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RETURN TO CORPORATION
SECRETARY ARCHIVES FILE

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS MEETING

Board of Directors Meeting, taken
before Carol P. Cason, Registered
Professional Reporter, in the Pulaski
Room, DeSoto Hilton, Savannah, Georgia,
March 30, 1984, commencing at 10:10 a.m.

TOM CRITES & ASSOCIATES INTERNATIONAL, INC.

A PROFESSIONAL ASSOCIATION OF STENOTYPE REPORTERS

POST OFFICE BOX 9438

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TOM CHERRY & ASSOCIATES INTERNATIONAL, INC.
A PROFESSIONAL ASSOCIATION OF REGISTERED PROFESSIONALS
1001 OCEAN BOULEVARD
SAVANNAH, GEORGIA 31401
(912) 433-1111

APPEARANCES:

BOARD OF DIRECTORS:

ROBERT E. McCARTHY, Chairman
DONALD P. BOGARD, President
RONALD FRANKUM
DONALD E. SANTARELLI
PETER FERRARA

ALSO PRESENT:

Allan Swendiman, General Counsel

Gene Potack, Acting Director of the
Office of Field Services

Jim Streeter, Director of
Government Relations

LeaAnne Bernstein, Corporation Secretary

HOWARD BERNSTEIN, Corporation Secretary

Government Relations
Jim Streeter, Director of

Office of Field Services
Gene Kotsack, Acting Director of the

Allan Saundiman, General Counsel

ALSO PRESENT:

LESTER BEKKVA

DONALD E. SWARTZBILLI

ROBERTO FRANKUM

DONALD P. BOGARD, President

ROBERT W. MCCARTHY, Chairman

BOARD OF DIRECTORS:

MEMBERS:

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CHAIRMAN ROBERT E. McCARTHY: Ladies and gentlemen, the Board of Directors of Legal Services Corporation, its board meeting is now in session.

First, I'd like to thank all of you from this beautiful City of Savannah for having such nice weather today and allowing us to appreciate this.

As I told some one of the gentlemen here, this is my first visit to Savannah, being from the West Coast, and I'm just delighted to be here, and my eyes are being opened at a lot of the historical, beautiful things you have here.

Before going into the agenda, Rosita Stanley, who is the vice president of the board of directors of the Georgia Legal Services, would like to say a few words.

I believe that microphone is live there and this one, too. Maybe in this hall you don't even need the microphone.

ROSITA STANLEY: Okay. Good morning. My name is Rosita Stanley. I'm vice chairperson of the board of directors of the Georgia Legal Services.

We would like to take this opportunity to extend to you a welcome to Georgia and, in

CHAIRMAN ROBERT E. MCCARTHY: Ladies

and gentlemen, the Board of Directors of Legal Services

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need the microphone.

ROSITA STANLEY: Okay. Good morning.

My name is Rosita Stanley. I'm vice chairperson of

the board of directors of the Georgia Legal Services.

We would like to take this opportunity

to extend to you a welcome to Georgia and, in

particular, to Savannah, Georgia. We would have liked to have known prior to your arrival that you were coming, so that at least our staff could be informed.

You all are about two blocks away from our regional legal services office. We would have liked for you to have had the opportunity to visit the office, or the staff to have an opportunity to meet and talk with you.

I was able to get in touch with one of the clients from this city, Mrs. Marie Thomas. She's in the back. We would like for our clients to get a chance to actually meet with some of the board members.

But, in all due respect, John Crowder, the director, and our board members, really hope that you will have a successful meeting, and we hope that on your next visit to Georgia, you would inform us prior to your arrival.

CHAIRMAN McCARTHY: Thank you. We appreciate your warm comments. Nice meeting you.

Would you like to say a few words, as a client, at this time?

MARIE THOMAS: I don't think I need a mike. I have a very loud voice. My name is Marie

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MARIE THOMAS: I don't think I need a

micro. I have a very loud voice. My name is Marie

Thomas. I am the regional chairperson of the Georgia Client Council. That's an organization of Georgia Legal Services. I'm also now board member of the GLSP, which is a new honor that has been bestowed upon me.

I've worked and I read a lot of articles about the corporation. I've gone back several times and brought myself up on all the boards and the beginning boards, we call it the rules, and I also followed you through the Federal Register.

I want to say that I hope you will see our town. I'm speaking mostly from all southern of Georgia. I am firsthand telling you that whatever you might think of our programs here, they have done the best they can with what they have.

Right now -- and I want to beg your forgiveness for saying that, and maybe I'm taking authority for saying it, but I'm going to ask you. We are losing an awful lot of good material. It's like a boo-boo is coming. Everybody is afraid and they're running. We're the ones who are going to suffer.

I thought that's what this was created for, was the poor, and we can't be dealing with these people unless we're eligible. That's \$261.00 a month;

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running. We're the ones who are going to suffer.

I thought that's what this was created

for, was the poor, and we can't be dealing with these

people unless we're eligible. That's \$251.00 a month;

that's my income. If you look at the appearance I have here, these are clothes that's 20 years old.

Okay. I spent 39 years in New York. I went there when I was 15 years old. I pulled myself up by my bootstraps.

I scrubbed floors; I was domestic; and I earned and I saved, and I raised a family, and I have a son I'm very proud of. I taught him in this community work.

But, I'm begging you, we're losing our attorneys. The poor is suffering. We now have a good rapport with the Bar Association. I'd like to keep that.

And, I have a list of referral cases for this year. I have a list of cases, just my office alone, that has served, or has tried to serve, and a list of people that they had to turn away.

I think I remember that. I think 7,000 in the town, and with the rapid rise of everything. We're not talking about crime. We're talking about silly little things that's happening.

Please, I want to beg of you, be considerate of us. Thank you.

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CHAIRMAN McCARTHY: Thank you very much for your comments. I know your sincerity.

MARIE THOMAS: Yes. But, I wanted you to see the side of my program, that right now they're working with very little of anything to work with, because I understand the lawyer.

I love lawyers and doctors, and I was prejudiced towards them. I worked for Mr. Thompson for 20 years; he's a lawyer right here from Claxton, Georgia, and Mr. Hayver from New York. I love lawyers.

I know you spend money. I know, I worked in your homes. But, please, keep a lawyer, and if you want to give us poor a lawyer, give us a lawyer. We lost our litigation man.

Now, that takes years and years to plan and get one back into that place. Well, we'll get somebody, but it won't be Bill Karp.

I can see them leaving us, because they've got to have families and start their families. So, please, be reminded of that.

Thank you.

CHAIRMAN McCARTHY: Thank you for your comments. Just in response, for your benefit and the

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CHAIRMAN McARTHUR: Thank you for your

comments. Just in response, for your benefit and the

benefit of the audience, it has been continually the purpose of this Board to carry out the mandate of Congress to provide the maximum legal services at the most sufficient way to those who are truly needy.

And, I think we are making some gradual headway towards that objective, and your comments are appreciated. So, thank you very much.

This Board has met, pursuant to notice, duly given in conformance with the appropriate statutes. There is a quorum present of the Board members. The names are in front of each of the members here, so that the audience can identify them.

We did have another Board member, the fifth Board member, who had intended to be here, but was, unfortunately, because of airplane problems, stranded in New Jersey this morning. He just telephoned and said not to wait for him, because it might be tomorrow morning before he arrived.

Some of the Board came in last night and were supposed to be here about seven o'clock, and landed about 1:30. So, there were some complications to get to Savannah. Maybe you're excluding us northerners and westerners. I don't know. But, it was

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northerners and westerners. I don't know, but, it was

difficult yesterday to get here.

The first item is the approval of the agenda. For the benefit of the audience, which has copies of the Board book, which are available, the agenda has been amended, and Item 5, "Report from the Office of General Counsel, Proposed Final Regulation 1612-Restrictions on Lobbying and Other Certain Activities" has been deleted and will not be taken up after this meeting.

The balance of the agenda, prior to the amendment, has not been changed. So, Item 5 has been amended and the corrected agenda, or amended agenda that is in your possession indicates that.

The Board will now be open for the approval of the agenda in a motion carried out.

MR. SANTARELLI: I move the amended agenda be accepted.

MR. FRANKUM: Seconded.

CHAIRMAN McCARTHY: Do I hear a second?

MR. FRANKUM: Second.

CHAIRMAN McCARTHY: Ron Frankum has seconded. Accede?

(Board members indicate unanimous

difficult yesterday to get here.

The first item is the approval of the agenda. For the benefit of the audience, which has copies of the Board book, which are available, the agenda has been amended, and Item 7, "Report from the Office of General Counsel, Proposed Final Regulation 1012-Resolutions on Lobbying and Other Certain Activities" has been deleted and will not be taken up after this meeting.

The balance of the agenda, prior to the amendment, has not been changed. So, Item 5 has been amended and the corrected agenda, or amended agenda that is in your possession indicates that.

The Board will now be open for the approval of the agenda in a motion carried out.

MR. SAWYER: I move the amended

agenda be accepted.

MR. FRANK: Seconded.

CHAIRMAN MCCARTHY: Do I hear a second?

MR. FRANK: Second.

CHAIRMAN MCCARTHY: Now unanimous has

seconded. Accepted.

(Board members indicate unanimous)

acceptance)

CHAIRMAN McCARTHY: The Board has unani-
mously approved the agenda as amended.

There will be a closed portion of this
meeting to consider personnel, personal, criminal,
litigation, and investigatory matters under 45 CFR
1622.5 subs (A), (D), (E), (F), and (H).

I would accept a motion to have the
closed part of the meeting in the form of a motion.

MR. FRANKUM: So moved.

MR. SANTARELLI: Seconded.

CHAIRMAN McCARTHY: Seconded by Don
Santarelli.

(Board members indicate unanimous
acceptance)

CHAIRMAN McCARTHY: It has been unani-
mously approved that there be a closed portion of the
meeting subsequent to the open portion of the meeting.

MR. SWENDIMAN: Pursuant to the
corporation's bylaws, I certify that a portion of this
meeting is to be closed to discuss personnel, personal,
criminal, litigation, and investigatory matters

(acceptance)

CHAIRMAN MCCARTHY: The Board has unanimously approved the agenda as amended.

There will be a closed portion of this meeting to consider personnel, personnel, litigation, and investigatory matters under AS CR

1022.2 sub (A), (D), (E), (F), and (H).

I would accept a motion to have the closed part of the meeting in the form of a motion.

MR. FRANKLIN: So moved.

MR. BARTARELLI: Seconded.

CHAIRMAN MCCARTHY: Seconded by Don Bartarelli.

(Board members indicate unanimous)

(acceptance)

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pursuant to the Sunshine Act and 45 CFR 1622.5 (A), (D), (E), (F), and (H).

CHAIRMAN McCARTHY: Thank you, Allen. The next agenda item is Number 2, which is approval of the minutes as corrected.

There were some slight mistakes in the spelling of certain names in the last page of the minutes of the meeting of February 6, 1984, which was held in Orlando. The minute book contains the corrected draft minutes.

The corrected minutes are on the table for the benefit of the audience. I assume that you have picked them up and have reviewed them. As corrected, the minutes are up for motion for approval and adoption.

MR. FRANKUM: So moved.

MR. SANTARELLI: Seconded.

CHAIRMAN McCARTHY: Seconded by Don Santarelli. If there are no corrections or amendments, we will take roll call. Any corrections or amendments?

MR. FRANKUM: No.

(Board members indicate unanimous acceptance)

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(D), (E), and (F).

CHAIRMAN McCARTHY: Thank you, Allen.

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MR. FRANKUM: So moved.

MR. SANTARELLI: Seconded.

CHAIRMAN McCARTHY: Seconded by Don

Santarelli. If there are no corrections or amendments,

we will take roll call. Any corrections or amendments?

MR. FRANKUM: No.

(Board members indicate unanimous

acceptance)

CHAIRMAN McCARTHY: The minutes, as corrected, of the Board meeting of February 6, 1984, held in Orlando, Florida, are adopted as corrected.

Item 3 on the agenda is a report from our President, Don Bogard. Don, would you give us the benefit of your comments?

PRESIDENT BOGARD: Thank you, Mr. Chairman, I would first like to make comments about the executive session that was held on February 6 in Orlando, at the conclusion of the Board of Directors meeting.

Pursuant to the notice, the Board was advised of the current litigation matters and update on all the cases that are pending by the general counsel, including the Senior Citizens case, which is the instruction case, the Massachusetts Law Reform Case, brought in the District of Columbia regarding the training centers, the union matter with the NLPB, the status of the McAlpin suit, and the Utah Board Meeting suit, and the explanation of the Jarvis suit that is pending in California against Western Center and the corporation.

There was also an update on the GAO

CHAIRMAN MCCARTHY: The minutes, as corrected, of the Board meeting of February 6, 1984, held in Orlando, Florida, are adopted as corrected. Item 3 on the agenda is a report from our President, Don Bogard. Don, would you give us the benefit of your comments?

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There was also an update on the GAO

investigations that are proceeding, and the Board was advised that certain personnel matters had taken place through the resignation of a couple of people, and appointments of new people to fill slots.

We talked about the internal operations of the office, including the possibility of relocating the office facilities into another location. And, generally, I believe that was the status of everything discussed at the executive session.

If I may begin the report, that is included in the Board book, the needs study, we have been discussing for several months, has been going forward.

We note in the report that is in the Board book that this has been a matter of discussion by the Board since back in 1979. At that point the Board decided not to do anything on the matter because of the time and the cost involved in conducting such a study.

We have continued to do our study on it. We have sent out requests for proposals to over 50 research firms to bid on the study. We hope to get those applications processed and make a decision and start the study by the end of April.

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those applications processed and make a decision and

start the study by the end of April.

The funding, as I have reported in the past, still has not been finalized. As I indicated, we have applied for funding from about 12 foundations, I believe it was. We have heard from eight of those, which have indicated they think it's a good idea, but do not have the funding to give us.

We still have four more to hear from, which should be concluded within the next week or so. We have several new developments at the corporation in the past few months.

The president has nominated 11 people as permanent nominees for the board of directors, which I believe Jim will discuss a little bit later on in his presentation.

We attended oversight and appropriation hearings in the House, and we have made some internal changes, as far as the operation of the office. We have combined the existing office of public affairs and that of government relations.

We are doing this in an effort to try to save some money for the corporation and reduce some of the administrative expenditures of the corporation.

We have not received the fact book, which

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We have not received the fact book, which

is a presentation of statistics on what happened in the previous year. We almost have that compiled, but it is not ready yet for the Board.

But, I would like to comment on one thing, which relates to a comment that the chairman made earlier about trying to increase services and to help as many people as possible with the limited amount of funding that we have.

Our preliminary figures show that during fiscal '83, the program recipients of our funds closed 1,298,328 cases. This is an all-time high for the corporation, including the year of 1981, when the corporation had 25 percent more funding.

At that time I believe the number of cases closed was 1,220,000 or something like that. So, our recipients have closed about 70,000 cases more than ever before in the history of the corporation.

As I told the House, we certainly can't take any credit for that, as far as administration of the corporation, but we feel that, we hope, at least, that our efforts have tried to suggest that delivery of legal services should be increased as much as possible, and it has had some impact on the programs.

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They have been able to serve more and more people, based upon that theory. They have done a very good job, and I think need to be commended for the amount of work that they are processing.

The American Corporate Council Association is a matter that we have been involved with for some time. We have given a small grant to that entity to try to increase the number of private corporate lawyers involved in pro bono delivery of legal services.

That organization is having regional meetings around the country, and just recently had one in Boise, a meeting with major corporations, in an attempt to get them to sign on to the program. It appears to be a very successful operation, and I would suggest that it might be appropriate to ask someone from the pro bono committee to address the Board at a future meeting to explain what has gone on by that organization.

The IOLTA program continues to increase in effectiveness. As you know, we have given several grants for that matter to various states, as well as funding the Florida Justice Institute to act as a national clearing house on IOLTA.

They have been able to serve more and more people, based upon that theory. They have done a very good job, and I think need to be commended for the amount of work that they are processing.

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The IOLTA program continues to increase

in effectiveness. As you know, we have given several

grants for that matter to various states, as well as

funding the Florida Justice Institute to act as a

national clearing house on IOLTA.

I believe the number of states which have adopted that program is now up to 22. Wisconsin just recently did so. More and more states are still considering it.

I believe there are at least eight other states in which petitions are pending before the Supreme Courts of those states.

We have had a request by the Florida Justice Institute to extend the grant that we gave them last year for another year, so that they can continue to make their services available to those states which are still considering the adoption of the IOLTA project.

We are investigating that now to see if we have the money to increase what I think has been a very worthwhile service to the programs. We have a report in the Board book about the IOLTA project.

One thing I think is interesting to point out. That is, that through February 17, the nine states which have been accepting interest from this program, have culminated about eight-and-a-half million dollars, which will go mostly for the delivery of legal services around the country in those nine states, and I think that's a significant figure.

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The California example is that that state is conducting mandatory programs and recovering approximately \$500,000.00 per month for legal services. So, it is a very strong boost to services in that area, considering the fact that we fund them to the level of about 21 or 22 million dollars, I believe.

So, this is about a 29 or 30 percent increase over what we provide for them.

The private legal clinic project is continuing. We have announced it in Jacksonville, Florida, Phoenix, Des Moines, and Laredo, Texas. The Jacksonville area is progressing more rapidly than the others, since it was the first that was announced.

We have had 32 firms contact us about bidding for the funds in Jacksonville. The solicitation packages were all mailed out on the 19th of March.

We hope to make selections of those people who made the best bids by April 15, and towards contract by the first of May, and to have that program operational in the Jacksonville area by June 1st.

The law school clinics project is also continuing. We have contacted 190 law schools. Proposals for the funding that we are setting up in

The California example is that that state

is conducting mandatory programs and recovering approximately \$200,000.00 per month for legal services. So, it is a very strong boost to services in that area, considering the fact that we found them to the level of about \$1 or \$2 million dollars, I believe.

So, this is about a 20 or 30 percent

increase over what we provide for them.

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bidding for the funds in Jacksonville. The solicitation packages were all mailed out on the 15th of March.

We hope to make selections of those

people who made the best bids by April 15, and towards contract by the first of May, and to have that program

operational in the Jacksonville area by June last.

The law school clinic project is also

continuing. We have contacted 150 law schools.

Proposals for the funding that we are setting up in

that situation are to be received by our office of program development by April 20. We hope to have that announced by early in the summer so that the 12 projects can be operational by the start of the new school year.

That concludes my report, Mr. Chairman.

CHAIRMAN McCARTHY: Thank you, Bob. I think I can speak on behalf of the Board that you and your staff have done just a remarkable job under rather curtailed budgets.

I believe your statistics really show what has gone by efficiency, and some belt-tightening, so thanks to you and your great staff.

Agenda Item 4 is the report from Peter Ferrara, as the chairman of the Operations and Regulations Committee. Peter.

PETTER FERRARA: We had a report in the Board book concerning the committee meeting, which we held several weeks ago, which we discussed proposed regulation 1609 and 1620. At that meeting we voted to recommend to the full Board adoption of these regulations as final.

You were all at that meeting, and the

that attention are to be received by our office of program development by April 30. We hope to have that

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PETER FERRARA: We had a report in the

board book concerning the committee meeting, which we

held several weeks ago, which we discussed proposed

regulation 1009 and 1020. At that meeting we voted to

recommend to the full Board adoption of these regula-

tions as final.

You were all at that meeting, and the

report is in the Board book along with the regulations, so I think I'll just move that the full Board adopt these proposed regulations 1609 and 1620 as final, and that they be published as final regulations within our register.

CHAIRMAN McCARTHY: Thank you. It's been moved for the adoption of the publication of 1609 and 1620. Is that seconded?

MR. SANTARELLI: Seconded.

CHAIRMAN McCARTHY: Don Santarelli seconded it.

AUDIENCE MEMBER: Do you accept questions from the audience at this time?

CHAIRMAN McCARTHY: Not at this time. Thank you. May we please have roll call.

(Board members indicate unanimous acceptance.)

CHAIRMAN McCARTHY: The proposed regulations have now been adopted for final publication of 1609 and 1620. If there is a comment that is germane and of interest to the Board, we would entertain it briefly at this time.

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so I think I'll just move that the Full Board adopt these proposed regulations 1909 and 1920 as final, and that they be published as final regulations within our register.

CHAIRMAN MCCARTHY: Thank you. It's

been moved for the adoption of the publication of 1909 and 1920. Is that seconded?

MR. SARTANVILLE: Seconded.

CHAIRMAN MCCARTHY: Don Sartanville

seconded it.

AUDIENCE MEMBER: Do you accept questions

from the audience at this time?

CHAIRMAN MCCARTHY: Not at this time.

Thank you. May we please have roll call.

(Board members indicate unanimous

acceptance.)

CHAIRMAN MCCARTHY: The proposed

regulations have now been adopted for final publication of 1909 and 1920. If there is a comment that is germane

and of interest to the Board, we would entertain it

briefly at this time.

ELEANOR EISENBERG: I'd like to make a comment.

CHAIRMAN McCARTHY: Would you please stand and identify yourself.

ELEANOR EISENBERG: My name is Eleanor Eisenberg, and I'm here from the Region A Project Directors Association. I'd like to ask one question of Mr. Bogard relating to his report on statistics of closed cases.

I think that may be a little misleading statistic, in that you would also have to look on the basis on which those cases were closed. You might find the level of services as opposed to the numerical level, that is, are cases being closed on advice only because programs no longer have the resources to actually represent people in some cases?

I think that that needs to be looked at. That may be a misleading statistic that you've given. I have a request for clarification on the priority setting regulation, and that is a section which appears in your Board book at Page 21.

"The report shall be submitted to the corporation for approval." My question is: Does that

ELEANOR WISNIEWSKI: I'd like to make a

comment.

CHAIRMAN MCCARTHY: Would you please

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in your Board book at Page 21.

"The report shall be submitted to the

corporation for approval." My question is: Does that

mean approval of the priorities which are set, or does it simply mean approval and acceptance of the report?

In other words, is the Legal Services Corporation in Washington, D. C., going to be exercising the right to take on to itself the right to set priorities or override priorities which are being set by local governing boards and field programs?

PRESIDENT BOGARD: If I may ask one clarification. Are you talking about subparagraph (C) on Page 21?

ELEANOR EISENBERG: That is correct.

PRESIDENT BOGARD: As I read that, that's been deleted, because it's within brackets, which means it was no longer part of the regulation. But, I would stand corrected by the general counsel.

MR. SWENDIMAN: That is correct.

CHAIRMAN McCARTHY: All of C and D are out.

ELEANOR EISENBERG: Thank you.

CHAIRMAN McCARTHY: Thank you for your comments.

ELEANOR EISENBERG: You're welcome.

CHAIRMAN McCARTHY: We will now proceed

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out.

ELEANOR EISENBERG: Thank you.

CHAIRMAN MCCARTHY: Thank you for your

comments.

ELEANOR EISENBERG: You're welcome.

CHAIRMAN MCCARTHY: We will now proceed

to the agenda Item 5, which is a report from the Office of General Counsel. Allan Swendiman is our general counsel and, Allan, we'd like to hear from you.

MR. SWENDIMAN: There are two matters that come before the Board. On the matter --

CHAIRMAN McCARTHY: Can you all hear him? Why don't you take the microphone.

MR. SWENDIMAN: There are two matters that come before the Board this morning on the matter of information. One, dealing with the proposed rule as to private attorney involvement; second, dealing with recipient fund balances.

Both of these proposed regulations were published in the Federal Register on March 23, 1984. The comment period expires on April 23, 1984.

Let me take first the recipient fund balances. The proposed rule adopts, as a corporate regulation, instruction 83-6, attorney involvement by recipients of funding, which was published in the Federal Register on November 29 of 1983. This instruction provides direction to recipients of the corporation on allocating amounts of the recipients' financial support to provide the opportunity for the

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Federal Register on November 29 of 1983. This

instruction provides direction to recipients of the corporation on allocating amounts of the recipient's financial support to provide the opportunity for the

involvement of private attorneys in the delivery of legal assistance.

The proposed regulation formalizes the structure and procedures of the continued corporate interest in the area of private attorney involvement. The proposed rule does not void the current instruction.

The proposed rule, however, does set forth the policy which was adopted by the Board of Directors on October 2 of 1981, which at that time required an amount of the recipients' funds be made available to provide opportunities for the involvement of private attorneys in the delivery of legal assistance.

The proposed rule is substantially similar to the instruction. The rule, as does the instruction, provides for an automatic allowance for -- I'm sorry. Excuse me.

PRESIDENT BOGARD: You shifted gears.

MR. SWENDIMAN: I stand corrected. Let me backtrack a moment. I digressed on fund balances. Let me pick up with private attorney involvement.

The rule is substantially the same as instruction 83-6. While the proposed rule has been

involvement of private attorneys in the delivery of legal assistance.

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structure and procedures of the continued corporate interest in the area of private attorney involvement.

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PRESIDENT BOARD: You shifted gears.

MR. SWENDEBERG: I stand corrected. Let

me backtrack a moment. I discussed on food business.

Let me pick up with private attorney involvement.

The rule is substantially the same as

instruction 83-6. While the proposed rule has been

edited considerably, the substance remains the same only with minor modifications. The basic structure remains that the purpose is to provide involvement of the private Bar in the provision of legal assistance to eligible clients through a pro bono or compensated programs.

The rule requires, as does the current instruction, that a recipient spend a minimum of twelve-and-a-half percent of its annualized grant award to encourage private Bar involvement.

Such involvement will be within the priority set by the local programs pursuant to Regulation 1620.

The rule requires that such private attorney involvement activities be in compliance with the corporation's regulations generally and meet the requirements of the audit guide.

Litigation funds, which will serve to encourage the acceptance of fee-generating cases, are prohibited.

The proposed regulation has been modified or modified the instruction, to take into consideration a number of comments that have been made since the

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The rule requires, as does the current

instruction, that a recipient spend a minimum of twelve-and-a-half percent of its annualized grant award to encourage private bar involvement.

Such involvement will be within the

priority set by the local programs pursuant to Regulation 1050.

The rule requires that such private

attorney involvement activities be in compliance with the corporation's regulations generally and meet the requirements of the audit guide.

Litigation funds, which will serve to

encourage the acceptance of fee-generating cases, are prohibited.

The proposed regulation has been modified

or modified the instruction, to take into consideration a number of comments that have been made since the

instruction has been effected. The requirements of an annual certification has been removed in response to those comments since the audit provisions assure compliance with the proposed rule.

The requirement that a market value of private attorney involvement services substantially exceed the direct and indirect cost allocated to them has been expanded from just pro bono to all PAI programs to reflect that there is no intention to be more exacting towards the pro bono programs, and that one major purpose of PAI is to insure that there are available limited resources, and that those limited resources are expanded to meet as much of the need as possible.

That is a summary, with respect to the private attorney involvement. The next one relates to recipient fund balances.

As previously mentioned, this proposed rule was published in the Federal Register on March 23. It is substantially similar to instruction 83-4, recipient fund balances, which was published in the Federal Register on October 27, 1983, and which was effective on November 28, 1983.

instruction has been effected. The requirements of an annual certification has been removed in response to those comments since the audit provisions assure compliance with the proposed rule.

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rule was published in the Federal Register on March 23,

It is substantially similar to instruction 83-4,

recipient fund balances, which was published in the

Federal Register on October 27, 1983, and which was

effective on November 23, 1983.

As you are aware, over a period of time, some recipients have accumulated significant fund balances. This has given rise to severe criticism of the corporation.

Specifically, there was a general accounting report which was issued in August of 1980, which specifically stated, and I quote,

"We recommend that the president of the Legal Services Corporation require regional offices to closely monitor the expenditures of funds by grantees to minimize year-end fund carry-overs and adjust subsequent year funding of grantees with excess fund balances."

Since that report, a number of corporate directives have been issued. The culmination of it was the instruction to which I referred.

The corporation's policy with respect to fund balances has remained relatively consistent since the issuance of the GAO report. The proposed rule, as does the instruction, provides for an automatic

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allowance for a fund balance not to exceed 10 percent of the annualized grant award with provision for recapture of the fund balances in excess of 10 percent.

Under certain circumstances, a waiver may be requested by a recipient and granted by the corporation for fund balances up to 25 percent of the annualized grant amount.

Programs operating a compensated Bar program will, upon written request, be granted a waiver for up to 25 percent of the amount spent in the previous year on attorney's fees, so long as the total does not exceed 25 percent of the annualized grant award.

The policy behind the recapture provisions of the proposed rule is that grants are made annually for use in a given year, and should only be used during that period.

Thus, recapture is not defunding, it's not a reduction in funding, or termination in funding, and does not affect the annualized funding level of a program.

There is a new provision in the proposed rule concerning operating deficits. It requires that

allowance for a fund balance not to exceed 10 percent

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and does not affect the annualized funding level of a

program.

There is a new provision in the proposed

rule concerning operating deficits. It requires that

the corporation approve the expenditure of current funds to liquidate deficits from a previous period.

The purpose of this proposed rule, of course, is to insure the delivery of high-quality legal services in an effective and economic manner.

The recovered fund balance amounts will be reprogrammed for the direct provision of legal services to eligible clients.

That would conclude the general counsel's report. I'll be glad to answer any questions that you might have.

CHAIRMAN McCARTHY: Thank you. That was an excellent report, which is appreciated.

At this time, does the Board have any questions of our general counsel? Does the audience have any questions they would like to put to the general counsel?

ERIC KOCHER: I'm not sure that the question is directed to the general counsel, but they would be dealing with the private attorney instruction, and I would appreciate the opportunity to comment on that.

CHAIRMAN McCARTHY: Yes. At this time

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and I would appreciate the opportunity to comment on

that.

CHAIRMAN MCCARTHY: Yes. At this time.

the Board will allow public comments. If you will, please, identify yourself.

ERIC KOCHER: My name is Eric Kocher. I'm an attorney in Atlanta, Georgia, in private practice. I have been the past director of the State Bar of Georgia's pro bono project, and set that project up about in 1982, and have just recently left that position.

I speak to you to urge -- and I would like you to consider, I guess, that this empty seat next to me is taken by other Bar Associations around the country, such as I believe the Boston Bar Association, St. Louis, San Francisco, Los Angeles, and I believe San Diego, that have asked the corporation not to increase the 10 percent to twelve-and-a-half percent requirement.

Not that twelve and a half percent, as opposed to 10 percent, can't be used to involve the Bar, but to require programs of the legal services, staff attorney programs, and grantees of appropriation money, to spend that money for private Bar involvement without any kind of opportunities not to do that, in terms of their local priorities -- even though you talk

the Board will allow public comments. If you will, please, identify yourself.

KRIG KOCHER: My name is Eric Kocher.

I'm an attorney in Atlanta, Georgia, in private practice. I have been the past director of the State Bar of Georgia's pro bono project, and see that project up about in 1988, and have just recently left that position.

I speak to you to urge -- and I would like you to consider, I guess, that this empty seat

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money, to spend that money for private Bar involvement without any kind of opportunities not to do that, in

terms of their local priorities -- even though you talk

about the priorities, the twelve and a half percent must be used for that.

What one does there is take away the experience that the programs have had in the ten years that the Legal Services Corporation, staff attorney programs have had to serve clients.

I think that also, if you would think of the many clients that could be sitting here in this chair that have not been able to get service because the Statesboro office of Georgia Legal Services, which is just about 60 miles from here, had to be closed because of funding cutbacks.

Part of that is 25 percent, but then to take another two and a half percent out of program budgets at this point to prevent them from providing staff attorney support and representation to clients, I think cuts back substantially in the professional corps of trained lawyers and legal services who can provide representation across the board in the whole range of poverty law areas.

It is one that I think creates substantial harm to clients throughout the country. The 10 percent has been an interesting and worthwhile effort

about the priorities, the twelve and a half percent must be used for that.

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experience that the programs have had in the ten years that the Legal Services Corporation, staff attorney programs have had to serve clients.

I think that also, if you would think of

the many clients that could be sitting here in this court that have not been able to get service because the Stateboro office of Georgia Legal Services, which is just about 80 miles from here, had to be closed because of funding cutbacks.

Part of that is 25 percent, but then to

take another two and a half percent out of program budgets at this point to prevent them from providing staff attorney support and representation to clients, I think cuts back substantially in the professional corps of trained lawyers and legal services who can provide representation across the board in the whole range of poverty law areas.

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stantial harm to clients throughout the country. The 10 percent has been an interesting and worthwhile effort

to involve the private Bar in the representation, but to continue to increase that has a substantial impact on the ability of the staff attorney programs to operate and be effective in their representation of clients.

So that I would urge you to reconsider the twelve-and-a-half percent requirement. I think it would be fine for the regulation to permit up to twelve and a half percent to be used for private Bar involvement, but to require that it be used, at this point, without having had an opportunity to adequately evaluate how the 10 percent has done, may well be reducing the effectiveness that this corporation and the government tax dollars can have in accomplishing the purpose that it is set out for, which is to provide effective representation for poor people.

So, I would urge you to reconsider a requirement of the twelve and a half percent, and consider leaving it at 10 percent.

If you want to permit programs to go up to twelve and a half, fine. But, I would urge that you not go to the twelve and a half percent. Thank you.

CHAIRMAN McCARTHY: Thank you very much for your well-considered remarks, which will be

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CHAIRMAN MCCARTHY: Thank you very much

for your well-considered remarks, which will be

considered.

MR. SANTARELLI: May I make a comment?

CHAIRMAN McCARTHY: Yes.

MR. SANTARELLI: As the author of the motion to increase the funding level from 10 to twelve and a half, I'd like to make a comment in response to that.

Perhaps you didn't have the benefit of being present during those discussions. I, for one, am the great respecter of the notion of local variances in the United States, and am in particular fond of the home team admonition that the states that's an example ought to be entitled for experimentation, and diversity is healthy in American life.

However, as the author of the motion, I'd like to say the increase from 10 to twelve and a half percent, which is fractional in any definition of the word, was meant as an expression of this Board's function as its national policymaking and/or leadership responsibility.

We are fiduciaries under the statute and understand the significance of that word as only a lawyer can understand it.

considered.

MR. SANTARILLI: May I make a comment?

CHAIRMAN McARTHUR: Yes.

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being present during those discussions. I, for one, as the great resistor of the notion of local variations in the United States, and in particular food of the some term abortion that the states that's an example ought to be entitled for experimentation, and diversity in health in American life.

However, as the author of the motion,

I'd like to say the increase from 10 to twelve and a half percent, which is fractional in any definition of the word, was meant as an expression of this Board's function as the national policymaking and/or leadership responsibility.

We are frustrated under the statute and

understand the significance of that word as only a lawyer can understand it.

Nevertheless, it is purposeful that we made this expression to send a message to be symbolic and real. That the progress that we would expect to see the corporation make, at least while we're on this Board, is to increase by any effort possible private Bar involvement.

Two and a half percent was fractional and can hardly be said to be very realistic. It was even more symbolic, but it's an expression of our desire to progress in that direction. Simple.

CHAIRMAN McCARTHY: Thank you. Would you like to comment on this, Bob?

BOB GROOVY: I'm Bob Groovy, Director of the Coalition for Legal Services. I would like to comment and ask a question about the private attorney involvement proposed regulation.

Before that, if I could, though, I'd like to back up a little. There was a question I had regarding Mr. Bogard's report that I'd like a clarification on. That was the report that you gave on the last closed session that was conducted.

I notice in the last couple of exchanges when there was notice about the closed session, there

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last closed session that was conducted.

I notice in the last couple of exchanges

when there was notice about the closed session, there

was an item included that there would be discussion of criminal matters. That's included as well in this morning's closed session, proposed closed session.

There was nothing included in your report about any discussion in the previous closed sessions about criminal matters. I have no idea what they refer to. I'm curious as to what that refers to.

You did indicate there was discussion about the GAO investigation. I'm not aware from the reports that I've seen that that is an inquiry into criminal activities.

Could you clarify that for me, please?

PRESIDENT BOGARD: Sure. There is a matter being investigated at the corporation involving some alleged criminal activity. That was reported on by the general counsel's office to the Board members.

MR. GROOVY: That is an ongoing thing?

PRESIDENT BOGARD: Yes.

MR. GROOVY: Can you provide any additional information?

PRESIDENT BOGARD: No.

MR. GROOVY: Thank you.

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PRESIDENT BOARD: No.

MR. GROOVY: Thank you.

There was a question raised by Mr.

Eisenberg about 1620 that you, I think, answered in part. She was asking about the language regarding the submission of reports on the priority setting, and you referred to the portion that had been deleted, which was subsection C under 1620.2.

There is still, however, language at 1620.4 regarding implementation, and that's subpart B that requires a submission of the report on priority setting, implementation, et cetera, to the corporation for acceptance, and such report would be made available to the public.

It was my understanding at the committee meeting at which this was adopted that that was intended to be accepted for filing purposes, but not for approval purposes, per se. Is that still the intention as that's adopted at this point?

PRESIDENT BOGARD: Yes. As I recall, the initial draft said approval, and that was changed to acceptance to show that we did not mean that we had to sign off on it before it could go forward. It could be filed for acceptance; is that correct?

MR. SWENDIMAN: Filed for acceptance in the form of a regulation. It was not intended that the

Rosenberg about 1950 that you, I think, answered in part. She was asking about the language regarding the submission of reports on the priority setting, and you referred to the portion that had been deleted, which

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MR. SWENHART: Filed for acceptance in

the form of a regulation. It was not intended that the

corporation would review the priorities or approve the priorities set by the local program.

BOB GROOVY: Thank you for the clarification. Regarding the private attorney, proposed private attorney involvement relation; first question, what is the status of the instruction at this time?

It's somewhat unusual, it appears to me, to propose a regulation to cover the same subject matters as the outstanding instruction. Is the instruction withdrawn at this point?

PRESIDENT BOGARD: No. I believe Allan said, in his opening remarks, that the instruction still stands.

BOB GROOVY: I missed that. I talked with project directors, a number across the country, over the past several months from the time the instruction was first proposed, and has been in effect, and what I get back, in essence, is an agreement, I think, or an acknowledgement, certainly, that programs can comply with the increase of 10 percent to twelve and a half percent.

Many, I think, feel that it's dubious whether or not, particularly with the pro bono program's

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whether or not, particularly with the pro bono programs

increase in funding that you've mandated, is going to lead to an increase in output. The pro bono programs, I think, have been working well.

There is a great deal of cooperation and activity going on between the private Bar and staff programs that's desirable.

However, what you are mandating in such situations is that the programs will allocate an additional amount of staff time for administration, for training activities that may in many instances not lead to a greater amount of output at all.

I think the pro bono programs throughout the country can show, at this point, they are providing substantially more return than the amount of money. What it suggests to me is what you are going to be mandating is form rather than substance.

You are going to have a loss of additional program staff that can provide additional services without question.

I am opposed to the increase mandated by this organization that programs have to put more money into private attorney involvement at this time.

I think the resolution as adopted by the

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ABA is a great progress. It is very much in keeping with what you would prefer. The ability of programs to exercise local discretion, and in many instances, it's substantially exceeding the amount that you are requiring as a minimum, but it ought to be something that's left to the discretion of the local boards without mandating from Washington, D. C., our programs to legal services funds. Thank you.

CHAIRMAN McCARTHY: Thank you, again, Bob, for your comments. Ms. Eisenberg.

ELEANOR EISENBERG: Thank you. I'll be very brief. I would also like to comment on the private attorney involvement. I'd like to respond to Mr. Santarelli's remarks.

I think one of the problems is that what you see as being symbolic is very, very concrete to programs, and the two and a half percent is a very significant concrete difference to many programs that are now experiencing layoffs and, indeed, I think possibly a decrease in provision of services.

I want to remind the Board that one of the comments that you heard consistently, not just from field programs, but from Bar associations and private

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CHAIRMAN MCCARTHY: Thank you, again.

Bob, for your comments. Ms. Eisenberg.

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possibly a decrease in provision of services.

I want to remind the board that one of

the comments that you heard consistently, not just from field programs, but from bar associations and private

attorneys, whenever this has been discussed, has been that there is no empirical data base to justify the increase.

People have not said outright, "Don't do it ever," but I think attorneys, field programs, Bar associations, has consistently said, "Don't do it unless and until you really know that it's appropriate."

I think that that comment is still very much germane.

MR. SANTARELLI: I'll take one more shot at responding to this. It's not my purpose to serve on this Board to provide over-static attitude or to stand on the shores of Portugal and suggest to my forebearer that he shouldn't sail.

We intend to be experimental and to look for leavening of the loaf by the addition of the private Bar. Let there be yeast in the project. We don't need proof in advance before we experiment.

ELEANOR EISENBERG: I think the experiment should be a little bit more limited. There might, for instance, be a control group. Find a program that might be willing and feel it's capable of doing that and feel it would be productive in their

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ELIZABETH FISHER: I think the

experiment should be a little bit more limited. There

might, for instance, be a control group. Find a

program that might be willing and feel it's capable of

doing that and feel it would be productive in their

area, or at least examine the experiment of the 10 percent and find out what the results of that experiment were before going on.

MR. SANTARELLI: What's the great fear for a little yeast in the loaf?

ELEANOR EISENBERG: I don't think it's a great fear. I think that programs are not being fearful in the abstract. Programs are experiencing difficulty. Bar associations are experiencing difficulty in meeting the requirement.

As I said, it's very, very concrete to those of us who are seen in the field and trying to provide services. It's very burdensome and onerous.

Even for instance, something as the time-keeping requirements. They have an impact on the operation of the program and then necessarily an impact on the level of services that can be provided.

We are sitting in field programs when we have clients calling us and at least I don't think in my program it's going to necessarily increase the level of services.

I think it's going to have the opposite effect. We have always worked very closely with our

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of services.

I think it's going to have the opposite

effect. We have always worked very closely with our

Bar association. We have always had a pro bono panel. This is not enhancing that effort.

One empirical data base, it is not enhancing the effort.

MR. SANTARELLI: Thank you for your conservative views.

ELEANOR EISENBERG: You're welcome.

MR. FRANKUM: May I ask a question?

CHAIRMAN McCARTHY: Yes.

MR. FRANKUM: I've only been a member of the board of directors for the last five or six months, but at each meeting we have heard there is significant layoffs and significant reductions of services as a result of this particular Board action. We've been asked to provide some empirical data that there will be an increase, and I think it's imperative for the Board to understand the data base, as far as numbers of attorneys that were hired and paid by the contracting local boards, prior to the rule itself, and what we are experiencing today.

I think we need to find out how many lawyers have been laid off as a result of this rule, because I've heard this so many times, and this Board

bar association. We have always had a pro bono panel.
This is not expanding that effort.

One empirical data base, it is not
expanding the effort.

MR. SAMPARILLI: Thank you for your
conservative views.

ELIZABETH EISENBERG: You're welcome.

MR. KRANKUM: May I ask a question?

CHARLES MCCARTHY: Yes.

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lawyers have been laid off as a result of this rule,
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has been deluged by this allocation. If it is, in fact, true, I would like to know about it.

PRESIDENT BOGARD: If I may, I think our factor report that will be out next month will show that the number of attorneys is quite constant to what it was last year. That the number of offices actually increased, as opposed to being reduced. And, of course, every program received at least a five-percent increase in funding this year over what it received last year.

The two and a half percent would come out of the five percent. I think we can give you final data on numbers of attorneys and have it by the next Board meeting.

That figure, however, will not include the number of private attorneys that are involved in the delivery of services, and will not show how that figure has increased or decreased.

I think it has obviously increased, but we do not have a reporting mechanism for the number of private attorneys involved with the programs on a pro bono basis or compensated basis. But, the number is very constant over the last year.

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CHAIRMAN McCARTHY: Thank you, Ron and Don. Yes, sir.

LAWRENCE LATIN: My name is Lawrence Latin. I'm the Executive Director of Palmetto Legal Services in Columbia, South Carolina, and I have been involved in legal services for 13 years.

This is the third year that I have been at Columbia. Maybe the statistics that we have experienced in the last three years might help shed some light on the subject.

The program was reduced 25 percent in funding three years ago when most programs were. At the time I think there were 25 attorneys. At present we have 14 staff attorneys and 65 private Bar members of our Judicare and pro bono panel.

We are presently doing most of the things that the private attorney involvement regulation or instruction will require.

We have tried to increase the services that we provide through a 12-county rural area, but it is not something that can be done by automatically deciding to symbolically leaven the loaf or provide some yeast.

CHAIRMAN MCCARTHY: Thank you, Hon and

Don. Yes, sir.

LAWRENCE JATIN: My name is Lawrence

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Yes, sir.

We're talking about dealing on a very real basis with counties where there are eight attorneys. To have one attorney from one firm in that county on your board, as may be required by your bylaws, means that probably 50 percent of the attorneys in that county are not eligible to participate in the delivery system that would be involved in a Judicare program.

We're talking about trying to get services to people in places where there are very few attorneys, where there are very few people, ability to get to offices, and trying to provide a structure, a staff model, which does what you're talking about, and that's increasing the availability of services through the private Bar models.

There has been not one look at the volume of services that we are providing in our program as a result of the private attorney involvement aspect.

There has been not one study done, to my knowledge, of the effectiveness of the private Bar piece in legal services throughout.

It doesn't seem to me that your general symbolic approach does much to convince the legal community with which we are to work on this issue that

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It doesn't seem to me that your general

sympathetic approach does much to convince the legal community with which we are to work on this issue that

you are serious in terms of trying to provide services.

We are the ones on a day-to-day basis, the professionals who they turn to with the problem clients that they cannot handle.

We are the ones that have to provide some kind of a staff backup to any private attorney involvement piece.

Automatically, two and a half percent, making the change, will not kill our program. But, it will certainly mean that I will have a harder time with two lawyers in Orangeburg, helping to serve with 15 private attorneys, large counties of 30,000 people, 30,000 poor people.

It means that one attorney in our Sumter office will have to be re-examined and we may not be able to keep that office open to provide any services.

I suggest to you that you are not really serious in terms of the improvement in increasing the delivery of services, but that this represents nothing other than an effort to diminish the services available to our clients.

CHAIRMAN McCARTHY: Thank you very much for your comments. I again would like to assure you

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CHAIRMAN McARTHUR: Thank you very much

for your comments. I again would like to assure you

this Board is very, very serious and sincere to increase the legal services to the truly needy in the most efficient manner as mandated by Congress. Thank you for your position.

MR. SANTARELLI: Again, Mr. Chairman, I would simply add, when we undertook this, it was understood in the discussion in the Board and with the author of the motion that there would be those entities that could not, for one reason or another, comply with these guidelines.

That there are unique experiences, and that there are geographical limitations. In those cases where noncompliance was simply not possible, it was contemplated.

When you make a general rule, you understand it cannot be applied 100 percent of the time. It's not a suggestion that people should seek loopholes to it. It's a recognition of reality, and in your case we may very well be confronted with that, and you will have to be evaluated as time goes by.

We appreciate very much hearing an example where a general rule is not always applicable.

CHAIRMAN McCARTHY: Thank you. Yes.

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CHAIRMAN McARTHUR: Thank you. Yes.

ON TU: I'm On Tu and I work for the Advisory in the Washington office, and I have a couple of comments and couple of questions directed to President Bogard.

It is related to the legal need study. The comment is that why you cited former President Tom Ehrlich, Tom Olige, and former Board member Howard Sac, for when they talk about the need for the legal need standing.

You forgot, or you neglected to point out that those statements were made in the context of a joint effort between the corporation receiving tremendous input from the field programs and the client population in pursuing to carrying out a legal need study.

They admit it and you cited them, that the legal need study is a very major project. It takes resources. It takes a lot of things that need to go into it before it can be valuable document to where everybody wants for it to be used.

The reason it could not be done at the time is because people, even at the time when we were funded for 321 million, we didn't have the resources

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The reason it could not be done at the

time is because people, even at the time when we were

funded for \$21 million, we didn't have the resources

to do that. So, that is a comment; that I think the legal need study, the path that you are traveling on, you do not include the project, the field programs in it, and I think it is a mistake.

It is something that is affecting the client population and, obviously, affecting the people who are -- not so much their work, but the kinds of work that they would be able to do.

And, I think that the corporation should pursue it on its own. That is a comment.

The other thing I just would like to remind you, if I recall correctly, when you appeared before Representative Smith at the House of Appropriations Fact Committee Hearing, you did hear from Mr. Smith as well as Representative Joe Early of Massachusetts, that they are sick and tired of the corporation coming before them with further statistics for further study.

This is not the time to do that. That Congress, just in the 1985 appropriations, reaffirmed its appointment for a minimum access funding. It did reaffirm that; that the cost of providing two legal services lawyers per 10,000 people is at least for now

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reaffirm that; that the cost of providing the legal services lawyers per 10,000 people is at least for now

a reasonable way to provide funding for the corporation.

At this time I don't see why you need -- Congress is not requiring you to come to them with the new studies. Why the rush? Unless you have something else in mind.

The question I would like to get from President Bogard is who the solicitation packages were sent to. Could you provide us -- not right now, but later, back in Washington -- the list of the 50 organizations where the packages were sent?

And, what criteria did you use, or are you going to use in choosing the contractor to carry out the legal need study?

The third question is, if you don't get the money, how do you suggest that the need study be funded?

PRESIDENT BOGARD: We can certainly provide the list. The criteria is under development and being evaluated and implemented at this point. I've said in the past a number of times, if we don't get foundation funding, which I hope we will, I think it is necessary that the corporation go forward with it and use existing funds, and we will attempt to come up with

a reasonable way to provide funding for the corporation.
At this time I don't see why you need --

Congress is not requesting you to come to them with the
new studies. Why the rush? Unless you have something
else in mind.

The question I would like to get from
President Bogard is who the solicitation packages were
sent to. Could you provide us -- not right now, but

later, back in Washington -- the list of the 50

organizations where the packages were sent?

And, what criteria did you use, or are

you going to use in choosing the contractor to carry

out the legal study?

The third question is, if you don't get

the money, how do you suggest that the study be

funded?

PRESIDENT BOGARD: We can certainly

provide the list. The criteria is under development

and being evaluated and implemented at this point. I've

said in the past a number of times, if we don't get

foundation funding, which I hope we will, I think it is

necessary that the corporation go forward with it and

use existing funds, and we will attempt to come up with

those funds through savings in other areas.

We certainly will not take them away from programs. It will be administration funds for the administration of the office that will be used.

ON TU: Are you still excluding any field input into the study before you are going forward with the study?

PRESIDENT BOGARD: We haven't done anything as far as developing what the actual study is, how the research firm that is ultimately selected will conduct the study. We're simply looking at what firms are available and what funding is available and the instrument and the package will be developed after we make a collection.

ON TU: But, that's the whole point. I mean, the instrument for the study is going to be very important and that is where I think field input is very important.

I mean, it's just like the way the meeting has been conducted. You decided, you voted on something, then you told us that we could give you comments.

I mean, no wonder that you just

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received -- you feel like you are being subjected to our expressing frustrations, but that really is how frustration -- you invite frustrations from the audience, and I just hope that you are not going to try to do it -- if you acknowledge Mr. Smith, who is going to provide appropriation for the corporation, if you are going to ignore his remark that he does not need any study at this point, and you are going to go ahead with it, I think it's too important a study, that just for the corporation to do it all on its own.

PRESIDENT BOGARD: Do you have any other research firms that you'd like to suggest we contact in addition to the 50 research firms we've contacted, more foundations to provide financial support, and we will contact those.

Those are the only decisions that have been made thus far. We have not developed the instrument for study. We will address that after we make a selection of the research firms.

ON TU: I think I made my point. Thank you.

CHAIRMAN McCARTHY: Thank you very much.

MR. FERRARA: I'd like to make a comment

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you.

CHAIRMAN MCGARRY: Thank you very much.
 MR. BERBA: I'd like to make a comment

in response to that. She made a point about us voting on the regulations and then allowing comment.

I just want to point out that we had a full committee meeting in Washington, D. C., to discuss those regulations, at which time, before we recommended to them for adoption to the Board, we took comments from the audience and we had extensive comments at that time.

There was a 30-day notice and comment period on these regulations, in which the public was invited to make comment, and substantial comments were made. So, this has been thoroughly commented on from the public, and we had conducted this in a thoroughly open matter.

So, there was no need for further discussion at this time, in my opinion.

CHAIRMAN McCARTHY: Thank you, Peter, for explaining that. I'm sure that everyone here completely understands that and we also understand why you might make a comment such as that at this time, but thank you.

MARIE THOMAS: We are receivers of services. So, I listen from the attorney's point of

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CHAIRMAN MCCARTHY: Thank you, Peter.

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MARIE THOMAS: We are receivers of

services. So, I listen from the attorney's point of

view. They are labored in heavy work. Let's go back to the reduction.

Reduction, yes, was a tremendous thing for my offices. They had to lay off people that had been with them for a long time, and other people that I stated earlier knew what was coming and had families and they had to go.

So, they put in their resignation and left the program. That left us with minute services, and of attorneys going crazy, clients clamoring at the receptionists saying, "You're just not doing your job."

But, we know they're doing their job, because we are informed of the goals, and every year we go through certain procedures to tell us, "Hey, things are not getting better."

So, we take that message out to the public. Let's go back now to the twelve and a half percent.

I really am -- I don't want to squabble about twelve and a half percent for private attorneys. I don't think we even want to hear it. It's two and a half percent up from last year.

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about twelve and a half percent for private attorneys.

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half percent up from last year.

What I want to mention is that in the

working together out here with private attorneys, we must make a showing that we love them and they love us back. We want unity. If we don't make a showing -- if we had an increase somewhere, which we haven't had; our attorneys are low paid, the staff is just like nil.

But, they keep going, overtasked and overburdened and overprogrammed. But, the twelve and a half percent is not what our clients are interested in.

We want the private Bar and Legal Services to work together. Let me tell you the structure that we're using.

We had to cut back so closely for disability cases, which that has been very severe. I mean, it's been a universal thing. But, some of the cases we had to drop that in prerogative because of the fact we didn't have the attorneys to close the cases.

So, what we had to do was say to go to a private attorney and get three denials and then come back. But, there still wasn't enough attorneys in that office to service.

And, the denial from the private attorney is understandable, because we know the crime rate is very high. Everybody is suffering from crime. So, to

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is understandable, because we know the crime rate is

very high. Everybody is suffering from crime. So, to

them it's minute. Is that what you call substantial? What is disability? Is that community law or substantial law? Could someone answer me? What law is it?

I mean, what does it come under?

CHAIRMAN McCARTHY: I frankly don't follow you. What was the purpose of bringing in the criminal aspect?

MARIE THOMAS: Not the criminal aspect. I'm talking about disability. I'm talking about --

CHAIRMAN McCARTHY: Could you restate your question?

MARIE THOMAS: What is community law? I'm just a client. I don't know. What is community law and what is substantial law?

CHAIRMAN McCARTHY: I don't know the distinction either.

MARIE THOMAS: What I'm saying is we have to get three denials from a private attorney to take a disability case. Disability; I mean, disability, applying for disability.

So, we have to get three denials from a private attorney before our Legal Services can take our

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So, we have to get three denials from a

private attorney before our legal services can take our

case, and it's not in our prerogative. How do we get service? The twelve and a half percent, the reason I'm calling it minute is because it's not significant.

What we need is for our services in '85, to have money coming in so we can have lawyers in Legal Services. Give the private Bar twelve and a half percent so that when we go to them to get these denials they won't push us through the door and say, "I deny you," and you take it back and service it.

But, the private Bar is not doing it for us. They can't. They wouldn't even consider it. Twelve and a half percent? It's not even making good friends.

PRESIDENT BOGARD: For your information, the Board has requested an increase in appropriations for next year and I've made comment to the House Appropriations Committee in testimony for that budget.

We asked for a total of 325 million, which is a fifty-million-dollar increase.

MARIE THOMAS: Bless you.

PRESIDENT BOGARD: I don't know what the Congress is going to do, but the Board did authorize that it go forward with an increase request.

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We asked for a total of 225 million,

which is a fifty-million-dollar increase.

MARIE THOMAS: Bless you.

PRESIDENT BOARD: I don't know what

the Congress is going to do, but the board did

authorize that it go forward with an increase request.

MARIE THOMAS: Let's not squabble over the twelve and a half percent, because the client is not considering that. We want more attorneys in our office and we'll pay for them so we can be competing with the private lawyer and have some place to hang our shingle.

CHAIRMAN McCARTHY: Thank you, and I assure you that your comments will be considered by this Board.

We will now proceed to the next item on the agenda. I would like to first introduce to all those present Mr. Gene Potack, who has been very willing to accept the position of the acting director of the Office of Field Services.

For those who are not familiar, our former director, Greg Hartley, has resigned, and I think the call of the South got to him, because he's returning to his home in Missouri from his home in Washington, D. C.

MR. SANTARELLI: Only in San Francisco is that south.

CHAIRMAN McCARTHY: I'd like to introduce Gene, who will give us a report.

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MR. BARTLEY: Only in San Francisco

is that south.

CHAIRMAN McARTHUR: I'd like to introduce

Gene, who will give us a report.

MR. SANTARELLI: Have we provided him with a cavalier suit?

PRESIDENT BOGARD: We'll make a note of that.

GENE POTACK: Thank you, Mr. Chairman. For your information, the corporation presently has budgeted \$7,378,882.00 in 1984 for state support.

An additional \$6,686,222.00 for national support, for a total of over 14 million dollars. \$14,065,104.00. This does not include the expenditures for the National Clearing House for Legal Services, the seven computer-assisted legal research projects, the five regional training centers, or funds still available for use for the National Legal Aid and Defender Association, for the National and Technical Assistance Training.

When those funds are included, the total 1984 expenditures for support could total in excess of 17 million dollars. This does not include expenditures for support either by over 300 basic field migrant and native American programs, nor does it include one-time grants for support purposes.

In terms of the national and state

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for support either by over 300 basic field grants and

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grants for support purposes.

In terms of the national and state

support study, this was initiated, as you know, at the Legal Services Corporation Board meeting in December 16 and 17 of 1982.

It was divided into a four-part project. The first part was a survey of the support needs and the satisfaction with the present sources of support.

The second phase was for the on-site assessments of present recipients of corporations support funds.

Third was a review of the existing literature on national and state support and assessment of support outside the corporation.

Fourth, an investigation of the specific issues identified by the grants and contracts committee of the Board in 1982.

The overall objective of this study is to determine how the corporation can best meet the support needs of field attorneys who are directly serving eligible clients.

At the last Board meeting, you had a report from Heidi Ackerman, assistant to the director of the Office of Program Development, regarding phase one, which was the survey. I believe that's at Page 4

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report from Keith Ackerman, assistant to the director

of the Office of Program Development, regarding phase

one, which was the survey. I believe that's at Page 4

of your Board book in the draft minutes of the February 6 Board meeting. A brief summary is outlined there.

The reason I'm here today is to report on Page 2 of the study, which is the on-site assessment of the state and national support centers that were conducted last year.

In the last section of your Board book you will find two memos from Paul Reddick and Tim Baker. In August 1983, Paul Reddick was placed in charge of the National Support of the Monitoring Project, and in September 1983, Tim Baker was placed in charge of the State Support Fact Finding visits that we did.

The National Support Centers included visits to all 17 National Support Centers. For the State Support Fact Finding visits, we decided to visit 11 out of the 67 recipients and tried to gather information on the remaining 56 without making on-site visits.

All the visits have been conducted at this point. In fact, were conducted by the end of last year.

The reports have been prepared for all

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17 National Support Centers, and the 11 State Support Centers that were visited. I believe that the State Support Centers were not meant to be evaluative as Tim Baker's memo states.

The purpose was to gather information, whereas, the National Support monitoring reports were that. They were monitoring reports, evaluative, similar to those that have been done in the past.

I think, by and large, as Paul Reddick states at Page 50 and 51 of your Board book, the quality of the work was found to be quite high, by and large.

I don't think, in reviewing the past minutes of this Board and the previous Board, I think there was never any suggestion, I don't believe, that the quality of the work was not high. It was not a questioning of that, but what exactly it was that they were doing.

The staff members are now reviewing the responses that are coming in to the draft reports. We have received responses from all of these centers except for three National Support Centers. The final reports are then going to be prepared and distributed to staff

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for three National Support Centers. The final reports

are then going to be prepared and distributed to staff

members that are working on other phases of this study.

I think I would like to make a few comments about the responses we have been receiving. I won't go into detail about those responses, especially for the National Support Centers, because, by and large, they were complimentary and professional.

I believe this is a result of the fact that these reports probably included more information and were more thorough than any prior evaluations conducted by the corporation.

I think Paul Reddick did an outstanding job under substantial pressure. In three months he had to conduct visits to 17 National Support Centers. The average for each of our nine regional offices for an entire year was less than that, in terms of monitoring.

So, we had to cram in what they did in one year, he had to cram it into three months.

The State Support Center responses were not as complimentary. I think the primary purpose of the State Support Center was to gather information and not evaluate the quality of the work, as was done for the National Support Centers.

Despite that, several of the centers

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Despite that, several of the centers

chose to attack the credentials and motives of the monitoring team members. Some respondents went so far as to suggest the team members were given a political charge to draft the report which could be used to justify the political decisions to remove funding from the National and State Support Centers.

I want to state now that's absolutely false, and I'm sure every member of this Board agrees. There were also statements that the support center staff members were not fooled by the use of cheap and misleading tactics by the political ideologs selected to draft the reports.

Those statements are absolutely baseless, and I think shameful.

Another criticism expressed by several State Support Centers was that the users of State Support Services, that is, the attorneys that are providing services in our basic field programs were not included on the monitoring teams and were not contacted by these monitoring team members.

To begin with, as I said earlier, I'll say it again, the purpose was to gather information. I don't think that that necessarily requires that the

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users of the support centers or services have to be on the monitoring teams.

In fact, I think it's desirable at this point to have an independent consultant take a fresh look at it. I don't believe there has ever been any requirement at the corporation for any monitoring and evaluation or fact-finding teams to include users on the teams.

For example, I do not recall reading any monitoring report for the basic field program, where a member of the team include a user of the service that is an eligible client. Nor are clients routinely contacted in these monitoring visits for basic field monitoring.

With regard to the factual inaccuracies that have been raised, we have every intention to correct those.

In the final draft reports, our errors were identified and documentation is provided recording the corrections. We have no intention of misrepresenting the facts.

A problem that we have had is in gathering information and getting the information from

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some of the centers. For example, Tim Baker solicited information from all those 56 State Support Centers that were not visited. According to him, not one of those centers supplied any information in response.

In addition, I think it's important to realize that there probably aren't any recipients that are difficult to analyze or evaluate, or even gather information about than state support recipients.

The reason for that is because the types of things they do are so varied. For example, in 1981, there was a State Support needs assessment study conducted by Wayne Pressell, who is now the Director of the National Legal Aid and Defender Association. I believe it's called the Management Project.

Over 50 percent of the State Support Centers were interviewed by phone using a structured instrument.

In addition, relevant written materials were collected and reviewed. He noted that State Support Centers are highly individualized and in a very real sense, they defied categorization because no two are identical, and many are totally peculiar to themselves.

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That was Page 1 of his report entitled "State Support Needs Assessment Study" on December 1, 1981. I think, as Tim Baker notes at Page 2 of his report, which is Page 58 of your Board book, the 67 state support recipients funds 48 organizations which deliver services in 43 states.

These recipients are organized in different ways. Some are free-standing, as he says, some are components, local components of a program, some of them being state wide, some joint ventures. They are organized differently, all 67 recipients.

Now, to further complicate matters, as I said earlier, the types of activities varied considerably. For example, the 1983 report prepared for the National Legal Aid and Defender Association, Management Project, by Erica Blackgrub, entitled "State Support: A Vital Component for Legal Services for the Poor," listed in the Appendix 34 different activities conducted by State Support Centers.

Broad activities included state-wide resource center activities, resource development activities, training activities, technical assistance activities, advocacy, dissemination of information,

That was page 1 of his report entitled "State Support Needs Assessment Study" on December 1, 1981. I think, as Tim Baker notes on page 2 of his report, which is page 55 of your Board book, the 67 state support recipients fund 43 organizations which deliver services in 43 states.

These recipients are organized in different ways. Some are free-standing, as he says, some are components, local components of a program, some of them being state wide, some joint ventures. They are organized differently, all 67 recipients. Now, to further complicate matters, as

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legal coordination and support, liason with government and state-wide entities, and administrative coordination.

Given these complexities in the organization and what they do, and the time constraints in the state support study that the staff members were under, as well as the failure of some of those recipients to provide information that was requested, especially those that were not visited, I think some factual errors were to be expected.

Under the circumstances, I think Tim Baker did an excellent job. I know he worked long, hard hours, and I think he deserves to be praised and not maligned, as some of these people have done.

In any event, in conclusion, the status of the study is that the final draft of the report will hopefully be completed in the very near future.

The preliminary findings of that survey, I think, already have been made public in that they were released in the discovery in the recent lawsuits. So much of that information is already available, I think.

All the responses for both the State and National Support Center visits have been reviewed and

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much of that information is already available, I think. All the responses for both the State and National Support Center visits have been reviewed and

the responses have been reviewed, and the factual inaccuracies will be corrected.

Every one of those reports will be sent to me and reviewed before they go out and the final version of those reports will be distributed to other appropriation staff members that are working on other phases of the support study.

CHAIRMAN McCARTHY: Thank you very much, Gene. That was an excellent report.

Do any of the members of the Board or Don have any questions?

MR. FERRARA: I have a question. You mentioned that one of the comments was that the political ideologs were involved in the preparation of the report.

Do you know if any political idealog was involved in any of the comments that you received?

GENE POTACK: No comment. Can I do that?

MR. FERRARA: That's fine.

CHAIRMAN McCARTHY: Thank you very much. I want to thank you for assuming this role as acting director. We do appreciate it and you made a very,

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MR. FERRARA: That's fine.

CHAIRMAN MCCARTHY: Thank you very much.

I want to thank you for assuming this role as acting

director. We do appreciate it and you made a very,

very fine report.

PRESIDENT BOGARD: If I can make one comment. Gene has been with us since, I believe, October of '83 and served for five and a half years as the executive director of Wisconsin Judicare, so he has a significant amount of experience in the programs, and we are pleased to have him take this position for us.

CHAIRMAN McCARTHY: The next agenda item is the report from the Office of Government Relations, and we will come to you for your report, Jim.

This is Jim Streeter.

JIM STREETER: Thank you. As Mr. Bogard reported, there have been two hearings this year in Congress.

On the House side on February 29, Mr. Bogard appeared on the subcommittee on Court Civil Liberties in the Administration of Justice.

The chairman of the committee, Robert Castimeyer, allowed Bruce Morrison, who is interested in Legal Services, allowed Mr. Morrison to chair the hearing.

In attendance, in addition to those two, were Congressman Hyde, Devine, Kindness, and Sawyer.

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JIM STRICKER: Thank you, Mr. Bogard

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were Congressman Hyde, Irvine, Kindness, and Sawyer.

The first witness was Mario Berioni, a congressman from New York, who expressed his strong disagreement with the eligibility regulations that had been adopted last year.

He was followed by a panel consisting of a member of the St. Louis Bar, a board member of a program in Ohio, and a project director from a support center in Massachusetts.

The first two members of the panel discussed the private Bar involvement and made comments similar to ones we heard today about the problems they saw with increasing the private Bar involvement to twelve and a half percent.

The program director, Allen Rogers, was involved in a very sharp exchange with some members of the committee on the propriety of Legal Services programs being involved in lobbying and political activity.

There were some sharp disagreements between Mr. Rogers and, particularly, Henry Hyde, and Al Sawyer over how much of the resources should be allowed to be devoted to lobbying activity and political activity.

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Mr. Bogard was the last witness and his testimony dealt mostly with an explanation of budget requests and the review of the activities of the corporation during the last year.

On March 21 Mr. Bogard appeared before the House Appropriations Subcommittee. He was the only witness. In attendance were Neil Smith, the chairman, Georgia Bryan, congressman from Illinois, Joseph Early, from Massachusetts, and Bernard Dwyer, from New Jersey.

The discussion there was mostly on the details of the budget requests and the justification for the large increase.

There were, however, some questions dealing with the various regulations that had been adopted during the year.

A hearing is scheduled on April 11 before the Senate Labor Committee. It's an oversight hearing. Mr. Bogard will testify and there will be other witnesses. We're not sure who they will be yet. The list has not been developed.

In early May there will be an appearance before the Senate Appropriations Committee. The date of that hearing may be subject to some delay because

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our appropriations are provided in the same bill that provides money for the Justice Department, and they had planned to have the spokesman from the Justice Department appear at the same time, and since there is some dispute at this time about who will be the attorney general in May, there may be some delay in that hearing.

A full slate of 11 nominees has been submitted to the Senate for confirmation. The Senate Labor Committee hopes to hold a hearing on the four new nominees sometime in April and proceed quickly to a confirmation, but the seven nominees, who have already been to the hearings, will probably not be called back for further hearings.

On the general accounting office investigation, there has been no change in status. They are still working on it. There is a possibility that someone from the general accounting office will make an interim report to the Senate Labor Committee during their hearing on April 11.

There is also a report on the annual report and due to the fact that our office of public affairs was vacant for much of last year, we've decided to combine the annual reports for 1982 and 1983 into

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one volume, which is now in draft form and should be out within a few weeks.

CHAIRMAN McCARTHY: Thank you very much. Does the Board have any questions of Jim?

MR. SANTARELLI: What intelligence do you have as to this confirmation of the nominated board members? Will they hold up on the ones that have already been heard, or will they be in pieces?

JIM STREETER: I think Chairman Hatch would like to move all 11 the same day, and perhaps combine them with the nominees' positions and have a report on all pending nominations.

CHAIRMAN McCARTHY: Thank you very much, Jim. May I ask the nature of your comments?

ELEANOR EISENBERG: I have a question of Mr. Bogard that I was reminded of in Mr. Streeter's remarks about the specifics of the budget mark in that when we were at the Washington board meeting, I specifically asked whether the phrase in the resolution on the budget mark regarding equalization meant that the corporation was going to seek to equalize funds among all programs?

It's my recollection that Mr. Bogard

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CHAIRMAN MCCARTHY: Thank you very much.

Does the Board have any questions of this kind?

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It's my recollection that Mr. Bogard

told me that that was not the intent; that that was not a problematic use of the word equalization.

What I read in your testimony to Congress however, it did appear that you were suggesting that there be strict equalization, according to per capita census based with the possibility of other factors being fed in, based on Mr. Peterson's or other reports.

I thought that I wanted some clarification of that.

PRESIDENT BOGARD: I don't believe that was the nature of the testimony before the House. We have not used that as a strict figure; equalization in the problematic sense. I did not, to my knowledge, make that reference or statement in the House.

ELEANOR EISENBERG: That is not your intent at this time?

PRESIDENT BOGARD: I don't think so, no. We have the four factor formulas that are before the Board for preliminary discussions. There has been no movement on that formula, and no other discussions about reallocating funds for 1985.

ELEANOR EISENBERG: I was also wondering if you planned to speak with the Project Advisory

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ELEANOR FISHERBERG: I was also wondering

if you planned to speak with the Project Advisory

Funding Criteria Committee. I think there was one instance last year when it was very helpful when you all met in Washington with representatives of programs and the Funding Criteria Committee on the issue of the budget and that was a productive session.

I wondered if you intended to meet with the field on questions of allocation.

PRESIDENT BOGARD: We have no plans at all in that area yet. I mean, I'm not saying that we haven't got plans to meet with the field. We just don't have plans in the whole area.

As we address those issues, we'll certainly consider that.

ELEANOR EISENBERG: Thank you.

CHAIRMAN MCCARTHY: Thank you, Ms. Eisenberg. Yes, sir.

DWIGHT LYONS: I'd like to make a brief comment. My name is Dwight Lyons. I'm from the National Organization of Legal Services.

For the record, I'd like to say that we would like to submit a written statement from someone from a member of the Legal Services staff who could not be here today and intended to make that presentation

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ELIZABETH RISHENBERG: Thank you.

CHAIRMAN MCCARTHY: Thank you, Ma.

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directly.

So, at some point after this meeting I'd like to submit it for inclusion.

CHAIRMAN McCARTHY: If you submit it, it will be received.

DWIGHT LYONS: Thank you. I'd like to comment just quickly on at least the field services report. Not so much as to what it contained, but what I think was missing.

I understand at some point today you intend to go into executive session. I also understand that one of the things on your agenda will be the reorganization of closing up of regional offices.

I'd just like to point out to this Board, in case you have not known this in the past, in 1976, I understand, when I believe Charles Jones, at that point, was head of Field Services, the question of reorganizing the regional offices came up. That was discussed in an open Board meeting and comments, I understand, were taken, and the fact of the matter was then subsequently discussed in a later Board meeting before actions were taken.

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assuming that that is something that you're going to be dealing with --

CHAIRMAN McCARTHY: Thank you very much for this comment, but assumptions are not in order, because that is beyond my knowledge, and I don't think --

DWIGHT LYONS: Can I ask the question of Mr. Bogard, do you intend to --

MR. FERRARA: Excuse me, please. If you want to ask a question, I suggest that you wait until Mr. McCarthy is finished --

DWIGHT LYONS: I don't --

MR. FERRARA: -- and I don't like your rudeness.

DWIGHT LYONS: I don't like --

MR. FERRARA: I move that we end the public comment altogether.

CHAIRMAN McCARTHY: Excuse me, sir. Comments are allowed only at the discretion of the chairman of this Board.

DWIGHT LYONS: Okay.

CHAIRMAN McCARTHY: Mr. Frankum, could you please now be present? I'm going to do something

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DWIGHT LYONS: Okay.

CHAIRMAN MCCARTHY: Mr. Ferrara, could

you please now be present? I'm going to do something

I have never done. I'm going to ask -- the Chair will accept a motion for adjournment at this time.

MR. FERRARA: I move to adjourn.

MR. FRANKUM: Second.

CHAIRMAN McCARTHY: The Board is now adjourned. Thank you very much.

(Board of Directors Meeting adjourned
at 12:00 noon.)

(10:00 AM)

(Board of Directors Meeting - 10:00 AM)

Meeting. Please don't miss it.

CHAIRMAN: MR. BOARD: THE BOARD IS NOW

MR. BOARD: BOARD.

MR. BOARD: I HAVE TO REPORT.

BOARD IS NOW REPORTING TO THE BOARD.

I HAVE NOW REPORT TO THE BOARD -- THE BOARD WILL

C E R T I F I C A T E

G E O R G I A :

CHATHAM COUNTY:

I hereby certify that the foregoing transcript was taken down, as stated in the caption, and the questions and answers thereto were reduced to typewriting under my direction; that the foregoing Pages 1 through 79 represent a true and correct transcript of the evidence given upon said hearing, and I further certify that I am not of kin or counsel to the parties in the case; am not in the regular employ of counsel for any of said parties; nor am I in anywise interested in the result of said case.

This, the 3rd day of April, 1984.

Carol P. Cason RPR

Carol P. Cason, Registered
Professional Reporter, B-785.

E X H I B I T

STATE OF MISSISSIPPI
CHANCERY COURT

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case

This, the 2nd day of April, 1934.

Handwritten signature

Carol P. Casson, Registered
Professional Reporter, No. 782.