

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS MEETING

OPEN SESSION

July 14, 1995

1:05 p.m.

Legal Services Corporation
11th Floor Conference Room
750 First Street, N.E.
Washington, D.C. 20002

BOARD MEMBERS PRESENT:

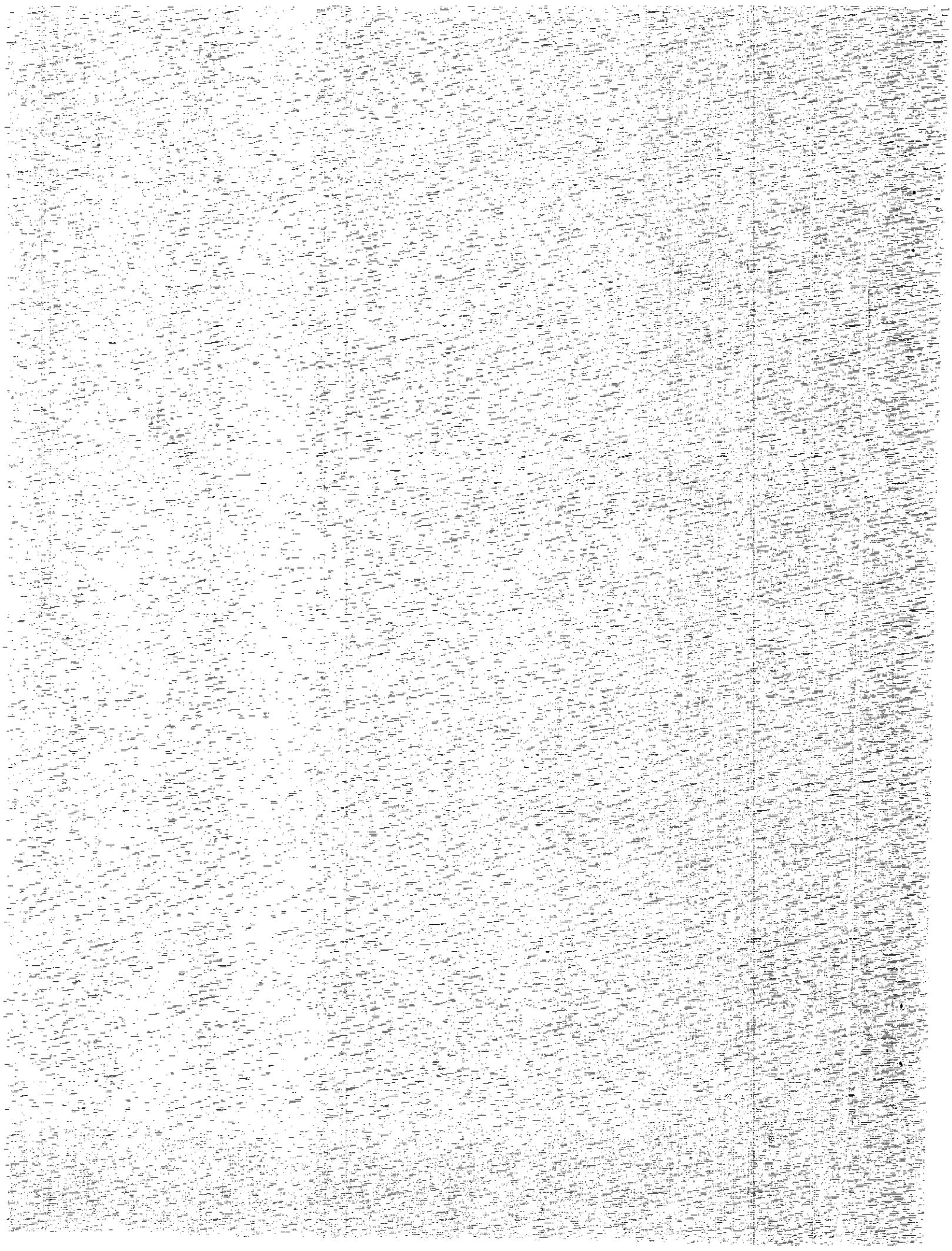
Douglas S. Eakeley, Chairman (In-Person)
Hulett H. Askew (By Telephone)
LaVeeda M. Battle
John T. Broderick, Jr.
John G. Brooks
Maria Luisa Mercado
F. William McCalpin
Nancy H. Rogers
Thomas S. Smegal
Edna Fairbanks-Williams
Ernestine P. Watlington (By Telephone)



STAFF PRESENT:

Alexander Forger, President
Martha Bergmark, Vice President
Patricia Batie, Corporate Secretary
David Richardson, Comptroller and Treasurer
Victor Fortuno, General Counsel

Diversified Reporting Services, Inc.
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WASHINGTON, D.C. 20006
(202) 296-2929



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P R O C E E D I N G S

MR. FORGER: Greetings, Friends. Alex Forger here with Martha. Doug is expected shortly and he said in his absence that Nancy, as Vice Chair, should chair the meeting. I understand she is not yet on the line. And I suppose we could go forward if someone of the board would like to move the approval of the agenda.

M O T I O N

MR. BROOKS: The approval of the agenda -- this is John Brooks.

MR. FORGER: Good work, John.

MS. WATLINGTON: Ernestine, second.

MR. FORGER: All right. All in favor?

(A chorus of ayes.)

MR. FORGER: Any opposed?

(No response.)

MR. FORGER: The principal item and notice for this meeting was to consider and act on matters related to the inspector general's inspection of contract service and related expense payments. Martha and I and John and others have been working on responses and drafts with the inspector general and his group. We're having a further meeting at

1 3:30 today, and so there is nothing for us to act on in
2 respect of this meeting concerning that report.

3 But we thought it would be important, nonetheless,
4 to act on matters related to the inspection which have
5 surfaced a number of issues that we in management have been
6 considering over the last year or so, waiting for the
7 appropriate moment when we could look into certain of the
8 administrative and personnel issues.

9 And that happens to coincide with the hiring of
10 Joan Kennedy, whose resume was faxed out. Karen Crosby,
11 the -- whose title is assistant to the president is leaving
12 today, this is her last day, and we were fortunate in our
13 earlier search to find Joan Kennedy who will report, I think,
14 in mid-August, Martha, and who has a masters in management or
15 administration and has been one with significant experience
16 in doing personnel issues and management issues, and is
17 the -- we think the ideal person to fill the position of
18 assistant to the president and have as a principal
19 responsibility matters relating to administration and
20 personnel.

21 So it seemed to us an appropriate time for the
22 board to consider whether management might not go forward

1 with a review of a number of the issues that have surfaced,
2 and I'll just sort of run over a quick list. One is the
3 frequent flyer program, another is travel by personnel,
4 whether it's part official or part personal. The terms of
5 our memo of understanding with Omega Travel, whether that
6 needs review or modification. The circumstance of
7 consultants and temporaries.

8 As you know, many in the transition team were
9 deemed to be temporary or consultants, and one of the
10 concerns is whether benefits should be provided or could be
11 provided that were not in the personnel manual, outdated as
12 it may be, in respect of benefits. So it seemed to us useful
13 to review issues of consultants and temporaries, nature of
14 compensation, how it's set, the benefits, terms of
15 engagement.

16 We could also look to other fringe benefits. Is it
17 something we should review as to whether cash might be paid
18 in lieu of the benefit being provided by the corporation, and
19 under what circumstances. Also, someone asked that we
20 revisit the vacation issue, whether it's accrued versus
21 eligible leave. Also, matters of personnel have been raised
22 in our review as to job classifications for example, and many

1 of them are outdated.

2 We may have a reduction in force one day. We ought
3 to make certain that we have job classification descriptions
4 current. We need to redefine, we think, some of the
5 essential functions in job descriptions. We have certain
6 reorganized some of the corporation and thus need to better
7 identify those things.

8 We also have issues of personnel on performance
9 evaluation. There has been some commentary as to the nature
10 of our review leading to advancement and salary increase and
11 there is also the suggestion that we move maybe from an
12 individual performance to the emphasis of team and group work
13 and cooperation and performance with incentives and rewards.

14 Then we have tax notices and filings, I guess,
15 which need to be reviewed, things like voucher
16 reimbursements. So there is a whole laundry list of issues
17 that have stemmed from a review occasioned by the inquiry
18 into consultants, transition team, and travel that seem
19 useful for us to undertake, particularly with the addition of
20 a person who now has experience in these and can give us
21 guidance and direction in editing and reissuing personnel and
22 administrative manuals, but suggesting policies for board

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1 action.

2 I'll just dwell briefly on one for the moment, on
3 the frequent flyer. As you know, the inspector general has
4 requested the General Accounting Office as to what discretion
5 we at LSC have in respect of a frequent flyer policy, whether
6 this is something that individuals must turn over to the
7 Corporation or whether individuals can keep the benefits of
8 their travel on official business. And if indeed we do have
9 the discretion as to how one handles it, then there are
10 issues of the benefits versus the cost of instituting such a
11 policy should the board want us to have employees turn over
12 their mileage coupons and benefits for the use of the
13 Corporation.

14 I think some others have found that it's pretty
15 heavy, administratively, with sometimes not a real benefit,
16 particularly if it is a group that isn't in a lot of travel.
17 Most of our travel, I think, Martha, is through the
18 monitoring staff, and those aren't people that are flying
19 every week. And so there are issues of do you require
20 monitors to become members of frequent flyer clubs and then
21 how do you do the accounting and do you accumulate enough
22 miles before they lapse in order to make use of them for the

1 corporation.

2 And so it is that sort of an issue that probably
3 should be reviewed, and I think that in light of the
4 inspector general's report, which I'm sure will attract some
5 consideration in our committees, I think it would be
6 important for us to acknowledge that these are issues that
7 have been on our agenda and we're now in a position to go
8 forward with it. So, welcome any comments, suggestions,
9 caveats from any of you, and all of you.

10 Martha, is there anything to add to that
11 discussion?

12 MS. BERGMARK: I don't believe so. I think that
13 covers it.

14 MS. FAIRBANKS-WILLIAMS: Edna here, could I enter a
15 complaint.

16 MR. FORGER: Please do.

17 MS. FAIRBANKS-WILLIAMS: The monitoring team that
18 came to Vermont, they got their tickets and things at the
19 very last minute, and since some of them are clients and
20 don't have money, they said it would be awful nice if they
21 received their money for their food before they left, so that
22 they wouldn't have to borrow money in order to eat.

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1 MR. FORGER: I think that is a valid complaint and
2 a reasonable request. We will seek to make certain that that
3 does not recur, Edna.

4 MS. FAIRBANKS-WILLIAMS: Okay. Thank you. There
5 is one other thing that I would like to say due to your
6 comments, you're talking about evaluations on a team concept
7 instead of an individual person. I've had a little bit of
8 work along that line. I'm characterizing it as a little bit.
9 It wasn't all good. There was one person that was sitting on
10 their fanny waiting for the others to do the work so that
11 they could find fault. I wouldn't want everybody to be
12 team evaluated and let one person sit down while the other
13 person has done the work. If they are doing their work, it
14 should be somewhere in their evaluation of exactly how much
15 they do, when they do it, and how they do it.

16 THE OPERATOR: Excuse me. Ms. Rogers has joined
17 you.

18 MR. FORGER: And also, Doug Eakeley has arrived, so
19 we're at full bench.

20 MR. EAKELEY: Hi.

21 MS. ROGERS: Hello.

22 MR. EAKELEY: Sorry I'm late but I got stuck in

1 traffic.

2 MS. ROGERS: I'm sorry I'm late, I was trying to
3 get the call.

4 MR. FORGER: Edna, that's a good point for --

5 MS. FAIRBANKS-WILLIAMS: Can you do that to?

6 MR. FORGER: Edna, we will -- you know, that is
7 certainly a relatively new concept for me on team evaluation,
8 and it's -- one should not lose sight of individual
9 performance. But where we're seeking to encourage
10 cooperation, I suppose that that can be a factor that we look
11 to. And certainly we don't want to encourage folks to sit on
12 their hands, but by the other token, we want to encourage
13 them to participate on a group effort where it makes sense.

14 For the benefit of Doug and Nancy, I say that I
15 just went down a list of issues that have been surfaced once
16 again, this time in the report that we're working on in
17 respect of travel and consultants and have touched on
18 frequent flyer and travel by personnel and consultants and
19 temporaries, fringe benefits and job classification, tax
20 notices and filings, voucher reimbursements, and we're just
21 getting -- Edna commented on a couple of issues that she
22 thought we should pay attention to.

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1 MR. EAKELEY: All right. Has anyone called for
2 approval of the agenda or moved the agenda?

3 MR. FORGER: Yes.

4 MR. EAKELEY: We're all done then?

5 MR. FORGER: We're now just commentary or
6 suggestions on the suggestion of management now with a new
7 administrative assistant on board that we might start
8 reviewing these. I don't know whether there are any, you
9 know, priorities or preferences. I think frequent flyer
10 probably we should look at right away.

11 MR. EAKELEY: Well, we've been hoping for a while
12 to have the capacity to review personnel policies also and to
13 get them in sync. And the inspector general has been
14 relatively patient with us as we have gotten through a number
15 of other agenda items, but I think that there are a series of
16 issues that relate to personnel policies that are touched
17 upon in one way or another by this report and or by other
18 reports that we've received in the past.

19 And I think it just seems to me to be a worthwhile
20 moment, especially given the likelihood of having some
21 enhanced staffing capacity for some moment in time to look at
22 this whole area in a somewhat more systematic fashion and to

1 ask management to come back to us with some recommendations
2 about how management thinks that personnel policies should be
3 better honed or articulated.

4 Does that make sense to you, Alex and Martha?

5 MR. FORGER: Yes, indeed. I was just wondering
6 whether -- we probably can't attack all of these
7 simultaneously, and if there were any suggestions as to which
8 seemed to the board to be more important to approach on a
9 first basis.

10 MR. EAKELEY: Well, I think that my -- I don't want
11 to speak out of turn here, everyone, but it seems to me that
12 we always want to insist upon fiscal accountability, and if
13 there are some areas where some additional tightening can be
14 applied or where we ought to be looking at the accountability
15 function, that ought to have a priority.

16 Secondly, given the -- given what is coming by way
17 of next year's appropriation and the downsizing that will
18 likely be imposed, I think that it's very important that we
19 have in place personnel policies with respect to performance
20 evaluation. We have personnel policies in place. We make
21 sure that the personnel policies in place are adequate and
22 give everyone adequate and fair notice of the procedures that

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1 we are likely to employ as we move into a next fiscal year.
2 Hopefully, we will have an appropriation to permit us to move
3 into the next fiscal year. But I think in terms of
4 importance, those for me are the two most critical areas.

5 MS. BATTLE: This is LaVeeda. There seems to be
6 some technical difficulty on this line. I don't know if
7 anyone else is experiencing this, but I keep getting a loud
8 buzz that drowns out the voice that's speaking. Is anybody
9 else experiencing that?

10 MS. WATLINGTON: Ernestine. I hear that too.

11 MR. McCALPIN: Yes. We all are, I think. All of
12 us.

13 MS. BATTLE: Is there anything we can do about
14 that?

15 MR. FORGER: We can maybe start --

16 MR. EAKELEY: Place the call again. Does somebody
17 have the conference operator number? Ruby?

18 We're going to -- can you hear me?

19 MS. BATTLE: Yes. If we can call just to
20 straighten that piece out, I think it would be helpful to all
21 of us so that we can hear what is being said.

22 MR. FORGER: Okay. We will try to re-establish the

1 connections. So we may lose you all for a few minutes.

2 MS. BATTLE: Okay.

3 MR. EAKELEY: Should we just ask everyone to hang
4 up and replace the call?

5 MS. BATTLE: Well, it depends on how much more
6 we've got.

7 MR. McCALPIN: LaVeeda, I hope we have an
8 opportunity to chat on Ops and Regs before everybody goes
9 away.

10 MS. BATTLE: I hope so, too. Did you get my fax?

11 MR. McCALPIN: Yeah.

12 MS. BATTLE: Okay.

13 MR. BROOKS: I did too.

14 MS. FAIRBANKS-WILLIAMS: It's a lot clearer now.

15 MS. WATLINGTON: It's clearer now.

16 MR. FORGER: All right. Let's keep going.

17 MS. BATTLE: Okay. Good.

18 MR. EAKELEY: Maybe it's just the Corporation's
19 headquarters that are experiencing some interference
20 problems.

21 MR. McCALPIN: Alex, I was about to say in
22 connection with prioritizing the issues you've raised --

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1 there it is again.

2 MS. WATLINGTON: It did it just now.

3 MR. McCALPIN: Yeah. I wonder if it's worth
4 addressing the frequent flyer issue before we get an opinion
5 from the controller general.

6 MR. FORGER: Well, I think on that score, Bill, I
7 guess he will either say you must keep those in the
8 Corporation or you have discretion. Even if it is keep in
9 the Corporation, I suppose we would have the problem of its
10 administration and determining how best to function on it.

11 My guess is we're not going to hear from the GAO
12 for some time, and I wouldn't want us to spend an awful lot
13 of time on the legal aspect as to do we have the right or do
14 we not. We think we do. But I think we could still go
15 forward on that and if it turns out that we don't have any
16 discretion, we still have the whole issue of how to implement
17 this.

18 MS. FAIRBANKS-WILLIAMS: Well, Edna here, could
19 Omega keep track of this for us?

20 MR. McCALPIN: Yeah. That's what Renee said at the
21 last meeting.

22 MS. FAIRBANKS-WILLIAMS: Yeah. That's what I

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1 thought I heard. So for a small fee they could keep track of
2 all that and it wouldn't -- they wouldn't go out to other
3 people, to whoever was traveling?

4 MR. FORGER: Well, that is certainly one of the
5 things that we would seek to determine, can Omega do that?
6 Does it make -- and what are the issues there with respect to
7 requiring monitors to join frequent flyer clubs, I guess, as
8 a condition of their retention in monitoring. And, of
9 course, then again, we may not be doing much in monitoring
10 starting next year.

11 MS. FAIRBANKS-WILLIAMS: Well, what about board
12 members? I didn't know anything about any such thing until
13 you guys talked about it, and I haven't received any frequent
14 flyer things or anything like this. So when I have traveled
15 would not give anybody any credit? I supposed that you were
16 getting the credit right along.

17 MR. FORGER: Well, it would depend, I think, Edna,
18 whether you are a member of a frequent flyer group, you've
19 got a number --

20 MS. FAIRBANKS-WILLIAMS: No, no, no. I don't have.

21 MR. FORGER: Yeah. Well, that's one of the issues
22 then. If it were to be retained by the Corporation, then I

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1 think we would want everybody who flies at corporate expense
2 to become a member. Frequently there needs to be some
3 significant travel before you generate enough mileage that
4 produces a benefit.

5 But back to Bill's point as to do we wait for the
6 GAO, my sense is that that may take quite a while to get that
7 response.

8 MS. FAIRBANKS-WILLIAMS: So we should go ahead and
9 investigate it anyway?

10 MS. BATTLE: Well, I think the point is we need to
11 look at the issue of developing a policy around how we want
12 to handle the issue of frequent flyer points, and my sense is
13 that we should -- since there is an issue about this that is
14 being discussed, we should take a look at that and take into
15 consideration that we may get some advice from GAO down the
16 line regarding it, but not let that defer our ability to look
17 at the policy issues.

18 MS. FAIRBANKS-WILLIAMS: Yeah. Well, if it gets
19 public, they'll jump on us about it anyway, so we might as
20 well do it ahead of time.

21 MR. EAKELEY: Ernestine?

22 MS. WATLINGTON: This is Ernestine. Edna was not

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1 aware of it, but I was a member. So as LaVeeda said, it is
2 something we should look at, but there is a lot of things,
3 issues, that we have to look at, and I think we should,
4 because then there are people who say -- the ones we acquired
5 before we joined and all of that, it isn't -- it has a lot of
6 things to look at it into developing a process or procedure.
7 But I do think we should look at it and address it, so when
8 we do hear from the GAO on whether we can or not, that we
9 would have something in place to address it.

10 MR. BRODERICK, JR.: Can I ask -- this is John
11 Broderick. Can I ask what the justification would be for any
12 of us while we're flying on federal money to retain frequent
13 flyer miles for our own use? That doesn't even seem to be a
14 close question in my mind.

15 MR. EAKELEY: How do you give away -- how do you --
16 you would have -- John, you would have to have a separate
17 frequent traveler -- wouldn't you have to have a separate
18 frequent traveler card for the same carrier?

19 MR. BRODERICK, JR.: Well, I guess -- maybe I
20 misunderstand, but every time I've come to Washington or
21 wherever, I'm a member of a lot of frequent flyer clubs, and
22 it's always been my impression that we were not to put in for

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1 those miles on our own card. I've never done so, and I can't
2 imagine justifying keeping frequent flyer miles that I'm
3 accumulating on federal dollars. Is the issue how do we
4 transfer those to the corporation or is the question do we
5 get to keep them?

6 MR. FORGER: Well, I think that one issue, John, is
7 do we get to keep them or do we transfer. But I think that
8 for purposes of our investigation, we would assume -- unless
9 the board feels otherwise -- that we would look to the issues
10 related to keeping them, and we might concluded that it will
11 cost us more to try to keep them than the benefit that
12 follows.

13 But certainly the board ought to discuss at some
14 point, if we have the discretion, do you keep it or not keep
15 them?

16 MR. EAKELEY: Well, why don't we ask management --

17 MR. BRODERICK, JR.: I don't know if we have to
18 discuss or not, but I can't imagine from a political
19 perspective since we apparently need to be cleaner than
20 Caesar's wife in everything we do, perhaps cleaner than
21 others, that we would even consider keeping them.

22 MR. EAKELEY: Well, why don't we ask management to

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1 go back and make some recommendations for us on workability
2 of a frequent flyer program that the costs involved, if any,
3 how it would work, to whom it would apply, so that we can be
4 in a position of considering and approving recommendations.

5 MS. MERCADO: And, Doug, this is Maria Luisa, I
6 think that in light of what our financial picture is probably
7 going to look like, there is a lot of issues that are on the
8 table that different committees and the full board needs to
9 work on, this being one of them. That we have to look at
10 the -- hello? Hello?

11 MR. FORGER: Keep going.

12 MS. MERCADO: We have to look at the financial
13 aspect of it, whether or not it is actually cost effective
14 for us to implement that, even though it might be okay to do
15 it, the benefit is -- it's outweighed by the cost.

16 MS. BATTLE: I agree that a cost benefit analysis
17 should accompany any review of a development of policy.

18 MR. SMEGAL: This is Tom Smegal, John, let me
19 suggest to you that it's much more complicated for those of
20 us who divide our expenses between client activities that
21 we're able to tie into board meetings, and just purely
22 coming -- I never come directly to a board meeting if I can

1 avoid it and have an opportunity to charge a client for part
2 of my travel expenses.

3 MR. BRODERICK, JR.: I respect that, Tom.

4 MR. SMEGAL: Yeah. So it's an entirely different
5 problem for me than the one that you envision.

6 MR. BRODERICK, JR.: Maybe mine is too simplified,
7 but I just couldn't imagine that if I'm flying solely for the
8 Corporation at federal expense, that it would even be a close
9 call that I would try to justify keeping those miles. I
10 suppose it's a question of whether the Corporation or the
11 Federal Government can get the benefit of those miles.

12 MR. EAKELEY: Well, why don't we just ask
13 management to report back to us for our next meeting.

14 MS. WATLINGTON: I agree. I think as stated
15 earlier -- this is Ernestine -- that it's something that
16 needs to be looked at and also how much it's going to cost
17 either way.

18 MS. BATTLE: And getting back to the original
19 question that Alex asked about the list of how you prioritize
20 all of these personnel related issues that we have to
21 address. I would think that given the financial situation
22 we're going to be in next year, that we try to address those

1 issues and adopt those policies that will give us some
2 guidance as to how to handle the personnel fall-out issues
3 that will come as a result of where we're going to be next
4 year.

5 MR. FORGER: Right. I think that's a good point.

6 MR. McCALPIN: Let me ask this. Do you contemplate
7 all of these issues coming to the board as an entity or do
8 you contemplate running any of these through committees of
9 the board?

10 MR. EAKELEY: Probably run some of these through
11 committees and hopefully some of those committees being able
12 to deal with them either by telephone conference call between
13 now and the next board meeting or by meeting between now and
14 the next board meeting.

15 MR. McCALPIN: Since we have to have some
16 determination of which issues go to which committee.

17 MR. EAKELEY: Right. Correct.

18 MS. BATTLE: Which brings up another point that
19 Bill just on a sidebar mentioned to me, Ops and Regs, we're
20 planning to see if we can meet on the 28th and 29th. So if
21 we have issues that we have to address, we certainly would
22 want to see if we could get those on board before then.

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1 MR. EAKELEY: I think you've got -- on the frequent
2 flyer and the accountability issues, I see those as being
3 more within the domain of the Finance Committee, whereas, on
4 the personnel issues, those I think are much more
5 appropriately the domain of Ops and Regs.

6 MS. BATTLE: Yeah.

7 MR. FORGER: Well, why don't we have for the Ops
8 and Regs meeting, at least items that we would have on our
9 agenda that would be within its jurisdiction and some
10 preliminary thoughts as to how we might best proceed, and for
11 the other go forward for Maria Luisa's committee and look to
12 the Finance Committee for a report to it.

13 MR. EAKELEY: Whose --

14 MS. WATLINGTON: We can't hear you at all, Alex.

15 MS. BATTLE: We can't hear anything right now.

16 MR. FORGER: Can you hear me now?

17 MS. WATLINGTON: Yes.

18 MR. MCCALPIN: No.

19 MR. FORGER: Maybe it will clear up in a moment.

20 Better?

21 MR. MCCALPIN: No.

22 MR. FORGER: No?

1 MR. BRODERICK, JR.: Right now it's fine.

2 MR. FORGER: Okay. I was just saying that why
3 don't we for the Ops and Regs Committee look to those issues
4 of principally a personnel nature and report to the committee
5 when it meets at the end of this month for guidance and their
6 suggestions as well as some preliminary thoughts and then
7 report to Finance Committee, either by telephone or what, on
8 issues of frequent flyer and any other that have fiscal
9 implications.

10 MR. EAKELEY: Okay?

11 MS. BATTLE: Okay.

12 MR. EAKELEY: Now, anything else that anyone wants
13 to -- would like to address with respect to the items that
14 Alex highlighted before, namely, personnel, frequent flyer,
15 consultants, fringe benefits, personnel, tax notices, voucher
16 reimbursement?

17 MS. ROGERS: I'm sorry. I didn't hear whether
18 there was a resolution on tax notices?

19 MR. McCALPIN: No. No resolution.

20 MR. EAKELEY: Just that this is something that
21 ought to be looked -- I include this as part of the
22 accountability function that ought to be a priority.

1 MR. FORGER: Right. To make certain that we have
2 in place -- there were the process and the method that will
3 enable us to comply promptly with any kind of a notice or
4 filing. I think one of the issues being looked at now is
5 whether on the characterization of certain payments and the
6 characterization of the persons to whom it was paid, there is
7 some differences to whether a certain reporting needed to be
8 made, and I think we ought to try to clarify that.

9 MS. FAIRBANKS-WILLIAMS: Yeah. Definitely -- Edna
10 here -- as far as client people, because I didn't understand
11 that I was supposed to pay ahead on that money, because as a
12 type of consultant fee, it was a type of contract. So my
13 taxes should have been paid in on a three-month basis or a
14 four-month basis or whatever, and I didn't understand that.

15 MR. EAKELEY: Okay. Anything else on Agenda Item
16 2?

17 (No response.)

18 MR. EAKELEY: If not, we're on to the consider and
19 act on other business, and my question for the group is,
20 meeting schedule for committees between now and our September
21 meeting.

22 MS. BATTLE: Doug, I sent a quick fax to my

1 committee members to raise an issue about trying to schedule
2 as quickly as we can an Ops and Regs Committee to implement
3 the resolutions that we reached at our last board meeting.
4 And the dates that we had on the table are July 28th and
5 29th, and I just wanted to poll my committee members to see
6 if those dates are available.

7 MS. BERGMARK: LaVeeda, you might also add that we
8 are looking at -- thinking of looking at the class action and
9 the drug eviction regulations at that meeting.

10 MS. BATTLE: Right.

11 MS. BERGMARK: And for a telephone meeting, as I
12 understand it for one of those days?

13 MR. McCALPIN: I got a call from Ruby yesterday
14 asking me about a telephone conference meeting at noon on the
15 28th and an in person meeting the weekend after Labor Day.

16 MS. BERGMARK: Correct.

17 MR. McCALPIN: Now, then we got the fax this
18 morning about an in person meeting on the 28th and 29th of
19 July, and I guess I need to have --

20 MS. BATTLE: I didn't say teleconference and I
21 guess I should have. I just said available.

22 MR. McCALPIN: Oh. Are you talking about the 28th

1 and 29th, two days teleconference?

2 MS. BERGMARK: LaVeeda, my understanding was we
3 were talking about the 28th or the 29th.

4 MS. BATTLE: Right.

5 MS. BERGMARK: And so --

6 MS. BATTLE: I'm sorry, I did say 28th and 29th.

7 MR. MCCALPIN: Yeah.

8 MS. BATTLE: In what I sent out. I was trying to
9 find out what dates would be available. Those are
10 alternatives.

11 MS. BERGMARK: But then an in person --

12 MS. BATTLE: Now, the reason we said teleconference
13 was because we were trying to assure that we could at least
14 meet. If people can be available to be in Washington, I'd
15 like to have an in person meeting, if that is feasible.

16 MR. EAKELEY: LaVeeda, that adds to the expense,
17 though.

18 MS. BATTLE: You know, I understand that, but the
19 two regs that we're talking about, class actions and drug
20 evictions, the concern I've got is, in addition to those two
21 regs, we also have to go through and do timekeeping and do
22 competition. And we've got a deadline of having them in

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1 place by January 1, and with the kind of detailed work that
2 we do in our meeting, it would help -- I'm not -- I'm real
3 sensitive to expense, but I also, being realistic about it,
4 think that to the extent that we can complete as much of the
5 work on class actions and drug evictions at our meeting July
6 28th, we will be in a position to begin and do the work that
7 we have to do on the other two regulations.

8 MR. EAKELEY: Well, do you have the text of those
9 regs now?

10 MS. BERGMARK: No. What we were -- LaVeeda, our
11 conversation, I thought, lead us to the notion that the
12 September 8th and 9th dates would be appropriate and we would
13 be able to have drafts for you on timekeeping and
14 competition; whereas, what we could be ready for on July 28th
15 or 29th would be the two others, the class actions and the
16 drug evictions.

17 MS. BATTLE: And the drugs.

18 MS. BERGMARK: Right.

19 MS. BATTLE: That's right.

20 MS. BERGMARK: So we're not going to be ready on
21 the 28th or 29th on those -- those other two are
22 substantially more --

1 MS. BATTLE: I understand that. But what I'm
2 saying is, because I know that we will have to take
3 substantial time on the two that we have to do on
4 competition, and --

5 MS. BERGMARK: Well, once we get to September.

6 MS. BATTLE: Yeah. That to the extent that we
7 could complete as much of the work that we have to do on
8 class action and --

9 MS. BERGMARK: I see what you're saying.

10 MS. BATTLE: You know, I want to do that then, on
11 the 28th. I understand that people will not be prepared for
12 the 28th, but for that reason, I want us to be able to meet
13 as long as it takes to complete class actions and drug
14 evictions.

15 MS. WATLINGTON: Now, this is Ernestine. We went
16 to -- I need some clarification. We're talking about a
17 possibility of a teleconference -- an Ops and Regs meeting on
18 the 28th or 29th, right. Then we're talking about the
19 September -- those two dates were -- what time are -- the
20 board meetings are supposed to be in September, too.

21 MS. BERGMARK: September 22nd and 23rd, I believe.

22 MS. MERCADO: This is Maria Luisa. I had discussed

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1 with Dave Richardson, then I guess to Martha also, and for
2 Tom's benefit, I don't think I've been able to talk with Tom.
3 The Finance Committee Meeting that we had intended to have on
4 August 6th or 7th, we can't have because the IG's comment
5 period -- his analysis of the comment period on the audit
6 guide won't be ready by then. And the PAG Committee won't
7 meet on the budget until August 24th.

8 So, we have thought of piggybacking -- hello? A
9 meeting during that time that -- options next for meeting
10 doing it September 8th or 9th, you can do one of those days,
11 either before or after. Whatever.

12 MS. BERGMARK: We had talked about the 7th --

13 MS. MERCADO: Yeah.

14 MS. BERGMARK: -- Finance Committee to do the --

15 MS. MERCADO: Because it would take us, from our
16 evaluation of it, it would be a full day meeting on that.

17 MR. SMEGAL: What dates, Maria Luisa, are you
18 talking about, and where?

19 MS. MERCADO: September 7, in D.C.

20 MR. SMEGAL: That's a Thursday?

21 MS. MERCADO: Yes, sir.

22 MR. SMEGAL: And you would intend Finance to meet

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1 on Thursday and Friday?

2 MS. MERCADO: No, sir. Just Thursday. I think we
3 felt we could do it all in one day. I mean, it might be a
4 long day. So that Ops and Regs could go ahead and do 8th and
5 9th.

6 MR. SMEGAL: I see. Okay.

7 MS. MERCADO: And I did talk to John Broderick, and
8 he would be available. And we might -- we could start
9 Thursday afternoon, and go Friday if that would be easier for
10 you, Tom, travelling.

11 MR. SMEGAL: Well, the problem -- if you schedule
12 it for the first thing on the 7th, I have to spend the 6th
13 getting there.

14 MS. MERCADO: Okay. So, maybe we could do it late
15 Thursday afternoon? I think John also preferred like
16 starting in the afternoon. Is that right, John?

17 MR. BRODERICK, JR.: Well, whatever is best, I can
18 be there. I'm much more flexible, coming from --

19 MR. SMEGAL: It doesn't help me much, unless you're
20 starting at 5:00, Maria Luisa. I can't get there from San
21 Francisco --

22 MR. BRODERICK, JR.: Can we do it on Friday

1 morning?

2 MR. SMEGAL: Why can't we do it well.

3 MS. MERCADO: Yeah, we can do it on Friday morning.

4 MR. BRODERICK, JR.: Does that help, John, or no?

5 MR. BRODERICK, JR.: Yeah. It's Labor Day week, so
6 it's already a very short week.

7 MS. MERCADO: Mm-hmm.

8 MR. BRODERICK, JR.: Well, fine. If you want to
9 schedule it, I'll make my best effort to be there Friday
10 morning, you know. Okay.

11 MR. SMEGAL: John?

12 MR. BRODERICK, JR.: Yeah?

13 MR. SMEGAL: What would your preference be? If you
14 were choosing, what would -- does any other day help you?

15 MR. BRODERICK, JR.: Well, if it would have been
16 August, I would have already been in Chicago at the ABA
17 annual meeting. That was clearly my preference.

18 MS. MERCADO: Yeah, that's what we were trying to
19 do, but unfortunately, the different entities that were to
20 get the information to us couldn't get it done and to us
21 during that time.

22 MR. BRODERICK, JR.: And then, in addition, we're

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1 back in Washington for both a Committee Meeting and a Board
2 Meeting on the 22nd and 23rd of December. Is that right?

3 MS. MERCADO: Yes.

4 MR. BRODERICK, JR.: Is that what we have in mind?
5 Okay. All right, well I will make my best efforts.

6 MS. MERCADO: Okay.

7 MR. BRODERICK, JR.: Yeah, Friday would work
8 better, because I have to be in a trial in Cincinnati on
9 Monday the 11th.

10 MS. MERCADO: Okay. Let's do it on Friday.

11 MR. BRODERICK, JR.: That may work, if I can be in
12 Washington and just --

13 MS. BATTLE: Is that Okay for their staff?

14 MR. McCALPIN: That's fine.

15 MR. SMEGAL: What time are we doing that? 10:00?
16 or 9:00?

17 MS. BATTLE: Either one. Whichever one works
18 better.

19 MR. SMEGAL: How long do you expect to go?

20 MS. MERCADO: All day, pretty much.

21 MR. SMEGAL: Most of the day?

22 MS. MERCADO: Yes, sir.

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1 MR. SMEGAL: All right.

2 MR. BRODERICK, JR.: So we start at 9:00?

3 MS. MERCADO: Okay.

4 MS. BATTLE: Is everybody clear on Ops and Regs?

5 MR. McCALPIN: No. I want to get back to that.

6 MS. WATLINGTON: We're waiting for that to get back
7 to Ops so we get clear dates.

8 MR. McCALPIN: I'm not clear whether we're thinking
9 about trying to do a couple of regulations by telephone on
10 the 28th or 29th, or whether we're doing them in the more
11 conventional way that we've always done with a face-to-face
12 meeting of one or both of those days. I think it's going to
13 be very difficult to do them by telephone, myself, but maybe
14 we can try.

15 MS. WATLINGTON: Yeah. I agree. I mean, not that
16 I'm looking forward to that, but it's even difficult in
17 person, the way we have to go through all of those
18 statements.

19 MS. BERGMARK: Well, let me add one thing to the
20 mix that LaVeeda and I talked about when we talked about
21 scheduling this meeting, and that is this. We now have a
22 House Appropriations Committee markup that has now slipped to

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1 next Wednesday, the 19th. We expect there to be a floor
2 debate on this before the August recess, but we don't know
3 when that will be, and it could very well be right up to the
4 August recess.

5 We currently have a House Appropriations
6 Subcommittee markup that would ban class actions against
7 government, and we have a situation where the language on
8 some of this may change. So, I am skeptical about our
9 ability to reach finality on any of these regs right away, or
10 the utility of spending a day or two, you know, struggling
11 with them, only in anticipation, and as well as having that
12 discussion, you know, on the record, and in the middle, and
13 right before, you know, sort of tossing our heads in the air.

14 MR. EAKELEY: It's both the question of the timing
15 of the discussion, but also, a possible, not distraction, but
16 it seems to me that our staff resources are going to be
17 devoted entirely to anticipating what's going to be coming up
18 in the last two weeks of this congressional session.

19 And if it were possible to defer a meeting until
20 after the recess, consistent with people's vacation times,
21 we'll both know -- have a better idea of what is in store for
22 us in these areas, and secondly, have somewhat more capacity

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1 to deal with it in a way that doesn't overtax our staff.

2 MS. BERGMARK: And LaVeeda and I went through a
3 whole lot of this.

4 MS. BATTLE: We did try.

5 MS. BERGMARK: We struggled for the possibility of
6 an August date because of all these concerns, and LaVeeda, I
7 very much understand your desire to get going on these things
8 that we are committed to do. So that was the -- those were
9 the issues which we were trying to balance.

10 MR. EAKELEY: Rather than take up everyone's time
11 on this right now, may I suggest that we all give some
12 further thought to this, and maybe Martha and LaVeeda can
13 talk, and then get back to the other members of the
14 committee?

15 MS. BATTLE: Can I do this though? Are we
16 confirmed for the September dates for the Ops and Regs
17 Committee? Are all the members -- do they have those dates
18 clear?

19 MS. WATLINGTON: I'm Ernestine. Yes.

20 MS. BATTLE: Okay.

21 MR. McCALPIN: What are the dates?

22 MS. BATTLE: The dates are Friday, September 8th,

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1 and Saturday, September 9th.

2 MR. BROOKS: Yes, John Brooks -- okay.

3 MR. McCALPIN: I'm available.

4 MS. BATTLE: Okay. So the issue that I will
5 discuss with Martha and will get clarification, and I think
6 we need to get something to all the committee members --
7 just, if we need to meet, do people have the 28th and 29th
8 available for a teleconference or in person. And I, as my
9 other committee members have expressed, feel that the kind of
10 work that we do is best done in person, whenever it is that
11 we have to do it.

12 If we can get some sort of report from the staff,
13 prior to, or on that date, and begin to at least distill,
14 particularly because with the drug related evictions
15 regulations, we're going to be drafting that issue -- that
16 particular regulation from scratch. And I know we'll have to
17 spend some time looking at that, and looking at the history
18 of how we put that together. It would be helpful for us to
19 get that, and at least begin the process.

20 The concern that I have raised is just simply
21 trying to make sure that we reach the deadline that we've
22 established, and getting started early enough to do that.

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1 And I did talk with Vic's office, and he's put together a
2 time table on a time line, so that it backs up to where we
3 are, and tells us what we have to basically get started
4 doing, so that we can reach the deadlines that we've
5 established in those resolutions.

6 MS. WATLINGTON: This is Ernestine. Those two
7 dates are okay, and I'll wait to hear from whatever you both
8 discuss.

9 MS. BATTLE: Okay.

10 MR. McCALPIN: Let me say that I would find it more
11 convenient to do it on the 28th, when I would do it here at
12 the office where I have some greater facilities, or at home
13 on Saturday, the 29th.

14 MS. BATTLE: Okay.

15 MR. BROOKS: Well, I would prefer to do it on the
16 telephone if we can, if we get enough material from the
17 staff. I think they might be able to do that.

18 MS. BATTLE: Okay.

19 MR. BROOKS: If worse came to worse, I could be in
20 Washington.

21 MR. EAKELEY: Okay. I don't want to cut this off,
22 but Martha gave you all a little bit of sense of what's been

1 happening, in terms of the committee dates, but maybe we
2 could just take another 2 minutes and get a report direct
3 from the Hill on what the current situation is.

4 MS. BERGMARK: I believe you received from us the
5 summary from the House Subcommittee markup, which foretells a
6 much changed Legal Services Corporation, both in terms of
7 money and in terms of restrictions. Adam and I were able to
8 have a conversation last week with the House Subcommittee
9 staff about the restrictions that are proposed. What you got
10 is all that there is in writing as of now.

11 MR. McCALPIN: Martha, can you identify with what
12 it is we got? They had never gave us a date or subject
13 matter or --

14 MS. BERGMARK: When the House Subcommittee markup
15 took --

16 MR. McCALPIN: I'm not sure I know what you're
17 talking about.

18 MS. BERGMARK: Okay, the House Subcommittee
19 markup -- Adam's checking for that date now, but the House
20 Subcommittee markup happened 2 weeks ago, Wednesday, and
21 either the Thursday or Friday in one of our standard board
22 faxes, there was just a listing of the restrictions that are

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1 envisioned to be riders on the Appropriations Bill. And they
2 don't tell you much.

3 What we know by conversation is that they mean to
4 impose the McCollum-Stenholm provisions basically as riders,
5 and as I said, Adam and I met last week with them to try to
6 get some further clarification about precisely what in
7 McCollum-Stenholm they intended to include, and what not, and
8 we went through a long list of that. We're looking at a June
9 28 Congressional Update from Gail and Adam which simply had
10 bulleted items for the restrictions.

11 The key provisions for our purposes are that the
12 restriction would be on all money, not just LSC money -- all
13 the restrictions that would apply. That competition would be
14 put into place effective January 1, or that no '96 money
15 should go out of here other than under a competitive system.
16 And then finally, the money is a one-third reduction from the
17 \$415 million level to \$278 million.

18 And that is envisioned to be split into two
19 categories of money, one, of \$256 million for the award under
20 a competitive system of grants for direct delivery of legal
21 services, and the remaining \$13 million is what they have in
22 mind for two purposes. One is the administration of grants

1 under a competitive system, and two, is the audit of
2 financial and compliance requirements. And they envision
3 that to be done, administered by the Office of Inspector
4 General.

5 So they envision a split pot on management
6 administration, one sum of money going to what we've
7 traditionally known as management administration, and the
8 other going to a contract, a national contract that they
9 envision having do all financial audits and compliance audits
10 of programs.

11 This is the House Subcommittee staff, and this
12 obviously goes well beyond the provisions of McCullum-
13 Stenholm, envision this new -- this is their -- then their
14 rationale is that they think that monitoring has always been
15 controversial. This is their idea for somehow removing the
16 controversy, and we had an opportunity to discuss that with
17 them at some length, and raise what were our concerns about
18 that.

19 But they are so far at least thinking that that is
20 selling pretty well to our detractors, ones who they think
21 might be willing to support our survival if given sufficient
22 assurance of reform.

1 MR. FORGER: Yeah. The process I understand,
2 Martha, was the Inspector General to enter into a contract
3 with the likes of Price Waterhouse or Peat Marwick --

4 MS. BERGMARK: That's correct.

5 MR. FORGER: -- to carry out the compliance, both
6 the fiscal, as well as the restrictions. And that management
7 and administration would be totally out of that, except we
8 would get reports and know whether folks were in or out of
9 compliance and presumably still deal with complaints and
10 defunding and the like.

11 MS. BERGMARK: I think their notion of competition
12 is one that would have us in an enforcement mode, in a way,
13 through the administration of the competition so that a
14 program, for example, that didn't seem to be able to maintain
15 compliance, that issue could be addressed in the context of a
16 next round of competition for a grant.

17 MS. WATLINGTON: This is Ernestine. Have you heard
18 anymore from Gekas' Committee? Has he set another time or
19 hearing, or what has happened in that area?

20 MR. FORGER: Yes, July 27th, Ernestine, is his
21 third and presumably his last hearing, and we may have an
22 opportunity to suggest some people who should appear at that

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1 hearing. And then we've heard, Adam, there's to be markup on
2 there early August, so it is said from Gekas' Committee.

3 MR. GOLDBERG: Yeah, but I wouldn't count on that
4 actually taking place. It hasn't been formally scheduled
5 yet.

6 MR. FORGER: Okay. That's just conversation.

7 MS. WATLINGTON: Other people have been meeting
8 with him, so a lot of his constituents -- so I was wondering
9 what results that had been.

10 MR. FORGER: Well, so far as we know, Ernestine, he
11 is still advocating a block grant, which as he testified, as
12 you know, before Senator Kassebaum, he said that would
13 eliminate middle management, which I guess is the
14 corporation.

15 MR. EAKELEY: Meaning Alex.

16 MR. FORGER: Or the corporation. Anything further?

17 MS. BERGMARK: We do. I think I mentioned already
18 the full committee markup is next Wednesday, and then
19 sometime after that but before the August recess will be the
20 floor vote, and we anticipate a tough situation in both
21 places. This has been viewed, I think, as a real moment by
22 those who would like to see this program just ended, that

1 this is when it ought to be done.

2 And Congressman Rogers has been resolute, I think,
3 in his support for the continuation of this program, and his
4 hoping to attract a majority of votes both in the full
5 committee and on the House floor, to maintain this
6 appropriation.

7 MR. FORGER: I might add that staff has been out
8 meeting with project directors who are having regional
9 meetings, alerting them to the planning process and what
10 seems to be in prospect, letters have gone out to every
11 state, now, describing the planning process, as well as
12 offering assistance in respect of their own programs as they
13 face the prospect of reduced funding and how they will handle
14 contractual relationships and the like.

15 MS. BERGMARK: And you should be getting that by
16 mail. Those went to you by regular mail, along with the
17 mailing to the project directors.

18 MR. MCCALPIN: Martha, is there any clear
19 indication of how that \$13 million will be split?

20 MS. BERGMARK: No, there's not. We do expect that
21 they will give us numbers. They said they were checking
22 around to get cost estimates on what it would cost to get a

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1 national accounting firm to do this work, and were reluctant
2 to be pinned down on that point, although they finally did
3 indicate that they thought that somewhere in excess of \$5
4 million is what they expected that would cost.

5 MR. McCALPIN: That would leave roughly \$7 1/2 to
6 \$8 million, solely to administer the competition grants?

7 MS. BERGMARK: That's right. They do envision the
8 administration of competition as including programmatic
9 evaluation in that, so that our notions about performance
10 evaluation are ones that they see incorporated within the
11 administration, and decisions about grants, as opposed to
12 something that Price Waterhouse might do.

13 MR. FORGER: And still up in the air is the
14 question presumably of the assistance to the field. They
15 presume it's just going to be two lines, direct delivery and
16 M&A, and we have to await developments as to through what
17 source we may provide that assistance that the field needs.
18 We should know certainly by the time of the full committee
19 meeting next week what language.

20 We understand that it's being printed up, and that
21 we probably will see some of that, but the, you know, we have
22 to go on certain assumptions, and when you see an

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1 appropriation rider that says there will be competition, and
2 it will be effective on January 1 in respect of '96 money,
3 that is an awesome task if one is really going to try to have
4 it operational, with all the criteria, the conditions in
5 place, understood, and grant requests out in the field.

6 When Martha spoke to staff, certainly we emphasized
7 the fact that some time could be useful in seeking to
8 anticipate such a change in our method of operation, but it
9 seemed unlikely that any relief would be given. Now, it's
10 still a long ways before we have full congressional action,
11 House and Senate and conference in the like, but with things
12 like this, we must assume this is what will ultimately be the
13 rules under which we must live, and therefore have to go
14 forward and prepare for that.

15 MS. BERGMARK: We did -- the concern of the
16 Subcommittee Staff was that this system be put into place.
17 They were willing -- there were some greater flexibility to
18 consider how it might be administered beyond that, but what
19 seemed to be the key concern is that they be able to say, and
20 have something to back up their statement, that this system
21 has changed. The way we are doing this is different, with no
22 "buts" or "ifs" or "ands" about it.

1 So that was the concern. We have, as Alex said,
2 we've been meeting with regional project directors just this
3 week, and then have another meeting next week as well. We've
4 been communicating as much as we know about this so far to
5 them. They are, you know, sobered I think by the news, as
6 well people should be, and yet there's a resolve to try to
7 cope with this as best we can, and we're in that same mode.

8 MR. EAKELEY: Any questions?

9 (No response.)

10 MR. EAKELEY: Any other business?

11 MR. SMEGAL: Doug, I want to speak to Maria.

12 Maria, just looking at my calendar here since we've been
13 talking, if there's some way that Finance Committee could be
14 on that Saturday, I understood Ops and Regs are going to
15 meeting -- provisions are going to be meeting on Friday and
16 Saturday, it logistically would work a lot better for me.

17 MS. MERCADO: Yeah, or even Sunday if you wanted to
18 do that, if you didn't want to spend Saturday --

19 MR. SMEGAL: Saturday is fine. We don't have to
20 spend a Sunday, but as long as the staff has to be in on
21 Saturday for the other committee, I would appreciate some
22 consideration be given to meeting on Saturday, rather than

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1 Friday.

2 MS. MERCADO: I don't have any problems. John?

3 MR. BRODERICK, JR.: Actually, whatever works for
4 Tom is fine.

5 MS. MERCADO: Okay.

6 MR. SMEGAL: Yeah, the 9th would work a lot better.

7 MS. MERCADO: Okay.

8 MR. SMEGAL: Okay.

9 MR. EAKELEY: Any other business?

10 MS. FAIRBANKS-WILLIAMS: Yeah, Edna here. I
11 understand that the timekeep in business is going to be a hot
12 issue, and my accountant here at Legal Aid went to some kind
13 of meeting, I don't know what. And it seems that there's a
14 software package out there, and that a couple of our
15 constituents are already using it. I asked him for the
16 numbers of the software package, who manufactured it, and who
17 was using it for timekeeping, and I will forward that to you
18 when I get it.

19 MS. BERGMARK: Thank you. That fits really
20 precisely with what our staff is doing, which is to be
21 gathering data from a number of programs that do timekeeping
22 already, so that we can make some real live options available

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1 to people for what they might adopt.

2 MS. FAIRBANKS-WILLIAMS: Well, he was quite
3 interested in it. We've been doing it a little bit with one
4 program that we had to do that was other money, rather than
5 LSC. But I asked him to write up all the information that he
6 had gotten at that meeting. He had to go back into his notes
7 and his paperwork to find it, but I'm hoping to get it
8 shortly.

9 MR. EAKELEY: Okay, thank you for that.

10 MR. MCCALPIN: LaVeeda, are you at your office?

11 MS. BATTLE: Yes.

12 MR. MCCALPIN: I'm going to call you.

13 MS. BATTLE: Okay.

14 MR. EAKELEY: Any further business?

15 MS. FAIRBANKS-WILLIAMS: No.

16 M O T I O N

17 MR. EAKELEY: I'm hearing none. Do we have a
18 motion to adjourn?

19 MS. FAIRBANKS-WILLIAMS: I'll move.

20 MS. BATTLE: I'll second it.

21 MR. EAKELEY: Edna Fairbanks-Williams moving,
22 LaVeeda Battle seconding. All those in favor?

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1 (A chorus of Ayes.)

2 MR. EAKELEY: Any opposed? Any abstained?

3 (No response.)

4 MR. EAKELEY: The Ayes have it. Good day everyone.

5 Thank you. Good bye.

6 (Whereupon, at 2:00 p.m. the meeting
7 was concluded.)

8 * * * * *

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