the hopes that we could attract a large  
16 number of applicants. The application process will be closed on  
17 February 28th. And by April, we hope to have made the grant  
18 awards.

19 Next to last, as you may recall, back in the fall when  
20 I was just coming on board, there was a case called the  
21 California Rural Legal Assistance matter which involved use of  
22 LSC funds and IOLTA funds for the provision of assistant in

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1 abortion-related matters.

2 I have made a decision in that which I communicated to  
3 each of you, but which I will share with you now, in which I  
4 simply ordered that CLRA return to the Corporation \$14,377 which  
5 we concluded was improperly spent on two cases in which they  
6 were involved.

7 There were a number of options in this matter. I  
8 decided that based on the cooperation that CLRA displayed in our  
9 dealings with them and in my desire to stand firm on certain  
10 principles, and my desire that monies not be taken away from a  
11 program inordinantly, that this was a reasonable and measured  
12 response to what we found to be violations of our statute. They  
13 have received their grant and with some restrictions on it,  
14 grant award restrictions, that they advise us of any abortion-  
15 related activity for the coming year.

16 In conclusion, I would like to add one thing as maybe  
17 a short-term expense but a long-term money-saving proposition.  
18 We pay over a million dollars a year, maybe 1.3 million in rent  
19 annually. The space we have is not satisfactory from a number  
20 of standpoints.

21 I would like your blessing and your thoughts on  
22 whether or not it's advisable to find a building that is more

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1 suitable for our needs, hopefully self-contained, which we could  
2 buy, purchase on a long-term 30-year mortgage perhaps and  
3 thereby, over the long term, save the Corporation and the  
4 government a lot of money.

5 I have made some initial inquiries about what's  
6 available in the Washington, D.C., area. And if I do obtain  
7 support from the Board that it's a sense that we should do that,  
8 I would like to pursue that vigorously. So that is just a  
9 matter that I would put before you as to do some long-term  
10 thinking about.

11 Mr. Chairman, that concludes my remarks with the  
12 exception of one thing. That is that in reaching out to the  
13 programs and to you, I know that we will not agree on  
14 everything, on all issues, but we certainly will have to  
15 compromise on some.

16 I've been told that compromise is the art of dividing  
17 a cake in such a way that everyone believes he's going to get  
18 the biggest piece. I don't know if that's accurate or not, but  
19 I would like to hope that we can all work together to build a  
20 strong Legal Services Corporation and strong programs.

21 Thank you, Mr. Chairman.

22 CHAIRMAN WITTGRAF: Thank you, Mr. President. It's a

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1 pleasure to have you with us at your first meeting and I guess  
2 our first meeting as a reconstituted recess appointee Board. At  
3 this point, I'd ask Board members if they have either any  
4 questions or comments in response to the comments made by the  
5 president or on any other subject that might be on their minds  
6 in light of the fact that we haven't been convened as a Board  
7 since late September.

8 Mr. Dana?

9 MR. DANA: Not a thing, Mr. Chairman.

10 CHAIRMAN WITTGRAF: Mr. Guinot?

11 MR. GUINOT: No.

12 CHAIRMAN WITTGRAF: Mr. Hall?

13 MR. HALL: None.

14 CHAIRMAN WITTGRAF: Ms. Love?

15 MS. LOVE: No.

16 CHAIRMAN WITTGRAF: Mr. Molinari, would you like to  
17 give us an acceptance speech?

18 MR. MOLINARI: I learned two years in a row that you  
19 shouldn't attend these functions late because you don't know  
20 what's going to happen. Thank you very much. I look forward to  
21 a good year in working with the new Board. Most of us are  
22 returnees.

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1           But I think our president is off to a good start in  
2 our judgment. And I think there's a number of issues that are  
3 being hit on that are long overdue. Hopefully, with the new  
4 Board we can get a new spirit of cooperation not only working  
5 with ourselves but with the programs out there and see if we  
6 can't develop a better relationship and have a Board that will  
7 be looked up to as a responsible Board that's really interested  
8 in continuing the duties and obligations of legal services. And  
9 I think we're off to a good start in that respect.

10           Aside from that, I think this question of purchasing a  
11 building, I don't know whether you want to entertain that at  
12 this time, Mr. Chairman.

13           CHAIRMAN WITTGRAF: Mr. Molinari, my expectation is  
14 that before our next meeting we will have an Audit and  
15 Appropriations Committee or Subcommittee of the Board that will  
16 meet and I assume will pursue the suggestion of the president in  
17 more detail. So I don't know that it's necessary to discuss it  
18 too much further at this time in anticipation of our making a  
19 formal budget mark recommendation at our February Board meeting.

20           MR. MOLINARI: Fine. I will defer my comments until  
21 that point in time, then. I thank you for the opportunity to  
22 speak.

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1           CHAIRMAN WITTGRAF: Ms. Pullen?

2           MS. PULLEN: Well, the only comments that I wanted to  
3 make were supportive of the concept of purchasing a building.  
4 And I guess you don't want me to do that. But I think that it  
5 is worthy to note that any controversy that may have taken place  
6 in the past over whether this Corporation would continue to  
7 exist is clearly in the past. And it is therefore not  
8 responsible --

9           CHAIRMAN WITTGRAF: Excuse me, Penny. They still  
10 cannot hear you.

11           MS. PULLEN: I wanted to make comment about the  
12 proposal to purchase a building. But you have requested that we  
13 not do that. So I will not do that in detail, other than to  
14 note that any controversy that may have existed in the past as  
15 to whether this Corporation will continue to exist is clearly a  
16 matter of past history and not future speculation.

17           Consequently, I personally believe that continuing to  
18 pour millions of dollars into rent as if this were a temporary  
19 agency is irresponsible if a better arrangement can be found.

20           MR. MOLINARI: I'd like to be heard on that.

21           CHAIRMAN WITTGRAF: Mr. Molinari.

22           MR. MOLINARI: Since Penny has brought up that subject

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1 area, Mr. Chairman and colleagues, I was ranking on the Public  
2 Works and Transportation Subcommittee on Public Buildings and  
3 Grounds and had an awful lot of experience in improving leases  
4 and purchases of buildings.

5 I would just simply suggest that if our president is  
6 going to spend some time between now and the next meeting or  
7 thereafter looking for permanent space, I would strongly suggest  
8 that he not limit himself to the Washington, D.C., area, but  
9 look in the nearby regions.

10 Of course, you're going to find this irradical  
11 difference in the rent, and it's very, very tough today to find  
12 space in D.C. Again, my experience is you can rent similar  
13 accommodations in nearby areas in the other states at a much,  
14 much more reasonable price.

15 CHAIRMAN WITTGRAF: Mr. Uddo?

16 MR. UDDO: Yes, Mr. Chairman, thank you. I just had  
17 one question. I don't think I did get a copy of your CLRA  
18 opinion which I would like to see because as I understand it,  
19 that was a one-time reduction in the grant, not permanent  
20 reduction?

21 MR. MARTIN: That is correct, Mr. Uddo.

22 MR. UDDO: I'd like to see your opinion in that case

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1 if I could.

2 MR. MARTIN: In fact, if we have it with us today, we  
3 will get it to you. We'll get it to you today.

4 CHAIRMAN WITTGRAF: Ms. Wolbeck?

5 MS. WOLBECK: No.

6 CHAIRMAN WITTGRAF: Thank you all. Moving to agenda  
7 item 5, the Chair acknowledges that in 1990, when we, as a  
8 Board, without regulatory authority in any case, in the absence  
9 of our confirmation, devoted most of our time and most of our  
10 energies to the selection of a new president need to move  
11 forward and to move forward aggressively, in 1991, beginning  
12 with a committee structure consistent with both the bylaws which  
13 govern us and the issues which are before us.

14 It's the Chair's intention that we will proceed with  
15 the committee structure contemplated by the bylaws and Audit and  
16 Appropriations Committee and Operations and Regulations  
17 Committee and a committee on the delivery and provision of legal  
18 services.

19 Likewise, the Chair contemplates that we will, as a  
20 Board, have a committee to whom the inspector general reports or  
21 relates. And finally, in the year 1991, when we again hope for  
22 serious or when we hope ever more seriously for serious

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1 consideration and action upon reauthorizing legislation, that we  
2 should have an Ad Hoc Committee of the Board concerned with the  
3 reauthorization proposals that are being put forward in Congress  
4 and elsewhere and to the extent possible, be in a position to  
5 comment upon those proposals.

6 With that in mind, I would first ask Mr. Dana if he  
7 could, in this new year 1991, provide us with a resolution which  
8 directs us in the area of our responsibility and relationship  
9 with our inspector general. Mr. Dana?

10 MR. DANA: Thank you, Mr. Chairman, and thank you for  
11 the warning for my motion here. But it appears, for those who  
12 happen to have their August 9th Board book, on page 8, and it's  
13 tailored from that resolution we adopted then.

14 M O T I O N

15 It reads as follows: "Whereas, the Board of the Legal  
16 Services Corporation has been notified that upon publication in  
17 the Federal Register, it is the head of the Corporation for  
18 purposes of the Inspector General Act; whereas, the Office of  
19 the Inspector General can best function if permitted ready  
20 access to the head of agency; whereas, the Board is comprised of  
21 11 members and is conducting itself on a schedule of monthly  
22 meetings, making ready access a difficult goal if the entire

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1 Board acted collectively as head for purposes of day-to-day  
2 conduct with business.

3 "Therefore, be it resolved by the Board of the Legal  
4 Services Corporation that it appoint a three-member committee  
5 for purposes of liaison with the Office of Inspector General.  
6 And be it further resolved that the following members be  
7 appointed to that committee; Ms. Pullen, Mr. Molinari and Mr.  
8 Wittgraf.

9 "And be it further resolved that Ms. Pullen be Chair  
10 and as Chair be authorized to make decisions on behalf of the  
11 committee unless either the inspector general or a member of the  
12 committee seeks to review a decision of the Chair."

13 CHAIRMAN WITTGRAF: The Chair takes that as a motion.  
14 The motion has been made. Is there a second?

15 MR. UDDO: I'll second it.

16 CHAIRMAN WITTGRAF: Mr. Uddo seconds the motion.  
17 Discussion?

18 MR. HALL: Mr. Chairman?

19 CHAIRMAN WITTGRAF: Mr. Hall?

20 MR. HALL: Is that the identical motion you made at  
21 that time?

22 CHAIRMAN WITTGRAF: Not exactly.

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1 MR. HALL: What's the difference?

2 MR. DANA: The names.

3 MR. HALL: That's all I have.

4 CHAIRMAN WITTGRAF: Further discussion?

5 MR. MOLINARI: Mr. Chairman?

6 CHAIRMAN WITTGRAF: Mr. Molinari?

7 MR. MOLINARI: I'd respect for the request that my  
8 name be removed from that and asked that somebody else's name be  
9 substituted instead. I do have a problem with my wife. She's  
10 been hospitalized. And after the arduous task of last year,  
11 spending Saturdays and Sundays down here, I would respectfully  
12 request that you substitute somebody else in my stead.

13 CHAIRMAN WITTGRAF: Mr. Wittgraf is certainly  
14 sensitive to that. Although he'll also say he's hoping that Ms.  
15 Pullen will be able to deflect the needs of the inspector  
16 general from the rest of the committee members.

17 MS. PULLEN: Thank you.

18 CHAIRMAN WITTGRAF: In any case, the Chair will turn  
19 to Mr. Dana and ask him to substitute.

20 MR. DANA: If that is a declination, I would  
21 substitute Mr. Guinot's name for Mr. Molinari's.

22 CHAIRMAN WITTGRAF: Is there objection?

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1 (No response.)

2 CHAIRMAN WITTGRAF: Hearing none, the name Guinot has  
3 been substituted for the name Molinari as to the committee as  
4 part of the resolution. Further discussion?

5 MR. GUINOT: Yes, I do have some.

6 CHAIRMAN WITTGRAF: Mr. Guinot?

7 MR. GUINOT: I have no problem, Mr. Chairman, in  
8 serving in the committee, but I really would not like to be the  
9 person responsible as chairman of the same. There are other  
10 committees in which I gather I am going to be involved in. And  
11 it's going to be a little bit too difficult to do this one too.

12 The sad thing is the reality of the situation. Ms.  
13 Pullen is very capable and someone that I would hope would take  
14 it all over. My being on the committee, however, being a  
15 Washington resident, may have the word gravitate towards me or  
16 the inquiries, let's say.

17 I would like to make it very clear that I would tend  
18 to shift all of that to Ms. Pullen or Mr. Dana, you know,  
19 whenever the two is available, as opposed to me because I think  
20 I'm going to be busy with other things for the Corporation.  
21 That being understood, I would be very happy to stay on the  
22 committee.

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1 CHAIRMAN WITTGRAF: Further discussion?

2 (No response.)

3 MR. MOLINARI: Move the question.

4 CHAIRMAN WITTGRAF: Hearing none, those in favor of  
5 the\* motion as amended will signify by saying aye.

6 (A chorus of ayes.)

7 CHAIRMAN WITTGRAF: The opposed, nay.

8 (No response.)

9 CHAIRMAN WITTGRAF: The ayes appear to have it. The  
10 ayes do have it. The motion is adopted. Thank you, Mr. Dana.

11 In March of last year, the Board was kind enough to  
12 give the chairman the authority to appoint members to the  
13 committees aside from that pertaining to liaison with the  
14 inspector general. At this time, the Chair calls on Mr. Guinot  
15 in that regard as it pertains to 1991.

16 MR. GUINOT: Mr. Chairman, could we have just a short  
17 minute? I was to check something over here.

18 CHAIRMAN WITTGRAF: Yes.

19 M O T I O N

20 MR. GUINOT: Mr. Chairman, I move that the Chair  
21 instruct the Board as to the different committees and his  
22 recommendation as to Board members that are serving those

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1 committees. And that thereafter we proceed to vote on them  
2 either individually by committee or collectively if it is to the  
3 acceptance of the Board membership.

4 I would imagine that there would be discussion on each  
5 of them. Perhaps maybe that's the best way to handle it. So I  
6 move that the Chair be permitted to give us the different  
7 committees and his recommendations on the membership of those  
8 committees as a way to proceed forward with the question.

9 CHAIRMAN WITTGRAF: Is there a second?

10 MS. LOVE: Second.

11 CHAIRMAN WITTGRAF: It's been moved and seconded. If  
12 I can summarize Mr. Guinot's resolution, that in proceeding with  
13 the development of a committee structure for the Board, that the  
14 Chair present his suggestions to the Board for ratification. Is  
15 there discussion?

16 MR. MOLINARI: Mr. Chairman?

17 CHAIRMAN WITTGRAF: Mr. Molinari?

18 MR. MOLINARI: Before you do that, how many committees  
19 do we have?

20 CHAIRMAN WITTGRAF: There are three provided by the  
21 bylaws. We have developed a fourth, that being the Committee  
22 for the Oversight of the Inspector General. And it's the

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1 Chair's intention to have a fifth committee, a standing  
2 committee, as he mentioned a moment ago regarding the  
3 reauthorization process and reauthorization legislation,  
4 reauthorization proposals.

5 MR. MOLINARI: Well, I was just going to make the  
6 suggestion that it might be a better arrangement if we ask those  
7 who might wish to volunteer for some of the committees before  
8 you make your recommendations. I think that maybe some people,  
9 I don't in my case, but there may be some here who have a desire  
10 to serve on one of those committees. And you may not come up  
11 with that name. Why don't you do that first? It's just a  
12 suggestion.

13 CHAIRMAN WITTGRAF: Okay. I think the way Mr.  
14 Guinot's motion was worded in any case, he was anticipating  
15 Board ratification of the Chair's suggestions and  
16 recommendations. So I think that's going to happen through the  
17 process anyway, if I understood his motion correctly.

18 MR. GUINOT: Yes.

19 MR. DANA: Mr. Chairman?

20 CHAIRMAN WITTGRAF: Mr. Dana?

21 MR. DANA: Mr. Chairman, would the mover accept as a  
22 friendly amendment to the resolution that our chairman be

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1 designated or authorized to appoint the chairman of each  
2 committee?

3 MR. GUINOT: The mover so agrees.

4 CHAIRMAN WITTGRAF: Hearing no objection, the motion  
5 is amended. Further discussion?

6 (No response.)

7 CHAIRMAN WITTGRAF: Those in favor of the motion will  
8 signify by saying aye.

9 (A chorus of ayes.)

10 CHAIRMAN WITTGRAF: Those opposed, nay.

11 A PARTICIPANT: No.

12 CHAIRMAN WITTGRAF: The ayes appear to have it. The  
13 ayes do have it. The motion is carried. The Chair will share  
14 with the Board at this time his thoughts regarding the committee  
15 structure in light of the resolution as amended.

16 By way of background, let me talk a little bit about  
17 scheduling. It appears that much as we had one member of our  
18 Board in 1990 who necessarily and regularly taped a television  
19 show on Fridays of each week for airing over the weekend, that  
20 even in his absence, the absence of John Collins, we again have  
21 such a Board member, Mr. Rath, who finds it very difficult, if  
22 not impossible, to be with us on Fridays.

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1           The Chair, at least for himself, and I think some of  
2 the other Board members are in a similar position, finds it very  
3 difficult to take two or three days out of the middle of a week.  
4 The Chair has more trouble in traveling than some of the other  
5 Board members because of his location in Cherokee, Iowa.

6           We're looking again, in the Chair's judgment at least,  
7 at meetings on Mondays. Now, we've discussed in the past that  
8 having travel on Sunday is certainly an infringement upon church  
9 and family activities to varying degrees depending upon when our  
10 travel plans necessarily begin.

11           The Chair anticipates that at least in the near term,  
12 the Board will continue to meet on Mondays, looking particularly  
13 at Monday, February 18 or Monday, February 25, for our next  
14 meeting. And that in the discretion in the chairs of the  
15 committees, that the Board meetings may or may not be held in  
16 conjunction with the committee meeting.

17           A committee meeting could be on a Sunday afternoon or  
18 a Sunday evening or perhaps a committee meeting could be at a  
19 completely different time, depending upon, as I say, the wishes  
20 of the chair and the committee members. It seems to the Chair  
21 that at this point the Audit and Appropriations Committee has  
22 the largest and most immediate task before it.

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1           The Operations and Regulations Committee, for example,  
2 in the future probably has the daunting task of dealing with  
3 regulations pertaining to competitive bidding and to time  
4 accounting or timekeeping among other things. But, as I think  
5 most of the people in the room understand, the Board doesn't  
6 have authority to regulate in those or any other areas as of  
7 yet. So that work does not have the urgency as does the work of  
8 the Audit and Appropriations Committee.

9           DISCUSSION OF BOARD COMMITTEE STRUCTURE

10           CHAIRMAN WITTGRAF:     Having said that by way of  
11 background, it's the Chair's intention, and the Chair does  
12 appoint as chair of the Audit and Appropriations Committee, Mr.  
13 Dana; as chair of the Operations and Regulations Committee, Mr.  
14 Guinot; as chairman of the Delivery and Provision of Legal  
15 Services Committee, Mr. Hall; and as chairman of the Ad Hoc  
16 Reauthorization Committee, Mr. Uddo.

17           Subject to action by the Board later, the Chair's  
18 recommendation is that on the Audit and Appropriations  
19 Committee, Mr. Dana be joined by Mr. Uddo and Ms. Wolbeck. On  
20 the Operations and Regulations Committee, Mr. Guinot be joined  
21 by Mr. Kirk and Mr. Rath. On the Delivery and Provisions  
22 Committee, Mr. Hall be joined by Ms. Love and Ms. Pullen. On

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1 the Reauthorization Committee, the Ad Hoc Committee, that Mr.  
2 Uddo be joined by Mr. Dana, by Mr. Molinari, by Ms. Pullen and  
3 by Mr. Wittgraf.

4 As suggested a few moments ago by Mr. Molinari, the  
5 Chair's thinking may be inconsistent with the thinking of some  
6 of the Board members. So at this time, the Chair is prepared to  
7 move forward and to come back later in the day to the matter of  
8 the membership of the committees.

9 Before we move on, is there further discussion  
10 regarding the committee structuring?

11 (No response.)

12 CHAIRMAN WITTGRAF: Hearing none, the Chair turns to  
13 the president, and to such of the staff members as he deems  
14 appropriate, to advise us as to the 1991 application for funding  
15 and the funding process. Mr. President.

16 REPORT ON 1991 APPLICATION FOR FUNDING

17 MR. MARTIN: Thank you, Mr. Chairman. I call on Ellen  
18 Smead of the Director of the Office of Field Services to provide  
19 that report. Thank you, Ellen.

20 MS. SMEAD: Mr. Chair and members of the Board, I'm  
21 director of the Office of Field Services. I've been asked to  
22 report on the 1991 application for funding. The application is

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1 divided into two parts. The first part is due back in late  
2 fall, and the second part is due back in March.

3 Last year we sought to revise both parts. The first  
4 part was revised in the summer. The main revisions were  
5 reduction in volume, reducing redundancies and providing option  
6 for programs to use computer diskettes for certain of the  
7 information.

8 Then in October, under President Martin, we then  
9 substantially revised the second part. We deleted and  
10 consolidated several forms, requested that certain information  
11 only be submitted that had --

12 CHAIRMAN WITTGRAF: We can't hear you. Could you,  
13 Ellen, speak more directly and maybe emulate me and talk loudly?  
14 Thank you.

15 MS. SMEAD: Okay. We substantially revised the second  
16 part by consolidating and deleting forms, requesting that  
17 certain information be submitted only if it had changed in 1990  
18 versus 1989. The feedback on the revisions on both parts has  
19 been very positive thus far.

20 On the second part, we've also intended to allow  
21 programs to submit more data on computer diskettes.  
22 Unfortunately, there's been a glitch in the computer diskettes

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1 and software, and we're not going to be able to do it this year.  
2 We're going to be working more on that so that in 1992 we can  
3 put more information on computer diskettes.

4 With respect to the '92 application, we will start  
5 drafting it very soon. We will be soliciting input through the  
6 president's forum that will be meeting, as he said, in February.  
7 On the application itself that we sent to programs, we've asked  
8 them to submit comments. And we expect to be able to reduce the  
9 volume further on these applications and allow programs to  
10 submit more data on diskettes.

11 With respect to the 1991 funding process itself, the  
12 Congress, through the LSC Act and Appropriations, has set forth  
13 certain preconditions and criterias that grantees have to meet  
14 in order to receive LSC funding. Part of the Corporation's  
15 ministerial duties is to ensure compliance with these  
16 requirements.

17 For example, as a precondition of funding, the  
18 Appropriation Act requires that grantees governing bodies be  
19 composed of a majority of attorneys. This is what is known as  
20 the McCollum Amendment. Based on our analysis of the refunding  
21 application, 13 programs initially did not meet this  
22 requirement.

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1           During the first week of December, we notified each of  
2 those programs verbally and in writing and worked with them to  
3 try and bring them into compliance so that they could get their  
4 1991 funding. By the end of December, 12 of the 13 had come  
5 into compliance. The last one initially thought they had come  
6 into compliance in January, the first week of January, but  
7 actually came into compliance last week.

8           We worked with each one individually to try to bring  
9 them into compliance. A requirement of the LSC Act is that at  
10 least 60 percent of the grantees governing body be attorneys.  
11 Initially, there were 21 programs that were affected by this,  
12 and we notified each of those verbally and in writing during the  
13 second week in December.

14           By the end of December, 15 came into compliance. Six  
15 were given interim funding at their old 1990 level so they could  
16 continue operations while they sought to come into compliance.  
17 As of last Friday, three more had come into compliance. And we  
18 expect three more to come into compliance this week so that by  
19 the end of this month, all of them will be in compliance with  
20 that requirement.

21           The LSC Act also requires that at least a third of the  
22 grantees government body be eligible clients. The importance of

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1 the involvement of clients in the governing process was  
2 discussed at length during the 25th anniversary conference.  
3 Initially, 100 programs did not meet this requirement. But 40  
4 came into compliance immediately when we contacted them by  
5 telephone.

6 The remaining 60 were given a three month grant at the  
7 1991 funding level, that's a higher funding level, to give them  
8 time to come into compliance. The effect of this was that they  
9 got the same money, at least initially, as they would have  
10 gotten if they had been annualized.

11 Since that time, 14 more have come into compliance  
12 during the month of January. And we'll continue to work with  
13 each of the programs affected to try to help them in any way  
14 they can. Seventeen other programs were also given interim  
15 funding of one or more of their grants.

16 These are because LSC had certain concerns about one  
17 or more functions that they were doing. My office and Amelia's  
18 office, the Office of Monitoring Audit and Compliance, has been  
19 working with each of these programs. And as of last Friday, our  
20 concerns with three other programs have been resolved, and they  
21 will be annualized this month.

22 The bottom line is that Congress requires us to

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1 perform certain ministerial functions. And under the  
2 president's direction, you will hold the programs to compliance  
3 as required by Congress. We will not defund a program if it  
4 makes an honest effort to come into compliance and to cooperate  
5 with us in doing so.

6 And we will contact programs when we detect a problem  
7 and will work with them to help bring them into compliance.  
8 That ends my comments.

9 CHAIRMAN WITTGRAF: Any questions for Ms. Smead?

10 (No response.)

11 CHAIRMAN WITTGRAF: Did I understand, Ellen, that the  
12 attempt to computerize this, to put it on diskettes, did not  
13 work out for 1991, but you're going to attempt it again for  
14 1992?

15 MS. SMEAD: That's correct. It's a minor glitch, but  
16 it's enough that it would drive people batty trying to fill out  
17 the application.

18 CHAIRMAN WITTGRAF: Do all grantees have the  
19 capability to be able to respond in that way?

20 MS. SMEAD: No, not all of them do. And what we've  
21 done as part of our Part II application, we've tried to get  
22 input from the programs as to what types of computers they have

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1 so that we will be able to coordinate better next year.

2 CHAIRMAN WITTGRAF: So you're anticipating some need  
3 to be flexible depending upon the computer capability of the  
4 given grantee?

5 MS. SMEAD: Yes. We expect it to be an option that  
6 they would have.

7 CHAIRMAN WITTGRAF: Further questions for Ms. Smead?

8 MR. HALL: Mr. Chairman?

9 CHAIRMAN WITTGRAF: Mr. Hall?

10 MR. HALL: Ellen, this year you had a lot less  
11 problems with this McCollum Amendment requirement than you had  
12 last year. Is that what you're telling us?

13 MS. SMEAD: Yes, in part because we were able to get  
14 on it much quicker. The applications came in a whole month  
15 earlier this year, so we were able to get in contact with the  
16 programs a month earlier. Also, there was, I think because  
17 people knew what happened last year, a lot more work in  
18 compliance when they actually came through the door in the  
19 application than in the past.

20 MR. HALL: But we didn't have problems like we had  
21 last year?

22 MS. SMEAD: No, we did not.

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1           MR. HALL: Or animosity between the programs and the  
2 Board like we had last year.

3           MS. SMEAD: They were not thrilled about it, but they  
4 did work with us to get it resolved. And all but one was  
5 resolved by the end of the month.

6           MR. HALL: And did we work with them to get it  
7 resolved as well?

8           MS. SMEAD: Yes. We worked very closely with them.  
9 We contacted each of them by phone, sent them FAXs, offered to  
10 makes calls to bar associations. In fact, I talked to a couple  
11 bar presidents myself. So we did try to work very closely with  
12 them to try and get this resolved as quickly as possible.

13           MR. HALL: Okay.

14           CHAIRMAN WITTGRAF: Further questions for Ms. Smead?  
15 Comments?

16           (No response.)

17           CHAIRMAN WITTGRAF: Thank you, Ellen. Agenda item 7  
18 pertains to the last fiscal year, fiscal year 1990. At this  
19 time the Chair is prepared to call on Mr. Martin together with  
20 Mr. Richardson and the representative of Peat, Marwick and  
21 Mitchell regarding fiscal year 1990. Mr. President.

22           MR. MARTIN: Mr. Richardson, would you come forward

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1 and bring the Peat Marwick partner?

2 MR. RICHARDSON: Thank you, Mr. Martin and Mr.  
3 Wittgraf and members of the Board. We are here today to go over  
4 a number of the budget items beginning with the 1990. I have  
5 with me the senior manager from our audit engagement from Peat  
6 Marwick. His name is Scot Janssen. At this point, I'll turn  
7 this part of the presentation over to him.

8 REPORT ON THE FISCAL YEAR 1990 CONSOLIDATED OPERATING BUDGET

9 MR. JANSSEN: Mr. Chairman and the Board, it's a  
10 pleasure to be here. I am the senior manager on the audit  
11 engagement of LSC. I've been associated with LSC for the past  
12 four years in that capacity.

13 My presentation today, I'd like to cover four topics.  
14 The first topic is a summary of the financial statements. The  
15 second topic is management letter. Third, I'd like to speak for  
16 just a minute on the Audit Committee. Fourth, just open it up  
17 for questions if you have any.

18 Beginning with the first item, the financial  
19 statements of Legal Services. Does each member have a copy so  
20 when I make references -- okay. It appears so. We conducted  
21 our audit this year. We did not have any material adjustments  
22 nor did we have any significant what we term as audit

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1 differences or differences that did not get posted to the  
2 financial statements.

3           We've issued what's terms as the clean opinion. This  
4 is the best, if you will, opinion that can be provided by an  
5 auditor. It clearly states that we, in our opinions, believe  
6 that the financial statements present fairly in all material  
7 respects the financial position of Legal Services Corporation.  
8 And there's no qualification there.

9           Just briefly, the financial statements are in the same  
10 format as they have been in previous years. You have a balance  
11 sheet which states the financial position of the company as of  
12 September 30, 1990, and 1989, followed by a statement of  
13 support, revenues and expenses. And that is separated into two  
14 funds; your federal appropriation fund and your properties fund.

15           Behind that consisted with statement with SOP,  
16 statement of coming position. You have a statement of  
17 functional expenses. And that is separated into program  
18 activities and supporting activities: program activities being  
19 those associated with providing grants and those activities,  
20 expenses and incurred to fulfill the corporate purpose;  
21 supporting activities generally understood to be an  
22 administrative expense incurred to provide the program

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1 activities.

2 This is followed by a full set of footnotes. There is  
3 only one footnote that is different from prior years. That is  
4 the reclassification footnote. That is footnote 1(h). There  
5 was a very minor reclassification on the balance sheet to  
6 combine two accounts, mainly for presentation purposes just so  
7 it wouldn't look so cluttered.

8 And that ends my presentation of the financial  
9 statements. If the Board wishes, I'll entertain questions on  
10 the financial statements or I'll proceed with the remainder of  
11 my discussion.

12 CHAIRMAN WITTGRAF: Any questions or comments for Mr.  
13 Janssen at this time?

14 MR. DANA: Just one.

15 CHAIRMAN WITTGRAF: Mr. Dana?

16 MR. DANA: I think this may be the first time that  
17 I've reviewed and audit and financial statement and it agreed to  
18 the penny with the internal statements. And I think that that  
19 is a reflection of, I hope you will agree, Mr. Richardson's  
20 operation.

21 MR. JANSSEN: I certainly do. Myself and the partner  
22 on engagement and the remainder of the engagement team have a

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1 great deal of respect for the progress that Dave has made in the  
2 last four years. This is evident in a number of different  
3 situations. I might point to one which is right on the  
4 financial statements.

5 If you look at the statement of revenues and expenses,  
6 you will see that interest and other income took a big jump this  
7 year. You made some money on the money you had provided by the  
8 Treasury. I think in a large part that's due to the fiscal  
9 management of Dave and his group.

10 The next situation I might point to is the next agenda  
11 item that I have, which is the management letter. Are there any  
12 other further questions on the financial statements?

13 CHAIRMAN WITTGRAF: Any other questions for Mr.  
14 Janssen or comments before he moves forward?

15 (No response.)

16 CHAIRMAN WITTGRAF: Mr. Janssen?

17 MR. JANSSEN: All right. We do not have a management  
18 letter this year. I don't believe we had one last year. And,  
19 in fact, the year before that the letter contained only minor  
20 cleanup cosmetic sort of comments. I hope that the Board  
21 understands this to be a reflection of the good job that Dave  
22 and his department is doing.

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1           Had there been a material weakness in internal  
2 controls that would materially affect the financial statements,  
3 we would have uncovered it as a result of our audit. If there  
4 were operational deficiencies that had come to our attention  
5 during the course of our audit, we would bring those forward  
6 now.

7           We simply feel that Dave is running a very good shop.  
8 And we do not have any management letter comments per se. And  
9 that would include reportable conditions or conditions of  
10 material weakness.

11           With that, I'll carry on with a short discussion about  
12 the Audit Committee. I'm pleased to hear that an Audit  
13 Committee will be formed. And, Mr. Dana, I look forward to  
14 meeting with you and the other members of the committee very  
15 soon.

16           There has been a movement in the last several years in  
17 my industry, the accounting profession, to separate ourselves  
18 more from the financial management of the Corporation and to  
19 become more involved with an independent committee of the Board,  
20 that being the Audit Committee.

21           In fact, one thing that's come out of that is this  
22 statement that I'm holding up which is called communication with

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1 audit committees. That's commonly referred to as SASC 61, and  
2 it requires the auditor to make a presentation to the audit  
3 committee of every organization, whether it's a not-for-profit  
4 or for profit or public or non-public entity.

5 We are required to meet with the audit committee and  
6 discuss certain items. I look forward to doing that in the near  
7 future. And we will talk about this year's audit. I simply  
8 wanted to make this presentation regarding this new statement  
9 that is important.

10 Finally, if I can open up for any questions that you  
11 may have for myself.

12 CHAIRMAN WITTGRAF: I have a question which can be  
13 answered by either or both of you. Going to the notes, note 5,  
14 commitments, you've heard a comment or a suggestion this morning  
15 by Mr. Martin as president regarding the purchase of this  
16 facility with a long term promissory note and mortgage as  
17 opposed to an extension of a lease commitment beyond that which  
18 exists presently.

19 Looking at those notes or at that note in particular  
20 and the lease commitments, are you able to give us just a quick  
21 idea of what's involved each of those five years in the future  
22 in those lease commitments, what the lease commitments are

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1 representing those totals?

2 MR. RICHARDSON: Yes, Mr. Wittgraf. As you state with  
3 your commitments, that we are in the middle of a 10-year lease  
4 with the property that we are in. We feel that the market has  
5 changed so, and especially in our particular area, because NASA  
6 has moved into the area.

7 There is control of the currency. And there's other  
8 government agencies moving into the southwest market where we  
9 are located. We feel that we can sublease or work an  
10 arrangement with the management company that we are dealing  
11 with, that we now lease from, to sublease the property.

12 Just to let you know, as far as the net operation,  
13 we're paying approximately \$25 to \$26 for the space itself.  
14 It's \$20.50 lease and then the other operational costs. The  
15 properties in our area are leasing for in excess of \$33, \$34,  
16 \$35.

17 We get cold calls each week wanting to know if we  
18 would downsize and basically make property or space available  
19 for people who would like to move into the area. As Mr. Martin  
20 has stated, we'd like to look elsewhere. We know that this is  
21 going to be a process that's going to take a year, 18 months,  
22 two years.

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1           It's just a matter of we would like to start looking  
2 at this point so that if an opportunity does present itself,  
3 then we can come back to you.

4           CHAIRMAN WITTGRAF: Of the slightly in excess of \$1  
5 million projected lease commitment each year, what is the  
6 proportion represented by the present building lease?

7           MR. RICHARDSON: Most all of it -- there's less than  
8 30,000 outside the Washington area.

9           CHAIRMAN WITTGRAF: The narrative portion of the note  
10 referred to headquarters and regional office space.

11          MR. RICHARDSON: Yes, sir.

12          CHAIRMAN WITTGRAF: But all, as you say, but perhaps  
13 30,000 of each of those figures is represented by the lease  
14 obligation for the headquarters building at 400 Virginia, S.W.,  
15 in the District?

16          MR. RICHARDSON: Actually, when you look at the later  
17 years, all of that is related to the headquarters lease because  
18 most of the regional offices will expire this year.

19          CHAIRMAN WITTGRAF: Further questions or comments  
20 regarding the audit report?

21          (No response.)

22          CHAIRMAN WITTGRAF: Thank you very much, Mr. Janssen.

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1 MR. JANSSEN: You're welcome.

2 CHAIRMAN WITTGRAF: Mr. Richardson, while we're still  
3 on the first part of item agenda 7, the fiscal year 1990 budget,  
4 could you highlight and elaborate upon the carryover from the  
5 end of the year as of September 30, 1990?

6 MR. RICHARDSON: Yes, sir. In your Board books, there  
7 is, of course, memoranda starting on page 15, and there is an  
8 attachment to that. I have gone through basically page 15  
9 through page 19. It relates directly to the attachment A(1)  
10 through (4). I'll walk through that with you.

11 Under I, and I'll go -- in the larger Roman numerals  
12 if you'd like additional breakdown of the others, I'd be glad to  
13 do so. The revised budget for the delivery of legal assistance  
14 was \$292,207,000. The amount expended was \$287,786-almost 87-  
15 000. The remaining funds, \$4,420,000 is made up of two  
16 components, of course, and that is the committed and the  
17 uncommitted.

18 The committed carryover is the amount that's allocated  
19 for the programs that are on month-to-month funding. Those  
20 programs are identified in the narrative. For instance, the  
21 basic field is identified on page 16. There is nine programs  
22 that that money is committed for. And the dollar amounts that

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1 are associated are detailed there.

2 I'll go through the first one with the basic field so  
3 that you can look with me in regards to that. With the  
4 Connecticut Legal Services, there was \$406,929 designated for  
5 that program. Chautauqua County Legal Services was \$43,996.  
6 Capital Area Legal Services was \$329,208. North Mississippi  
7 Rural Legal Services was \$736,001. Texas Rural Legal Aid was  
8 \$90,000. California Rural Legal Assistance was \$806,296. And  
9 the Tri-Parish was \$37,637.

10 Those nine programs will add up to \$2,914,502. That  
11 type of narrative is available in the memo for each of the  
12 delivery of legal assistance lines, basic field, native American  
13 and the migrant. I'll be glad to walk through those further if  
14 you'd like. I think the memo you've had for over a week  
15 basically take your counsel on that.

16 I'll stop there and see if any of you would like to  
17 walk through.

18 MR. DANA: Mr. Chairman, just one question.

19 CHAIRMAN WITTGRAF: Mr. Dana?

20 MR. DANA: With respect to those programs you've just  
21 read off, are those by and large the programs that are on month-  
22 to-month and that's the reason we haven't distributed all the

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1 money?

2 MR. RICHARDSON: Yes, sir. It's month-to-month plus a  
3 program dispute there, and that is Texas Rural Legal Aid.

4 MR. DANA: Thank you.

5 CHAIRMAN WITTGRAF: Ms. Pullen?

6 MS. PULLEN: It's been about a year since we dealt  
7 with the carryover issue. And I for one need a little bit of a  
8 refresher in some senses. If this is for FY 90, and FY 90 is  
9 already closed, why have not all these monies been spent to  
10 these particular -- just dealing with the committed ones right  
11 now, why have not all these monies been spent? Have they not  
12 needed them?

13 MR. RICHARDSON: Okay. These statements are as of  
14 September 30th. Much of this money has already gone to the  
15 field. I don't have the exact dollar amount, but this  
16 represents their funding for October, November and December.  
17 And much of it has gone to them.

18 MS. PULLEN: Is this because their grant years are  
19 different from the federal fiscal year?

20 MR. RICHARDSON: Yes, it is, by and large. We provide  
21 funding, of course, January through December. A grantee that  
22 gets an annualized funding is expended when that contract is

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1 written. These particular programs, the contracts are issued  
2 each month. So, therefore, the three months of funding remains.

3 MS. PULLEN: So, does that mean that most of these  
4 committed funds are the three months after September 30th?

5 MR. RICHARDSON: That's correct.

6 MS. PULLEN: And why are there not more programs like  
7 that then? Are these the only ones that are done on a month-by-  
8 month?

9 MR. RICHARDSON: As of September 30th, these are the  
10 only programs that remained on month-to-month, yes. The rest of  
11 them, whatever sanction was against them, has been corrected and  
12 has been annualized.

13 As Ms. Smead went over in her presentation, many of  
14 the programs that were, for instance, on the McCollum issue,  
15 once they cure that, whether it's in February or March, then we  
16 would annualize their funding. They would not be a part of the  
17 month-to-month carryover at the end of the year.

18 Others that have sanctions against them that go for  
19 whatever reason, the contracts would again be let each month,  
20 and they would be included in this year's.

21 MS. PULLEN: So these organizations are still, in  
22 essence, in contract negotiation with us nine months into the

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1 fiscal year or nine months into the grant year?

2 MR. RICHARDSON: That is correct.

3 MS. PULLEN: Thank you.

4 CHAIRMAN WITTGRAF: Mr. Richardson, perhaps you'd  
5 speak to the difference between committed carryover and  
6 uncommitted carryover and particularly what the significance has  
7 been of or what happens to the uncommitted carryover?

8 MR. RICHARDSON: Okay. In regards to the basic field  
9 component, there is an amount that is uncommitted to no program  
10 through our funding process. There was almost \$60,000 there.  
11 Last year, President Wear made a one time grant to aid the Santa  
12 Cruz program for \$30,000, therefore reducing this year's  
13 carryover from that line to the \$30,979.

14 In the Native American programs, the same concept. We  
15 had approximately \$60,000 in undesignated money for the delivery  
16 of legal services to the Native Americans. We funded a  
17 training, an attorney training for the Native American units or  
18 Native American programs last year.

19 Therefore, of the \$60,000-or-so that was not  
20 designated to a program, there's only \$28,559 that is remaining.  
21 When you look at the migrant line, it's \$274,562. There are  
22 four states that do not have migrant components. Each year we

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1 set the money aside for those services. We have no providers  
2 there at this time and none have come forward. So, therefore,  
3 the money is uncommitted to any program for those services.

4 I will back up as far as the committed end of the  
5 program development, the \$300,000. That money has been  
6 designated for the implementation of timekeeping, done by prior  
7 Boards including this Board last year. When you look at the law  
8 school, there is \$61,528 that is remaining.

9 As we have started the RFP process for this year, the  
10 request for proposal, we'll have law schools come forward.  
11 They're soliciting funds from state and other federal agencies.  
12 We may have a law school, for instance, that will ask for  
13 \$75,000 and they present a budget to us.

14 During the review process, we will agree fund you  
15 \$75,000. However, what they do in seeking their other funding,  
16 they may get \$25,000 from their local state or from another  
17 federal agency. So what they'll do is they say, we'll accept  
18 the grant for a lesser amount, for \$50,000. So, therefore,  
19 there is money left each year as a result of this type of  
20 action.

21 CHAIRMAN WITTGRAF: Let me interrupt you for just a  
22 moment. The uncommitted carryover then is built, is it not, by

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1 the Congress into the following years, in this case fiscal year  
2 1991's appropriation?

3 MR. RICHARDSON: That is correct, sir.

4 CHAIRMAN WITTGRAF: I'm looking now at an uncommitted  
5 carryover balance of \$1.3 million. What is your recollection as  
6 to what uncommitted carryover was built by the Congress into the  
7 FY 91 appropriation?

8 MR. RICHARDSON: Okay. We need to go one page further  
9 down. The total uncommitted is \$2,240,437.

10 CHAIRMAN WITTGRAF: Would you state a page that you're  
11 on?

12 MR. RICHARDSON: Sure, page 23. Not only do we have  
13 uncommitted carryover from our programs and for the different  
14 lines in our appropriation, we have grant recoveries and  
15 interest on our money each year. So there is the difference.  
16 The total uncommitted carryover is \$2,240,437.

17 Each year in August we provide a projection of  
18 carryover to the Congress. This year's projection was basically  
19 \$1,925,000. Since we have jumped forward, would you like me to  
20 backup to page 21 and go through the other committed and  
21 uncommitted programs?

22 CHAIRMAN WITTGRAF: I don't know that that's necessary

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1 unless somebody specifically requests it. Let me ask you one  
2 more question. How does that uncommitted carryover of \$2.24  
3 million compare with uncommitted carryover amounts of the  
4 preceding year or two or three?

5 MR. RICHARDSON: Okay. For instance, if you look at  
6 the amount of financial statements provided by Peat Marwick,  
7 last year's undesignated was \$2,029,070. The year before that I  
8 don't recall right off, but it was approximately \$1.9 million.

9 CHAIRMAN WITTGRAF: So there's a pattern of  
10 approximately \$2 million apparently for the last three years at  
11 least?

12 MR. RICHARDSON: Yes, sir.

13 CHAIRMAN WITTGRAF: It's fairly consistent. Are there  
14 further questions regarding fiscal year 1990, the audit report,  
15 the carryover, or anything else for Mr. Richardson?

16 MR. MOLINARI: I have a question, Mr. Chairman. Going  
17 back to the migrant programs and components. It's on page 17,  
18 the middle of the page, where you talk about \$274,000-and-  
19 change reserved for four states and there were no providers.  
20 Therefore, the monies could be reprogrammed.

21 Looking at Mississippi, because that figure seems to  
22 jump out at you at a much larger number, \$173,000-and-change,

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1 can someone -- I don't know if Dave is the one to answer this,  
2 but can somebody tell us why such a large sum, nobody came forth  
3 to offer to provide those services or, in fact, what the  
4 explanation is for that event?

5 MR. RICHARDSON: Let me go back a little bit. I think  
6 it was either '85 or '86, an RFP, request for proposal, was sent  
7 out to these four states. We had one proposal for the State of  
8 Louisiana and that was a Texas program who wanted to provide  
9 services in Louisiana.

10 However, they did not want to set up a location, an  
11 office in Louisiana. As I recall, they basically wanted the  
12 money to go to Texas and set up no means of contacting clientele  
13 for representation in Louisiana.

14 MR. MOLINARI: Well, I guess, Dave, what I'm wondering  
15 is, why was such a large sum reserved for migrant workers in  
16 Mississippi if we weren't experiencing RFPs from possible  
17 providers?

18 MR. RICHARDSON: The way our appropriations process is  
19 set up, we have to reserve money each year based on the prior  
20 year's funding level. Therefore, last year I think the  
21 carryover in this particular circumstance was like \$265,000. So  
22 we have to give a corresponding increase to every program in the

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1 migrant line. We have to set up these particular reserves in  
2 case a program does step forward.

3 MR. MOLINARI: Okay. Well, that's what I'm referring  
4 to. In other words, what you're saying then indirectly is that  
5 there was somebody providing that service to you before  
6 Mississippi and they were paid approximately \$170,000-some-odd?

7 MR. RICHARDSON: No, sir. There has been no providers  
8 for at least four years that I'm aware of in these particular  
9 states.

10 MR. MOLINARI: But each year we continue to carry  
11 forward that same figure as a potential reserve for somebody who  
12 may come forward?

13 MR. RICHARDSON: That is correct, sir.

14 MR. MOLINARI: Thank you.

15 CHAIRMAN WITTGRAF: Further questions for Mr.  
16 Richardson? Ms. Pullen?

17 MS. PULLEN: The 300,000 committed in program  
18 development for timekeeping, I am assuming that this was  
19 intended for implementation of regulations that have not been  
20 able to be implemented on timekeeping; is that right?

21 MR. RICHARDSON: No. It has been set aside for  
22 implementation of timekeeping. Unfortunately, with the prior

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1 two boards, we've had no authority to study it, to spend the  
2 money on timekeeping, whether to set up a pilot project or to  
3 implement it.

4 MS. PULLEN: Many of the programs already do  
5 timekeeping. It's just a matter of the way that they set up  
6 their operations. Would there be anything that would bar the  
7 use of this money for programs that do not now do timekeeping  
8 but desire to do so on a voluntary basis, to assist them to do  
9 that more as an incentive fund than as an implementation of  
10 regulations?

11 MR. RICHARDSON: There would not be. That could be  
12 done.

13 MS. PULLEN: Thank you.

14 CHAIRMAN WITTGRAF: Further questions or comments for  
15 Mr. Richardson or any other member of the staff regarding fiscal  
16 year 1990?

17 (No response.)

18 CHAIRMAN WITTGRAF: That being the case, Mr.  
19 Richardson, the Chair would ask that you move to fiscal year  
20 1991 and discuss where we are in that year.

21 REPORT ON PROPOSED FY 1991 CONSOLIDATED OPERATING BUDGET

22 MR. RICHARDSON: Okay. You may want to look at page

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1 25 of your Board book which is immediately following the 1990  
2 presentation. There is a proposed allocation of fiscal year  
3 1990 carryover for the 1991 budget. The proposal itself deals  
4 with the money as we just spoke of that's designated to each  
5 program or function as the Board has so set aside money.

6 For instance, as we just talked about the timekeeping,  
7 there is an additional amount of \$50,000 for Board training  
8 materials on behalf of the grantee programs. We're in the  
9 process of developing that. The remaining money, the  
10 uncommitted, as the way I would term it because it is  
11 uncommitted to any particular program, that is a recipient  
12 program or any other program that the Board has so designated,  
13 is the \$2,240,000.

14 The proposal that has been put together would bring  
15 that money into management and administration. That's what the  
16 attachment B on page 24 and 25 is detailing. It will show you  
17 the amount of money that would require the reprogramming that we  
18 go through when we move money from one budget line to another.

19 And basically, that reprogramming would be the moving  
20 of \$1,437,105 from the different budget lines into management  
21 and administration. As we turn to page 31, you'll see that that  
22 proposal is set forth to you, III(a), Management and

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1 Administration.

2 Under the appropriations, we were appropriated  
3 \$8,821,000. The proposed allocation, the \$2,290,437 would bring  
4 the total management and administration budget to \$11,111,437.  
5 To try to answer a question before we get there, you might ask  
6 why is it \$2,290,000 not \$2,240,000. The additional \$50,000 is  
7 the board training materials that last year was budgeted in the  
8 M&A and this year will again be budgeted in the M&A so that we  
9 can complete that project.

10 Let me go to the top of page 31. I'll just briefly go  
11 through. Column 1, as it's numbered, is the appropriation that  
12 we got from Congress this year. Column 2, there is program  
13 adjustment, \$63,863. On page 29, the memo describes the process  
14 that we go through there.

15 We have a program in New Mexico that is a Native  
16 American provider. There was a number of years ago a basic  
17 field provider in that location. They closed their doors. And  
18 the Native American provider picked up the service to that area.  
19 However, they wanted the monies that were allocated them to be  
20 designated Native American monies.

21 So each year we go through and basically reallocate  
22 that money from the basic field into the Native American line.

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1 Column 3 is the proposed allocation of FY 90 carryover. Column  
2 4 is the total of Columns 1, 2 and 3. You may ask about  
3 management and administration, Attachment B, on page 32.

4 We'll give you a breakdown of the budget through the  
5 different divisions in management and administration. I've met  
6 with each director. I've met with our president. And this is  
7 the breakdown that we would propose for management and  
8 administration.

9 MR. HALL: Mr. Chairman?

10 CHAIRMAN WITTGRAF: Mr. Hall?

11 MR. HALL: Who do you mean by we, I guess is what I'm  
12 trying to say?

13 MR. RICHARDSON: I'm sorry?

14 MR. HALL: Whose proposal is this where all this  
15 uncommitted carryover goes to M&A?

16 MR. RICHARDSON: Basically, that would be the  
17 president and the staff's proposal. Keep it in mind that this  
18 is the way that the appropriation process has followed out in  
19 prior years; that the money from the lines that is undesignated,  
20 uncommitted, is moved into management and administration for  
21 continued operations.

22 CHAIRMAN WITTGRAF: Mr. Richardson, am I correct in my

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1 understanding that to make these changes or any other changes  
2 regarding the use of these monies does require Board action  
3 which in turn is reported to the Congress for advice and consent  
4 for them to accept or to reject?

5 MR. RICHARDSON: That is correct, sir. We do go  
6 through the reprogramming procedure.

7 CHAIRMAN WITTGRAF: At least as one Board member, my  
8 thought is as we look to fiscal year 1991 and beginning to work  
9 with the anticipated carryover there, that I think we want our  
10 Audit and Appropriations Committee to visit with the president  
11 and with the staff, perhaps to visit with others outside before  
12 bringing a specific recommendation to the Board presumably at  
13 our February meeting.

14 Is there any urgency between now and approximately  
15 four weeks from now, to your knowledge?

16 MR. RICHARDSON: Are you speaking in regards to the  
17 '92?

18 CHAIRMAN WITTGRAF: No. I'm speaking in regards to  
19 the '91 and the reallocation of projected carryover monies.

20 MR. RICHARDSON: Well, other than the fact that we are  
21 operating basically with the same employee level that we  
22 operated with at the close of the year, because until we get an

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1 approved budget, we're operating with less staff. We have  
2 approximately 125 staff members at this point.

3 This proposal would allow us to hire up to 150 staff  
4 members. Of course, any additional delay would delay progress  
5 on any of the presidential initiatives and programs that we have  
6 going internally.

7 CHAIRMAN WITTGRAF: Mr. President?

8 MR. MARTIN: Dave, I guess, like I've instructed many  
9 witnesses in trials, he asked for an answer to a specific  
10 question. That is, is there any problem with a delay over the  
11 next three to four weeks pending another meeting of the Board in  
12 terms of approving this proposal, in terms of carrying on the  
13 day-to-day operations of the --

14 MR. RICHARDSON: There would not be.

15 MR. MARTIN: Mr. Chairman, I just might add to what  
16 Mr. Richardson says. We are internally undergoing some changes  
17 that I have recommended. One of them is to add additional  
18 people in different offices to undertake these initiatives. I  
19 certainly think it's a good idea to share with the Audit and  
20 Appropriations Subcommittee what those things are and what my  
21 plans would be. We certainly can make do for the next month  
22 with current operations.

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1           CHAIRMAN WITTGRAF:   Thank you, Mr. President.   One  
2 other comment I have is that the Congress, at least the last  
3 couple years of which I'm aware, has forced this to be the way  
4 to adequately fund the M&A line item of the Corporation's  
5 budget.

6           At the same time, even while accepting that reality, I  
7 hope that you and your staff as well as our Audit and  
8 Appropriations Committee, in looking at the \$2.24 million, will  
9 also keep in mind ways in which it can be used either directly  
10 or perhaps indirectly to benefit the field and its provision of  
11 legal services.

12           So if it isn't absolutely all needed at or about 400  
13 Virginia, S.W., in the District, that, as I say, directly or  
14 indirectly it can be of some benefit in the provision of legal  
15 services as well. In fact, I would say to Mr. Dana, based both  
16 upon this discussion and upon what the president has indicated  
17 is a request from the House Appropriations Subcommittee, to have  
18 some sense of the Board regarding fiscal year 1992, not a  
19 resolution of the Board but at least a sense of the Board by as  
20 soon as February 4.

21           You and the prospective members of the Audit and  
22 Appropriations Committee may want to consider as we recess this

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1 noon the possibility of a committee meeting in the very near  
2 future regarding both fiscal year 1991 and fiscal year 1992 so  
3 that that direction can be given to the House Appropriation  
4 Subcommittee so that we don't lose for ourselves or particularly  
5 for the grantees the opportunity to be heard in the beginning  
6 and to have our oar in the water from the beginning and also  
7 then to be prepared to deal with the FY 91 issue at our next  
8 meeting. Mr. President.

9 MR. MARTIN: Yes. I might add to what you said, Mr.  
10 Chairman. The political realities are that the sooner we get up  
11 there with what we want, the better consideration we'll have  
12 from staff at the appropriation side. So, I do think there is  
13 some urgency to deal with this and to get up there and get our  
14 oar in the water first.

15 CHAIRMAN WITTGRAF: Mr. Dana?

16 MR. DANA: Your admonitions have been heard.

17 CHAIRMAN WITTGRAF: Are there further questions or  
18 comments at this time for Mr. Richardson or other members of the  
19 staff regarding the fiscal year 1991 budget and the preliminary  
20 projections regarding carryover funds?

21 (No response.)

22 CHAIRMAN WITTGRAF: Hearing none, at this time the

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1 Chair is prepared them to proceed to agenda item number 8,  
2 legislative report. Mr. President.

3 MR. MARTIN: Thank you, Mr. Chairman. We've already  
4 touched on some of the matters that are going on. But I would  
5 call on Mr. Ken Boehm to deliver our legislative report. Ken,  
6 thank you.

7 LEGISLATIVE REPORT

8 MR. BOEHM: This current year, 1991, is going to be  
9 possibly the busiest legislative year in recent LSC history and  
10 principally because we're going to be involved in three rather  
11 important legislative processes, in some cases distinct, but  
12 there is some overlap.

13 We're going to have our reauthorization process. Of  
14 course, over in the Senate you're going to participate in the  
15 confirmation process and then, of course as we always are  
16 involved each year, the appropriations process. And what I'd  
17 like to do is give a quick recap of where we are now with all  
18 three with special attention to the Board's interest in those.  
19 And then if there are questions or we can get further materials,  
20 we can follow up in that way.

21 With respect to the authorization, as you know the  
22 last time we were reauthorized was 1977, and that was for three

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1 years. It expired in September of 1980. One bill did pass the  
2 House in 1981, but there was no action in the Senate and it  
3 died.

4 Last year, for the first time in recent memory, there  
5 were two appropriations hearings. There was a subcommittee bill  
6 passed out of the subcommittee, Congressman Barney Frank's  
7 committee. It was not taken up. It passed up rather late in  
8 the season and it was not taken up by the full judiciary  
9 committee.

10 This year, as far as anyone can tell -- and nothing  
11 has been set because the subcommittees have not been appointed  
12 yet. That is going to happen actually this week. And there was  
13 some speculation originally that Congressman Frank would not  
14 continue to chair the subcommittee because he had had some other  
15 committee interests, I think it was in banking committee.  
16 That's apparently been resolved, so he will most probably be  
17 chairing the subcommittee when they organize this week.

18 But in any case, where we are right now with respect  
19 to authorization is that in the colloquy that took place October  
20 23rd on the House floor about Legal Services Corporation, there  
21 was a consensus, a bipartisan, if you will, consensus and also a  
22 consensus among the various forces on different aspects of the

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1 reform issue that the best way to move substantial change with  
2 respect to legal services is through the authorization process  
3 and not through the appropriations process.

4           And in the course of that colloquy the consensus  
5 further stipulated and further moved along to say that we should  
6 get started very early, perhaps as early as the end of February,  
7 next month. So that's what the expectation is even though  
8 nothing has been scheduled.

9           And it would go through subcommittee. The expectation  
10 is, and again subject to change, that the subcommittee bill that  
11 passed out last year would be the basis for what would be done  
12 at least in subcommittee this year. Then it will move up to the  
13 full committee. And they will have an opportunity to amend,  
14 change, whatever input they would want and then to the full  
15 House floor.

16           On the House floor, again the expectation, and this is  
17 just based on past congressional behavior in similar  
18 circumstances, is that it would be an open rule. In other  
19 words, members of Congress, regardless of whether they are on  
20 the committee or subcommittee or not, would be allowed to put in  
21 their own amendments to legal services.

22           The reason for that is as an organization, federally

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1 funded organization, it hasn't been reauthorized since 1977 and  
2 fairly controversial. Generally, there is an open rule. They  
3 want all the members of Congress to have input, and then  
4 whatever is passed on the House floor most probably would be the  
5 basis for what would happen in the Senate.

6 Last year, as you know, nothing happened in the  
7 Senate. Not only were there no hearings, but there were no  
8 bills dropped. And the rationale in talking with the various  
9 Senate staffers have an interest in that is that they didn't  
10 think the House was going to complete their end of it, and they  
11 had a number of other things that were under consideration. So,  
12 for time purposes more than anything else, we didn't get an  
13 opportunity in the Senate.

14 This year if we're to proceed the full length in an  
15 authorization, it will have to be Senate activity as well. And  
16 the feeling is that if we're getting started this early in the  
17 legislative year, we have, realistically, a much better chance  
18 to see that process completed. But nobody knows for sure what's  
19 going to happen with respect to legislation in the Congress this  
20 far in advance.

21 The other process which you'll be briefed on perhaps  
22 in more depth this afternoon over at the White House is the

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1 confirmation process over at the Senate. It has, in the past,  
2 been fairly straightforward. We reviewed all the records from  
3 previous confirmations.

4 And generally what has happened is when the president  
5 sends up his slate of nominees, we then get inquiries from the  
6 senators through their staff, generally questions that they  
7 would like the individual nominees to answer for the particular  
8 senators.

9 And in the past the staff has assisted with it if  
10 assistance was requested or required. In other cases,  
11 prospective Board nominees up for confirmation have asked the  
12 staff to give them copies of previous confirmation questions and  
13 answers to try to get a feel for what the senator's interests  
14 are, maybe what previous folks in your position have said to  
15 particular questions.

16 We have that file from the last confirmation process.  
17 It's available for the asking to any Board member who would like  
18 to sit down and review. There's no guarantee the questions are  
19 going to be the same. Even some of the senators obviously have  
20 changed. But it may be helpful.

21 Then there's the actual confirmation hearing itself  
22 which generally, at least in the past, has been relatively

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1 short. And there's no way to predict exactly what's going to  
2 happen at that particular stage. A lot of the input is actually  
3 taken in advance. It's a little like litigation; you have  
4 discovery, in effect, in advance of the actual confirmation  
5 hearings.

6           Again, I suspect you'll be hearing more about that  
7 this afternoon in your White House meeting. The final process,  
8 the process we're already in and there was already some  
9 discussion of, is the appropriation's process. As was already  
10 mentioned, the scheduling for the appropriations hearing, the  
11 subcommittee hearing on the House side, has bounced around a  
12 lot.

13           Right now it's set for Thursday, April 11th. It will  
14 be Mr. Wittgraf and Mr. Martin and possibly one other. It's  
15 generally a relatively short session. I've participated in  
16 meetings with the staff both on the Senate side, the Senate  
17 appropriations staffers, as well as the House appropriations  
18 staffers, just to go over any outstanding issues, concerns they  
19 had and so forth.

20           And the House did say they would like the numbers by  
21 February 4th. The rationale on that was that that's when they  
22 received the numbers of OMB. And even though because we're

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1 unauthorized, we send over zero in terms of figures to the  
2 Senate.

3           When the House bill is reported out, Mr. Neil Smith,  
4 who is our subcommittee chairman, congressman from Iowa, sends  
5 over zero dollar figures. But his committee staff actually has  
6 discussed this and he's discussed it with committee members.  
7 And frequently, they've penciled in, if you will, they have in  
8 mind certain figures.

9           They have to operate with figures they receive from  
10 the Budget Committee. This year, as in previous years, money is  
11 tight, discretionary money. And they encourage early  
12 consideration of whatever this Board's requests are with respect  
13 to their appropriation just so they can figure out how to make  
14 their numbers work.

15           And as you know from what happened with the budget  
16 process last year in Congress, that's not an easy task for them  
17 to undertake. That was their one concern. The Senate  
18 Appropriations Subcommittee again will meet after the House.  
19 They haven't given us any word yet as to when it would be.

20           Last year it was shortly after the House did.  
21 Presumably that would be the case again this year. We'll  
22 obviously work out the scheduling because it would involve Mr.

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1 Wittgraf and Mr. Martin attending. And also we're part, as you  
2 know, of the Justice, Commerce, State judiciary-related  
3 agencies. And to some extent, the final dollar figure we get is  
4 based upon what's happening in those other areas in terms of  
5 request for funds.

6 Every time we've gone up there or talked to the  
7 professional staffers on the phone, they've reminded us that  
8 discretionary money is extremely tight. That's not to say that  
9 we can't get more than what's been -- as you know, OMB has  
10 already penciled in a figure of, I believe, \$327 million.

11 And that's not to say we can't get more than that, but  
12 it's also, I think, been communicated to us that we shouldn't  
13 expect gigantic amount more just given the finances and what's  
14 happening in the Middle East and so forth. But anything that we  
15 propose would be taken up by them.

16 That really a quick overview of the three different  
17 processes that will take place in the next 10 months. If  
18 there's any questions?

19 CHAIRMAN WITTGRAF: Good, Mr. Boehm. Questions,  
20 comments for Mr. Boehm? Mr. President?

21 MR. MARTIN: Ken, would you tell the Board who the  
22 Senate Appropriation Subcommittee chairman is and, if you know,

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1 it's members?

2 MR. BOEHM: Well, in terms of their numbers?

3 MR. MARTIN: No, in terms of who it is?

4 MR. BOEHM: Well, there's Senator Hollings and Senator  
5 Rudman are the two senators that we've been dealing with the  
6 last few years. And there's no change in that.

7 In the House side, there are some changes on the  
8 Appropriations Committee and the subcommittee has not met yet.  
9 It's going to take place this week. So we don't know is there.

10 On the full committee, Congressman Bernie Dwyer left.  
11 Congresswoman Nancy Pelosi has joined. And the subcommittee  
12 probably won't be too much different than it was last year. But  
13 it hasn't been decided. That will be decided this week.

14 On the Senate side, I should say the staffers we met  
15 with. I met with Rachel Sonsky, who works with Senator Rudman,  
16 and Scott Gudie, who is the professional staffer heading it up,  
17 who is an appointee of Senator Hollings.

18 And over on the House side, we've been working with  
19 John Osthouse for a number of years. Substantially more of his  
20 duties with respect to LSC are going to be taken over this year  
21 by Sally Chadborne. And so we had a lengthy meeting with Sally  
22 Chadborne and went over every conceivable issue we thought might

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1 come up. And she is getting more involved with legal services  
2 that's taken over there.

3 And we've had a professional, cordial relationship  
4 actually with Mr. Oshauser's predecessor as well as now with  
5 Sally Chadborne. And whatever requests we do have I think will  
6 be given good consideration.

7 CHAIRMAN WITTGRAF: You've indicated the presiding  
8 senator is on the Democrat-Republican side of the Senate. On  
9 the House side, Mr. Smith, of course, is chair. The ranking  
10 Republican had been Mr. Rogers.

11 MR. BOEHM: Right, and that should stay the same.  
12 Again, formally they haven't met. It's going to be this week.  
13 But when we informally asked them they said, yes, that would  
14 stay the same.

15 CHAIRMAN WITTGRAF: Mr. President?

16 MR. MARTIN: Now, as to the reauthorization process,  
17 that is before the House Judiciary Committee; is that correct?

18 MR. BOEHM: Right, and it's Congressman Barney Frank's  
19 subcommittee. As I said, there was some speculation he might  
20 leave, but that has been laid to rest. And they still haven't  
21 organized. So we don't know.

22 MR. MARTIN: Who will be, if you know, in speculation

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1 or best judgment, the ranking minority member there?

2 MR. BOEHM: Well, see, last time out it was a freshman  
3 Republican, Congressman Lewis of Florida. That may be an  
4 indication that it's not particularly high up on the pecking  
5 order. And when you have that type of situation -- we don't  
6 know and we'll know this week, I guess is the answer.

7 MR. MARTIN: And if something does come out of that  
8 subcommittee, it will have to go before the full judiciary  
9 committee in the House?

10 MR. BOEHM: Right, and that's Jack Brooks of Texas who  
11 has chaired it now for some time. He is a very senior  
12 congressman. He has definite views on a number of issues. And  
13 at the same time, he's extremely competent. And he has  
14 indicated that they would be taking it up this year.

15 Last year they didn't because it really wasn't  
16 completed until the very end of the legislative year. It was an  
17 election year. There were a lot of other considerations.

18 MR. MARTIN: And who is the ranking minority member of  
19 the full Judiciary Committee?

20 MR. BOEHM: Now, they just met last Thursday for full  
21 committee, and I'm not certain of that's changed or not. You do  
22 have a number of Republicans on there with some seniority that

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1 have had a past interest in legal services: Congressman Bill  
2 McCollum is on the Judiciary Committee; Henry Hyde; Congressman  
3 Sensenbrenner, who had put a number of LSC, and so forth.

4 So I have to check to see where they are on that.  
5 That I think may be still set this week. As I say, they're just  
6 getting organized for the new Congress, and sometimes those  
7 things fluctuate.

8 CHAIRMAN WITTGRAF: Further questions or comments for  
9 Mr. Boehm?

10 (No response.)

11 CHAIRMAN WITTGRAF: Thank you, Ken.

12 MR. BOEHM: Thank you.

13 CHAIRMAN WITTGRAF: Mr. President?

14 MR. MARTIN: Ken, just a moment, fertile mind. As to  
15 the confirmation process, that is before which committee on the  
16 Senate side?

17 MR. BOEHM: That is the Labor and Human Resources.  
18 It's Senator Kennedy and Senator Hatch, the respective chairman  
19 and ranking minority. And that will be the full committee.  
20 That won't be subcommittee. So there's no subcommittee  
21 considerations for that. It will be the full committee. And  
22 that's just been by precedent and the way they do it.

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1 MR. MARTIN: Thank you.

2 MR. BOEHM: Okay.

3 CHAIRMAN WITTGRAF: At this time, in anticipation of a  
4 noon recess for checking out for those who need to and for  
5 lunch, the Chair asks first for confirmation of the consent that  
6 was given previously telephonically to the Board's secretary for  
7 our entry into a closed or executive session upon our returning  
8 from our recess.

9 At this time, the Chair asks for a motion that upon  
10 our return from our recess, we proceed for the purposes of  
11 discussing pending litigation, personnel and other matters, to a  
12 closed or executive session.

13 M O T I O N

14 MR. HALL: So moved.

15 CHAIRMAN WITTGRAF: It's been moved by Mr. Hall. Is  
16 there a second?

17 MR. MOLINARI: Second.

18 CHAIRMAN WITTGRAF: Seconded by Mr. Molinari. Is  
19 there discussion?

20 (No response.)

21 CHAIRMAN WITTGRAF: Hearing none, those in favor of  
22 the motion will signify by saying aye.

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1 (A chorus of ayes.)

2 CHAIRMAN WITTGRAF: Those opposed, nay.

3 (No response.)

4 CHAIRMAN WITTGRAF: The ayes appear to have it. The  
5 ayes do have it.

6 We stand in recess. For the members of the Board, for  
7 the president, I would ask that we reconvene for the purpose of  
8 eating and as soon as possible for the purpose of our closed or  
9 executive session at 12:30 p.m.

10 Mr. Uddo?

11 MR. UDDO: Mr. Chairman, do you anticipate returning  
12 to a public session or will we have little time for that?

13 CHAIRMAN WITTGRAF: I anticipate, as I indicated  
14 earlier this morning, returning to a public session at  
15 approximately 1:30 p.m. or as soon thereafter as possible,  
16 subject to the length of our discussions in closed session. We  
17 will, at a minimum, have to return to open session to adjourn  
18 the meeting.

19 MR. UDDO: Well, then I'll reserve. I have two or  
20 three brief comments about this CLRA thing now that I've gotten  
21 the opinion. But I'll reserve those until the public session.

22 CHAIRMAN WITTGRAF: Certainly. Thank you, Mr. Uddo.

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## A F T E R N O O N   S E S S I O N

(3:25 p.m.)

1  
2  
3           CHAIRMAN WITTGRAF:   Following the completion of its  
4 closed or executive session, the Board of Directors of the Legal  
5 Services Corporation returns to open session.   The meeting will  
6 be in order at this time.

7           Following on the discussion this morning regarding the  
8 committee structure for the Board, having visited informally  
9 with the members of the Board, it now is the Chair's  
10 recommendation that the Audit and Appropriations Committee being  
11 chaired by Mr. Dana include as well Mr. Uddo and Ms. Wolbeck;  
12 that the Operations and Regulation Committee being chaired by  
13 Mr. Guinot include Mr. Kirk and Mr. Rath; that the Delivery and  
14 Provision of Services Committee being chaired by Mr. Hall  
15 include Ms. Love and Ms. Wolbeck; and that the Ad Hoc  
16 Reauthorization Committee being chaired by Mr. Uddo include as  
17 well Mr. Dana and Mr. Molinari, Ms. Pullen and Mr. Wittgraf.

18           The Chair is prepared to receive a motion in that  
19 regard.

## M O T I O N

20  
21           MR. DANA:   So moved.

22           MR. GUINOT:   Second.

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1           CHAIRMAN WITTGRAF:    It's been moved by Mr. Dana,  
2 seconded by Mr. Guinot that that committee structure be in place  
3 consistent with the appointments of the Chair's for the  
4 committees by the Chairman of the Board this morning. Is there  
5 discussion?

6           (No response.)

7           CHAIRMAN WITTGRAF:    Hearing none, those in favor will  
8 signify by saying aye.

9           (A chorus of ayes.)

10          CHAIRMAN WITTGRAF:    Those opposed, nay.

11          (No response.)

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

14                 Without objection, agenda item 9, having to do with  
15 the presentation and discussion of proposals for fiscal year  
16 1992 budget mark, will be continued or tabled until our next  
17 Board meeting on Friday, February 22, 1991. Is there objection?

18                 (No response.)

19                 CHAIRMAN WITTGRAF:    Hearing none, that discussion will  
20 be tabled and the Board will look forward to the deliberations  
21 in the meantime of the Audit and Appropriations Committee.

22                 Without objection, the resolution proposed by Mr. Dana

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1 will be tabled to the next Board meeting on February 22, 1991,  
2 as well. Is there objection?

3 (No response.)

4 CHAIRMAN WITTGRAF: Hearing none, that agenda item is  
5 tabled.

6 Further discussion? Mr. Uddo?

7 MR. UDDO: I just had one thing that I had mentioned  
8 before I didn't want to raise about the CLRA ruling that Mr.  
9 Martin made. I'm not as familiar with that case as I'd like to  
10 be and I just briefly had an opportunity to read your ruling.  
11 My concern was that some press reports indicated that it was  
12 interpreted as somewhat of a weakening of the position of the  
13 Corporation with respect to violations of those restrictions  
14 that deal with abortion litigation.

15 I assume that that's not the case. I would just like  
16 to make sure that the record is clear on that. Whatever  
17 extenuating circumstances or other considerations may have  
18 influenced your decision, that it ought not be read as any kind  
19 of a lessening of the restrictions or the Corporation's  
20 determination to enforce those restrictions.

21 MR. MARTIN: My only response to that, Mr. Uddo, would  
22 be that it does not weaken the Corporation's position on the

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1 abortion provisions in the law or the Appropriations Act. And I  
2 think the decision speaks for itself in that regard. And we'll  
3 be drafting a response to CLRA's response to that decision which  
4 sets that forth.

5 MR. UDDO: Thank you.

6 CHAIRMAN WITTGRAF: I'm not sure that the Board  
7 members have seen CLRA's response to your decision of December  
8 31, 1990. If I'm correct in my understanding, please be sure to  
9 provide us with a copy of that as well as with a copy of your  
10 response thereto.

11 Further discussion?

12 (No response.)

13 CHAIRMAN WITTGRAF: Before accepting a motion to  
14 adjourn, let me apologize to our guests for our consistency in  
15 that our executive sessions throughout 1990 and apparently again  
16 in 1991 do extend beyond the Chair's expectations. We  
17 appreciate your indulgence and your patience. We will be  
18 meeting, as I indicated, again on Friday, February 22, 1991.  
19 Prior to that time, the Audit and Appropriations Committee of  
20 the Board will be meeting. And I trust that some of you will  
21 want to meet with that committee at that time. An appropriate  
22 notice will be given so that you can if you wish. We appreciate

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1 your being here, and we look forward to seeing you again next  
2 month when we have perhaps a shorter closed or executive  
3 session. Having said that, the Chair is prepared to entertain a  
4 motion to adjourn.

5 M O T I O N

6 MR. MOLINARI: So moved.

7 CHAIRMAN WITTGRAF: Is there a second?

8 MR. GUINOT: Second.

9 CHAIRMAN WITTGRAF: It's been moved by Mr. Molinari,  
10 seconded by Mr. Guinot that this Board meeting be adjourned.  
11 Those in favor signify by saying aye.

12 (A chorus of ayes.)

13 CHAIRMAN WITTGRAF: Those opposed, nay.

14 (No response.)

15 CHAIRMAN WITTGRAF: The ayes appear to have it. The  
16 ayes do have it. The meeting is adjourned.

17 (Whereupon, at 3:31 p.m., the meeting was adjourned.)

18 \* \* \* \* \*

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