

1 LEGAL SERVICES CORPORATION

2 ---  
3 MEETING OF THE BOARD OF DIRECTORS

4 ---  
5 MARVIN CENTER

6 ---  
7 GEORGE WASHINGTON UNIVERSITY

8 ---  
9 October 19, 1978

10 AFTERNOON SESSION  
11

12 The meeting resumed, Honorable Hillary Rodham,  
13 presiding.

14 BOARD MEMBERS PRESENT:

15 HILLARY RODHAM	ROBERT J. KUTAK
16 ROGER C. CRAMTON	GLEE S. SMITH, JR.
17 J. MELVILLE BROUGHTON, JR.	GLEN C. STOPHEL
18 STEVEN L. ENGELBERG	RICHARD TRUDELL
19 CECILIA D. ESQUER	JOSEPHINE WORTHY
20 REVIUS O. ORTIQUE, JR.	

21 STAFF PRESENT:

22 THOMAS EHRLICH, President  
23 E. CLINTON BANBERGER, JR., Executive Vice-President  
24 STEVE WALTERS, Assistant General Counsel  
25 FRANCES HENNIGAN, Finance Chief

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AFTERNOON SESSION [2:20 p.m.]

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CHAIRMAN RODHAM: The next item on our agenda is the consideration of the report from the Appropriations and Audit Committee, and the Chairman of that Committee is Mr. Stophel. We are going to turn the meeting over to Mr. Stophel for his Committee report.

Mr. Stophel?

MR. STOPHEL: Thank you, Madame Chairman.

Under the Committee on Appropriations and Audit, are several matters. I would like unanimous consent of the Board to shift those slightly from the way in which they are printed in our agenda, and without objection, I will move in that direction.

STATUS OF THE ANNUAL AUDIT

MR. STOPHEL: At the Committee meeting on September 28th, we had a report from the Comptroller's Office and from our independent auditor, who reported that a draft of a certified audit for fiscal 1978 would be available prior to our December meeting of the Board, for the Committee to review. It is being drafted, and we do not anticipate any material adjustments to that draft.

Are there any questions from a Committee Board member on the status of the annual audit?

[No response.]

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1 RENEWAL OF THE CONTRACT WITH THE  
2 CORPORATION'S INVESTMENT ADVISOR

3 MR. STOPHEL: As the Board will recall, we have  
4 had continually invested, or we had continually invested  
5 one year's appropriations, and since that time, we have  
6 continued to invest the income which was earned in that year.

7 Earlier this year, we terminated our contract for  
8 investment services and initiated a new contract with a local  
9 bank, Riggs National Bank.

10 The Committee did not actually pass on this. We  
11 actually ran out of time to consider continuing the investment  
12 advisor, but we do, at least the Chair of that Committee  
13 suggests that we continue to have these funds invested and  
14 that we permit the staff to negotiate a contract.

15 If you will look on page 117 of your Book I, you  
16 will find a recommendation of our President dealing with  
17 the investment of these funds.

18 If I may, I will read that resolution and then I  
19 will move that the resolution be adopted, not on behalf of  
20 the Committee, since the Committee does not act on this  
21 resolution, but on my own.

22 "RESOLVED, that funds representing the income from  
23 investment of the Corporation's appropriation for fiscal year  
24 1977 shall be invested in obligations issued or fully-insured  
25 or guaranteed by the United States or any United States

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1 Government agency. The Committee on Appropriations and Audit  
2 shall review the portfolio periodically to monitor the  
3 investments made and recommend necessary changes in policy.

4 RESOLVED FURTHER, that the President of the  
5 Corporation is authorized to retain the Riggs National Bank  
6 to manage the Corporation's investment account."

7 Our objectives here are one, to obtain the maximum  
8 return possible so that it may be used in our Legal Services  
9 program, and the second which ranks right along with that in  
10 priority, the security of our funds.

11 Madame Chairman, I move the adoption of this  
12 resolution.

13 CHAIRMAN RODHAM: Is there a second?

14 MR. ENGELBERG: Second.

15 CHAIRMAN RODHAM: The resolution has been moved  
16 for adoption and seconded. Is there any discussion?

17 [No response.]

18 CHAIRMAN RODHAM: All those in favor, please  
19 signify by saying aye.

20 [Chorus of ayes.]

21 CHAIRMAN RODHAM: All those opposed?

22 [No response.]

23 CHAIRMAN RODHAM: Let the record reflect there  
24 was a unanimous vote.

25 [Whereupon, the resolution was adopted.]

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1 RENEWAL OF THE AGREEMENT WITH THE TREASURY  
2 DEPARTMENT FOR DISBURSEMENT OF THE FISCAL  
3 YEAR 1979 APPROPRIATIONS

3 MR. STOPHEL: The next item has to do with the  
4 security arrangements which we entered into after the 1977  
5 fiscal year, when we came under criticism of at least one  
6 member of Congress, dealing with our taking a lump sum  
7 appropriation and investing.

8 My comment is legislation was not changed, however,  
9 it was thought by the Committee and by the Board at that time  
10 that we should perhaps change our policy and therefore, we  
11 have entered into, for the current fiscal year, and the  
12 proposal is that we enter into it again for this coming  
13 fiscal year, the 1979 fiscal year, an agreement with the  
14 Treasury which is set forth on pages 118 and 119 of Book I.

15 This, as you will notice, is a Memorandum from  
16 our General Counsel, having to do with the arrangement, and  
17 then you have set forth, the resolution and the memorandum  
18 of understanding between the Legal Services Corporation and  
19 the Department of Treasury.

20 On behalf of the Appropriations and Audit  
21 Committee, and upon their recommendation, I move the Board  
22 adopt the resolution and the memorandum of understanding.

23 CHAIRMAN RODHAM: Is there a second?

24 MR. CRAMTON: Second.

25 CHAIRMAN RODHAM: This is at pages 118 and 119.

5

1 MR. ORTIQUE: That is the old resolution. I  
2 suppose you want a new resolution.

3 MR. CRAMTON: The resolution is to authorize the  
4 President to enter into a similar arrangement for fiscal  
5 year 1979 and future years.

6 MR. STOPHEL: The last paragraph of the resolution  
7 does go to fiscal 1979 and future years, unless the Board  
8 evokes that authority. The Memorandum of Understanding  
9 reflects that.

10 CHAIRMAN RODHAM: Is there any discussion on the  
11 resolution?

12 [No response.]

13 CHAIRMAN RODHAM: All those in favor for its  
14 adoption, please signify by saying aye.

15 [Chorus of ayes.]

16 CHAIRMAN RODHAM: All those opposed?

17 [No response.]

18 CHAIRMAN RODHAM: Let the record show the vote was  
19 unanimous.

20 [Whereupon, adoption of the resolution was passed.]

21 PROPOSED ALLOCATION OF THE FISCAL YEAR 1979 BUDGET

22 MR. STOPHEL: The Board members have received  
23 various memoranda on the allocation of the 1979 budget. I  
24 think I want to ask that the President comment on the  
25 budget proposal, but first I think we might say that the

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1 Committee met on September 28th and we had a good deal of  
2 participation by members of the Legal Services community,  
3 by the National Clients Council representative, and by others  
4 who were present, at the Committee meeting.

5 It appears that there are three major areas subject  
6 to great consideration and that this Board should address  
7 those.

8 The first has to do with the so-called cost of  
9 services increase of 5.5 percent, which this Board adopted  
10 at the July Board meeting, as a part of this new budget, and  
11 the encouragement by several members of the Legal Services  
12 community that be increased.

13 The second had to do with the extent of expanding  
14 funding, and we have had a good bit of discussion about that  
15 already this morning.

16 The third had to do with the size of the increase  
17 of the direct expenses of the Corporation.

18 I think it would be appropriate for us to hear  
19 from the President concerning the staff's budget proposal,  
20 and secondly, the response of the staff to the request by the  
21 Committee that the staff attempt to reduce the direct expenses  
22 by approximately \$2.2 million.

23 You have before you a memorandum from the staff  
24 responding to that, and indicating they felt a reduction of  
25 \$1,055,000 could be accomplished.

7  
1 For that purpose, I would like to ask the President  
2 to comment.

3 MR. EHRLICH: Thank you very much. I will try to  
4 deal with both clusters of issues.

5 In an immediate sense, of course, the questions  
6 that are before us involve allocations of \$270,000,000 for  
7 fiscal year 1979, the amounts that Congress and the President  
8 have approved; in a broader sense, the issues involve some  
9 basic goals of the Corporation, where we are going for Legal  
10 Services, what we are doing to help supply those services  
11 for poor people.

12 You will recall at our last meeting that the Board  
13 approved three objectives, maintenance of existing programs,  
14 second, expansion of service, and third, improvement of  
15 existing Legal Services programs, and the Board also approved  
16 already three allocations within the first category,  
17 maintenance of existing programs, which Mr. Stophel said  
18 completed the Audit and Appropriations Committee's definition  
19 of that category.

20 First, the cost of service increase of 5.5 percent  
21 for a total of \$9.971 million, second, the direct funding of  
22 state support for an additional million, and third, the  
23 competitive salary adjustments for \$1.75 million, or a total  
24 already approved of \$12.721 million.

25 The issues now are how to divide the remaining funds

8

1 essentially between expansion on the one hand, and program  
2 improvement on the other, while at the same time, allocating  
3 sufficient funds to enable the Corporation to meet its  
4 statutory responsibilities.

5           Grappling with those hard issues, and they are hard,  
6 it is worth a minute to review how we got to where we are.

7           You will recall at the outset of our operations, we  
8 established two basic goals, goals which we widely discussed,  
9 goals which form the basis of our approaches to Congress.

10           First, to increase the funding of existing programs  
11 to a minimum excess level from the then grossly underfunded  
12 levels, sometimes a dollar or even less, and second, and at  
13 the same time, expansion to areas without any-service at all,  
14 also at that minimum access level.

15           We began operations in October of 1975. From that  
16 time until the past fiscal year, 1978, we have received a  
17 total of \$108,000,000 in increased appropriations, which have  
18 been used for expansion on the one hand, strengthening existing  
19 programs on the other. Of that amount, somewhat over \$66  
20 million has been allocated for existing programs, \$42 million  
21 for expansion.

22           That has been because the Board has recognized the  
23 needs of existing programs, particularly those funded below the  
24 minimum access level, as well as the need for expansion.

25           It is worth emphasizing again that the minimum access

1 approach that we developed is solely a funding formula, it  
2 doesn't purport to say that given \$7.39 or indeed more,  
3 existing programs will meet real needs. It only says that  
4 after meeting that minimum access goal, the highest priority  
5 ought to be to expansion.

6 It is a judgment that providing a minimum level of  
7 service is an imperative as well as a congressional mandate.

8 We hoped in 1979, of course, to complete the  
9 minimum access plan and also to meet real needs of existing  
10 programs for improvement. The \$304 million budget was designed  
11 to try to do that.

12 The Congress instead allocated \$270 million, that  
13 only after an enormous effort, and many of you participated  
14 on the Board in that effort, how then will the reduction of  
15 \$34 million be borne?

16 This is what your staff did, they took an enormous  
17 amount of time. We did meet with groups from programs, with  
18 clients on the issues, non-stop throughout the summer. We  
19 tried as best we could to take into account not only the  
20 position of PAG, the next steps processed, the National  
21 Clients Council, and other planning efforts.

22 We did frankly press hard for the maximum amount  
23 possible for expansion. I had hoped for about \$33 or \$34  
24 million for expansion, at least two-thirds of the \$49 million  
25 we originally proposed in our \$304 million budget.

10 1           Since we will receive \$270 million, about two-thirds  
2 of the increase we asked for, and we persuaded Congress to  
3 increase our budget almost one-third from the last year,  
4 mainly on the basis of expansion, and Mary Bourdette can  
5 spell out in some detail, if you wish, just how adamant those  
6 key members of Congress were on the expansion issue.

7           We then cut the Corporation's direct expense  
8 budget, in our judgment, to the minimum we could, consistent  
9 with meeting our statutory obligations.

10           The General Accounting Office and a good many  
11 others have urged, of course, the Corporation staff do more,  
12 and I do know we do have a lean staff, and I know our  
13 responsibilities have increased enormously. -

14           To cite just one example, over the past year,  
15 congressional inquiries to the Corporation and the need to  
16 respond to those inquiries, has doubled.

17           The Audit and Appropriations Committee, when it  
18 met and reviewed the entire budget asked that we consider an  
19 even further set of cuts in the Corporation's direct expenses  
20 up to ten percent or a total of \$2.218 million.

21           We went through that painful effort. The results  
22 of the work are summarized in Attachment F.

23           In brief, we concluded that three cuts could be  
24 made but would weaken but would not directly jeopardize  
25 abilities to meet necessary obligations.

11

1           Those three cuts are these; first, \$480,000  
2 from management and administration. I hope to make clear that  
3 is the entire Corporation's central staff and operations.  
4 That \$480,000 reduction would be accomplished essentially by  
5 delaying needed new hiring on the one hand for an average of  
6 four months, and by cutting travel, printing, and other  
7 expenses on the other.

8           Second, we could reduce the program's support  
9 budget by \$425,000. That would also mean an average four  
10 month delay in hiring for support units, and it would also  
11 mean cuts in the level of management training, and the  
12 production of training materials.

13           Third, \$150,000 would be saved by the decision not  
14 to renovate a meeting room which was planned to be used for  
15 sessions of Board Committees and for other large meetings at  
16 the Corporation's headquarters on 15th Street.

17           Those three cuts totaling \$1,055,000 could be done,  
18 and if the Board approves them, obviously will be, and using  
19 the funds gained to increase the program improvements,  
20 special needs funds, the funds for existing programs.

21           In our judgment, the other cuts which could be made  
22 would create, however, some very serious problems.

23           We went through all aspects of the budget and  
24 came to the conclusion that if one were to cut, it would be  
25 these, and they would be mistakes. The first was the summer

12

1 intern program which we sponsor at a cost of \$300,000. It  
2 supports summer interns who work in Legal Services programs  
3 around the country, it is a major means of recruiting minority  
4 and women lawyers, and it is an important tie in terms of  
5 those lawyers coming into Legal Services and staying.

6 Second, we could eliminate the Poverty Law Reporter  
7 at a savings of about \$325,000. Once cancelled, however, that  
8 contract arrangement would be most difficult to start. It  
9 is the source of poverty law cases for lawyers in the field.  
10 Alan Houseman and the Research Institute will have  
11 responsibility for the journal, and is actively working on  
12 ways to make it more useful, perhaps to reduce its costs.  
13 There are problems with it, but based on the survey of  
14 that Programs Support did, more than two-thirds of the  
15 attorneys and paralegals want it continued, and Alan can  
16 report back to the Board in December on the results of his  
17 efforts.

18 In the interim, we recommend that the Board not  
19 eliminate the Poverty Law Reporter.

20 Finally, because there was not any other possibility,  
21 we looked at the Field Services expenses. What would happen  
22 if \$538,000 were cut from that budget to make up the full  
23 ten percent of \$2,218,000.

24 Our considered judgment is that would put in jeopardy  
25 our ability to meet the responsibilities that Congress and the

1 Board have said we must meet, and most directly, responsi-  
2 bilities for monitoring and evaluating existing programs with  
3 care, providing the technical assistance that is needed to  
4 ensure that the programs are run and guided.

5 The Corporation's direct expense budget was reduced  
6 from the original figure we established at \$304,000,000, about  
7 \$10,000,000 of the Corporation's direct expense budget, in  
8 fact, is used on behalf of direct local program needs, such as  
9 program support, technical assistance, and so forth.

10 Finally I asked our Comptroller whether they will  
11 try again to look at our administrative costs in comparison  
12 with other entities, and he said they are about 2.8 percent  
13 of the total budget, compared to an average of about 5.4  
14 percent for private grant making foundations.

15 We went through the painful process regarding the  
16 Corporation's direct expenses, and then tried to provide as  
17 much as possible for program improvement, as balanced against  
18 the pressing needs to provide assistance in unserved areas for  
19 expansion.

20 The results of those efforts as we propose it would  
21 provide for program improvement, in addition to the three items  
22 totaling \$12.721 million for maintenance of programs, and the  
23 \$9,170,000 for the eleven largest programs, and the amount we  
24 proposed for program improvement, first, the initial \$4.5  
25 million of annualized funds for special needs, as stated in

1 the budget materials you have, second, the additional  
2 \$1,055,000 for those special needs, assuming the Board approves  
3 that shift from the direct expense account of the Corporation  
4 to program improvement, and in addition, there is about  
5 \$1,500,000 in other field services funds, about \$800,000 of  
6 that is one time funds for fiscal year 1978, field grant  
7 savings and recovery which would be allocated on an one time  
8 basis for field programs, and another \$750,000 for the  
9 technical assistance from 1978 funds carried forward, again  
10 to be used for individual programs that need help.

11 In total, that adds up to about \$7,000,000 for  
12 meeting the improvement and one time needs of local programs,  
13 apart, of course, from additional funds that Program Support  
14 provides for local training grants and the like.

15 That leaves for expansion, \$30.6 million,  
16 substantially less than I would have liked to come to the  
17 Board with, frankly, substantially less than some members of  
18 Congress expect.

19 In our considered judgment, I do emphasize any less  
20 for expansion would undercut our credibility as well as our  
21 commitment to Congress quite apart from our basic obligations  
22 for poor people in those unserved areas.

23 We went through the process which led to the  
24 conclusions I just described together with PAG, together with  
25 field programs, together with client groups as best we could,

15

1 a good deal of mutual respect, and a good deal of good faith  
2 on all sides.

3 Many in field programs urged even more for  
4 expansion, which you will probably hear this afternoon. You  
5 have seen some of their letters. PAG and many others urge  
6 less.

7 We have worked together and have worked hard, but  
8 there is a basic difference and I ought to underscore that  
9 no one outside the Corporation, except the National Clients  
10 Council, does try directly to represent the unrepresented,  
11 those without any service at all.

12 Many, as I said, in existing programs, do call for  
13 more funds for expansion, but the main push from existing  
14 programs is clearly more funds for those programs. We do not  
15 say and we have never said they cannot use the money wisely,  
16 we do not say and have not said they are not suffering from  
17 inflation, we do think some of the materials present a  
18 somewhat less than objective analysis of the issues, but there  
19 is a very fundamental issue here about the relative importance  
20 of the goals.

21 We think the approach we have proposed is both  
22 consistent with the priorities which the Board established  
23 and sound on the merits.

24 Let me make a final point, and it is one I made  
25 before to the Committee, and I want to stress it to the whole

6  
1 Board.

2 This is the first occasion in which the Corporation's  
3 staff and PAG have not been in basic accord about the budget.  
4 It comes in part because PAG fears that future increases will  
5 be less than those in the past and they want as much as  
6 possible now. I understand that, all of us do, we might well  
7 be in their position and do the same thing.

8 Please, I urge you as a Board, do not view the  
9 matter as a question of judgment between two extremes, the  
10 Board's job finding a suitable compromise.

11 Your staff has worked hard to develop the best  
12 balanced compromise that we could, and that is the budget  
13 proposal that we present to you. We have never viewed the  
14 process as a bargaining one, staff versus programs, with the  
15 Board in the middle.

16 We are your staff. We have given you our best  
17 judgments, not in extreme with the expectation that expansion  
18 will be reduced.

19 You may disagree with one or more of those  
20 judgments, but I do hope it will be in the spirit of finding  
21 the best results, not to compromise among those interested  
22 in the room, for those most affected, I stress, poor people  
23 without any service at all are not here.

24 In summary, we propose that existing programs  
25 receive in total about somewhat over 75 percent of what they

17

1 would have received at the \$304 million level, expansion  
2 receives about 62 percent.

3 We do have, I stress and am convinced, and Clint  
4 Lyons will spell out in detail, if you wish, the capability  
5 to use all of the expansion funds this year, with well  
6 developed plans and careful processes.

7 In our judgment, we can do no less.

8 We will turn, after the 1979 budget, to the 1980  
9 budget, that can meet more of the program improvement needs  
10 than is possible this year. I do stress only one point now,  
11 and that is all of the staff is committed to an aggressive  
12 effort before the Congress to gain the full amount requested  
13 for fiscal year 1980.

14 We have increased the appropriations substantially  
15 over the past three years, with the united effort, I am  
16 convinced we can persuade Congress of the very real needs  
17 of increasing it for 1980, and get those increases.

18 MR. STOPHEL: The material before the Board --

19 MR. RAY: I think it is important that we have  
20 comments pro and con.

21 CHAIRMAN RODHAM: Mr. Ray, we are going to permit  
22 very broad discussion. I would like, however, to let  
23 Mr. Stophel proceed with the presentation and then, of course,  
24 you may be the first one to respond when he has finished.

25 MR. RAY: Thank you, Madame Chairman.

1 MR. STOPHEL: I would suggest that perhaps the  
2 easiest way among all the material we have, is to look at  
3 what we started with and what the proposed changes are, and  
4 to look at three schedules on Attachment D.

5 Attachment D is a summary which shows in broad,  
6 the categories, and then in more detail, the budget estimates.

7 I would suggest, to avoid getting into 1980 at  
8 this point, it is dated 10/18/78 in the top right hand  
9 corner.

10 Attachment E, which begins with the \$304 million  
11 budget request, then shows the reduction to get to \$270 million  
12 by major categories.

13 In Attachment E, we will look at where the  
14 decreases were made by major categories, and then we will  
15 move to Attachment D, and we will ask that the staff take  
16 us through that. I will then make a motion on behalf of the  
17 Committee.

18 Attachment E, which shows the reductions, the  
19 proposed increases over the 1978 annual level, are shown in  
20 the second column to the left.

21 As someone mentioned earlier, perhaps it was the  
22 President, at our July meeting, the Board more or less locked  
23 in certain increases, including \$10,169,000 for Field  
24 Services, which was basically the cost of service increase  
25 completed the large programs and \$1 million or something else.

9 1 Program Improvement, approximately \$12,000,000,  
2 Program Expansion, \$2,000,000. We have already added  
3 \$24.14 million to the 1978 budget.

4 The next column is what the staff proposed and  
5 then if you add those two columns together, the Board  
6 approved and staff proposed, you will come to the total of  
7 increases, which brings us to the total \$270,000,000  
8 appropriation.

9 As the President has pointed out, the Committee  
10 considered this budget at some length and approved or  
11 recommended the budget to the Board with the exception that  
12 we ask that the staff consider a reduction in direct expenses  
13 of \$2.218 million.

14 We also noted that the authorization of the  
15 Special Projects' fund would require special consideration by  
16 this Board. We therefore did not act on that as a line item,  
17 and the Board has already done that today.

18 I think perhaps before we move into the motion  
19 that we might proceed through this with Mr. Bamberger and  
20 Mr. Hennigan, and at any point or any category, we might have  
21 further discussion of a specific item.

22 CHAIRMAN RODHAM: Mr. Bamberger and Mr. Hennigan?

23 MR. HENNIGAN: You have before you Attachment D  
24 which Mr. Stophel mentioned. For the benefit of the Board  
25 members, I substituted a copy identical to the one mailed to

20 1 you. The only difference is there are numbers across the  
2 columns at the top. That was on the top of the materials  
3 waiting for you when you returned from lunch.

4 In addition, I also placed before the Board  
5 members, a somewhat abbreviated version of Attachment D,  
6 which is labeled "FY79 Budget Estimates," which simply takes  
7 Attachment D and takes out some of the detailed steps by which  
8 the increases are developed, and also takes out the 1980  
9 material. This may be useful to you for reference in detailed  
10 discussion.

11 Meanwhile, Mr. Stophel, my understanding is you  
12 want me to go through the full attachment at this point.

13 MR. STOPHEL: I think you might start by page and  
14 categories, and any Board member who may have a question may  
15 comment at any point.

16 After the presentation, I will plan to make a motion  
17 after which we can open up discussion from the floor.

18 MR. HENNIGAN: Thank you.

19 I shall comment at this point only to the 1979  
20 estimates. May I invite your attention to the first page,  
21 labeled "Summary," in the upper left hand corner, there is a  
22 technicality in our budget presentation, which I would like  
23 to clarify immediately to avoid any confusion later.

24 You will notice in the left hand column, labeled  
25 "Estimated FY 1978 Annual Level," column one, that the second

20 1 you. The only difference is there are numbers across the  
2 columns at the top. That was on the top of the materials  
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18 MR. HENNIGAN: Thank you.

19 I shall comment at this point only to the 1979  
20 estimates. May I invite your attention to the first page,  
21 labeled "Summary," in the upper left hand corner, there is a  
22 technicality in our budget presentation, which I would like  
23 to clarify immediately to avoid any confusion later.

24 You will notice in the left hand column, labeled  
25 "Estimated FY 1978 Annual Level," column one, that the second

21 1 item, (\$9,277) for Program Improvement, and (\$26,862) for  
2 Program Expansion, are show in parentheses. The reason for  
3 that is at the end of each fiscal year, we take those two  
4 categories of funds and move them up into Field Services,  
5 shown there as \$187,185,000, because the annual level coming  
6 from 1978 into 1979 for the Field Programs consist of their  
7 base payment in 1978, plus all the Program Improvement  
8 adjustments they have received, plus the new Program Expansion.

9 You will see the same thing repeated over in column  
10 number (8), where we show \$247,514,000, for Field Services  
11 at the end of 1979. We achieve that number by adding  
12 \$16,471,000, Program Improvement, and \$30,629,000, in  
13 Program Expansion, into \$201,220,000, the amount shown for  
14 Field Services at the top of column (7).

15 If there is any uncertainty about how that is done,  
16 I would like to clarify it now. Otherwise, it is not clear  
17 as you go through other parts of the budget, how things move  
18 from an adjustment into a base.

19 On this page, in the lower corners, left and right,  
20 you will notice that we have taken separately, the amounts for  
21 Investment Income, a small amount for Donated Services, and  
22 Other Receipts the Corporation receives. We have simply not  
23 included those in the details.

24 The reason for that is we would have to add separate  
25 columns in each case, and it would make the material even more

22

1 difficult to manage than it is.

2 To the extent you are interested, this shows the  
3 allocation for Investment Income and the other categories,  
4 the small revenues that we receive.

5 The tables which we will next go through take each  
6 of the roman numeral items and show the details under them.  
7 If you will please turn to the page which is headed in the  
8 upper left hand column "I. Field Services." Next you will  
9 see under that, "A. Field Programs."

10 You will notice that I. Field Services continues  
11 onto the second page, with Item D. Field Operations, the funds  
12 for our regional offices.

13 Briefly, the first column is the estimated 1978  
14 annual level, and as we move across columns (2) through (6),  
15 the amounts Mr. Stophel mentioned that the Board approved on  
16 July 7th, which in this area, consist of two items, \$9,169,000  
17 to bring 11 large existing programs to minimum access at the  
18 new adjusted rate of \$7.39 per poor person, and \$1,000,000 for  
19 state support. This was referred to more familiarly as the  
20 joint venture set of programs during other discussions.

21 The staff recommended to the Appropriations and Audit  
22 Committee on September 19th, the amount shown in Column (2),  
23 consisting of \$1,000 per national support centers, line B-1,  
24 \$75,000 for the National Clients Council, the amount proposed  
25 in the original budget request to Congress for that activity,

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23 1 and, going to the next page, \$1,591,000 for the operation of  
2 the Corporation's nine regional offices.

3 The fourth column simply combines columns (2) and  
4 (3). The fifth column shows the allocation of 1978 balances  
5 carried forward, in effect, funds not expended during 1978  
6 and available for reallocation.

7 You will notice in this activity that the allocated  
8 at the top, the total of \$1,200,000. Down in B-2, \$750,000  
9 would go to the State Support activity for planning.

10 On the next page, again in column (5), \$450,000  
11 for technical assistance to be provided through the regional  
12 offices.

13 In past budgets, the management and technical  
14 assistance was carried in the Program Support section, which  
15 we will come to later, and not shown as a separate line item  
16 because it was merged in with the training funds in previous  
17 budgets.

18 MR. STOPHEL: Are you considering this would be  
19 cash to go out to the programs for management and technical  
20 assistance?

21 MR. HENNIGAN: My understanding is the payments  
22 would go directly to programs. Mr. Lyons can answer that in  
23 detail.

24 MR. LYONS: Mr. Stophel, I have tried to lay out  
25 for you in your briefing material, the support options

24

1 documented, the purposes of the technical assistance fund.  
 2 The basic purpose is to provide the support for programs by  
 3 way of money, personnel resources, in terms of expertise by  
 4 way of consultants, or any other technical assistance that can  
 5 be purchased with funds, to remedy the sort of immediate  
 6 problems that programs have, that we detect, as a result of  
 7 the monitoring and evaluation process, combined with the  
 8 self-analysis method that we are going to be utilizing.

9 In effect, if we in fact went into a program and  
 10 found that program had a particular program that could be  
 11 addressed and remedied with the infusion of a limited amount  
 12 of funds or by having some expert come in and analyze the  
 13 problem for that program and offer some suggestions, we, in  
 14 effect, would determine if there was such a need and pay for  
 15 that consulting service.

16 MR. STOPHEL: Would this category bear the expense  
 17 of some person going in on technical assistance matters?

18 MR. LYONS: That is a separate fund, the fiscal  
 19 technical assistance operation is separated out from this  
 20 \$750,000 for management and technical assistance in the  
 21 regional offices.

22 MR. STOPHEL: Mr. Hennigan has discussed the changes  
 23 in Field Services, which are relatively few.

24 MR. CRAMTON: Mr. Hennigan, does column (6) reflect  
 25 the budget as proposed by the Appropriations Committee, or as

1 proposed by the staff to the Appropriations Committee?

2 MR. HENNIGAN: It is the budget proposed by the  
3 staff to the Appropriations Committee, and footnoted at  
4 note six, Mr. Cramton, subject to possible reduction in this  
5 section, in connection with the Committee's resolution on a  
6 possible maximum \$2.2 million transfer.

7 MR. CRAMTON: The recommendation before the Board  
8 is going to be slightly different?

9 MR. STOPHEL: That is correct. That is reflected  
10 in another handout which we will go through, showing the line  
11 items which will be changed, if we take out the \$2.2 million  
12 or the \$1 million.

13 MR. CRAMTON: I just wanted to clarify that, I  
14 thought that was the case.

15 MR. STOPHEL: This is the budget that was  
16 recommended without reduction.

17 MR. TRUDELL: Regarding the Native American and  
18 Migrants, there is no change in that, and I note referring  
19 to footnote number three, the fact that I guess you want some  
20 information regarding the population question. I guess we  
21 will be receiving what the other programs have received, is  
22 that correct?

23 MR. HENNIGAN: There are two points, Mr. Trudell.  
24 First, all additional funding for the Native American and  
25 Migrant programs is done in III, Program Expansion. We will

26

1 be discussing the issue referred to in the footnote, the  
2 problem arriving at an accurate population count for the  
3 Native American population, and then assuring that all  
4 populations have the same number of unserved persons. We  
5 will be coming to that in a few minutes.

6 What it says here simply in column (7), is that the  
7 1978 level of those programs, to the extent they are funded  
8 directly under Field Services, will continue.

9 The additional funding for Native Americans and  
10 Migrants will be in category III, Program Expansion, and I  
11 should have added also in category II, Program Improvement.

12 If you look at column (8), you see larger numbers.  
13 That reflects the addition of the monies from Program  
14 Expansion and Program Improvement which we roughly estimate  
15 will go to the Native American and Migrant populations at this  
16 time.

17 Again, the reason for the footnote is to indicate  
18 they are really rough estimates because of the estimating issues  
19 we are dealing with there.

20 MR. TRUDELL: Thank you.

21 MR. HENNIGAN: To sum up on this section, the total  
22 proposed to the Appropriations and Audit Committee was  
23 \$14,035,000, for Field Services, that is at the head of  
24 column (6), and again it is footnoted as subject to possible  
25 reduction.

27

1 If there are no further questions, I will proceed  
2 to Category II, Program Improvement.

3 Again, going to the left hand column, you will  
4 notice all the numbers are in parentheses, because they were  
5 added into the amount for Field Services which we just  
6 reviewed.

7 The amounts shown in columns (2), (3), (4), (5), and  
8 (6) are the increases, or in effect, the amounts proposed for  
9 these categories during 1979.

10 Again, the Board approved, in column (2), on July  
11 7th, a cost of service increase at 5.5 percent, which would  
12 total \$9,971,000.

13 The Board also approved on that date at item II-C,  
14 a reserve for special adjustments at \$250,000, and going to  
15 E, competitive salaries for programs funded above \$6.00 in  
16 1977, a total of \$1,750,000.

17 The staff proposed in column (3) to the Appropriatio  
18 and Audit Committee on the 19th, \$4,500,000 for special needs.

19 Mr. Ehrlich cited that specifically in his opening  
20 statement.

21 The totals are shown in column (4). There are no  
22 recommendations to include 1978 appropriations balances  
23 forward in this category, and column (6) is a repetition of  
24 column (4), as is column (7).

4b

25 II-B, Special Needs, is subject to possible increase

28

1 as a result of the proposed transfer of some direct expense  
2 funds.

3 MR. STOPHEL: The Committee, as I indicated, has  
4 asked that the staff come up with adjustments to direct  
5 expenses with the thoughts by the Committee that reduction  
6 would go into this category, the Special Needs category,  
7 which basically goes to the field, but in other than across  
8 the board increases.

9 The total reduction requested would make this about  
10 \$6.7 million, instead of \$4.5 million.

11 MR. HENNIGAN: If there are no questions, I will  
12 proceed to category III, Expansion.

13 Again, the left hand column is shown in  
14 parentheses because the figures have been moved up into  
15 I, Field Services, to establish the 1978 annual level for that  
16 category.

17 You will notice on the second column, the \$2,000,000  
18 approved by the Board on July 7th, to bring Expansion programs  
19 funded in 1978, at less than \$7.00, up to the new adjusted  
20 minimum access rate of \$7.39.

21 Column (3) contains the staff recommendation for  
22 an additional \$28,629,000, for a total in column (4) of  
23 \$30,629,000, which since there are no other changes, carries  
24 through into the other total columns.

25 You will notice a footnote three, in effect, all

29

1 over the table, and it simply explains that there are some  
2 questions about population estimates which have to be resolved  
3 When they are resolved, the proposal is that all three  
4 categories, A, Basic Field, B, Native American, and C,  
5 Migrant, be funded in such a way that they will have the  
6 same proportion of unserved populations at the end of 1979.

7           Depending on how the population issue is resolved,  
8 that means that all three categories would have somewhere  
9 between roughly 90 to 91 percent of their population served,  
10 or 9 to 10 percent unserved.

11           Mr. Trudell, this was the area you were particularly  
12 concerned with.

13           MR. STOPHEL: I think we can complete the review  
14 and then come back and discuss the question of Expansion  
15 versus other things, if that is all right.

16           I know some of the Board members have expressed  
17 a desire to move funds, but we have to know where we are  
18 moving them from before we know where we are moving them to.

19           MR. HENNIGAN: I will proceed to category IV,  
20 Demonstration Projects and Evaluation.

21           Turning to the left hand column, there are three  
22 major categories, the Delivery System Study grants, subdivided  
23 this year, as they were not in the previous budgets, into  
24 two categories, one, Delivery System Study Demonstration and  
25 Project Grants, and two, Experimental Grants.

30 1 B, Information Systems, also subdivided, and has  
2 not been in the past, into Delivery System Study Data  
3 Collection and Analyzing, and two, Case Services, Reports and  
4 Local Information Systems.

5 Finally, C, Evaluation, Field Evaluation, or  
6 monitoring conducted by our regional offices, and Special  
7 Studies, on evaluation measures.

8 Briefly going to column (2), the Board made no  
9 allocations in July. The staff proposed, in effect, a net  
10 reduction of \$176,000. As you know, there are positive  
11 numbers in some areas, and negative numbers in others.

12 The total for this area, in column (7), is  
13 \$6,369,000, which again, is \$176,000 less in total than the  
14 1978 amount.

15 Going down column (7), the amount for Delivery  
16 System Study Grants is down by \$315,000, in column (6). The  
17 Information Systems number of \$1,785,000, that is item B,  
18 remains the same, and the amount for Evaluation, \$1,300,000  
19 which is up by \$139,000.

20 MR. CRAMTON: Mr. Hennigan, the items in C,  
21 Evaluation, consist almost entirely of field monitoring done  
22 by the regional offices?

23 MR. HENNIGAN: That is correct for item C-1,  
24 Mr. Cramton, Field Evaluation shown at \$791,000 in 1978 and  
25 \$700,000 in 1979. The \$370,000 for Special Studies in 1978

31

1 and \$600,000 in 1979 is for special imperical type studies  
2 designed to develop allocation measures, measures that  
3 eventually could be used by the regional monitors, but it is  
4 an entirely separate effort, both in its funding and activity.

5 MR. CRAMTON: I guess my question goes to the  
6 statutory language, that we engage in monitoring of programs  
7 and independent evaluation. It seems to be that the  
8 Corporation continues not to be engaged in having independent  
9 evaluation programs. That has been said from the beginning,  
10 and I have raised it every year.

11 I gather they are still planning to continue along  
12 that course.

13 MR. HENNIGAN: We have been allocating funds  
14 specifically in that category since 1978 to develop those  
15 measures. Mr. Lyons can comment to that in detail, if you  
16 wish.

17 MR. LYONS: I believe in reference to your comment  
18 about independent evaluations, Mr. Cramton, I believe the  
19 Corporation has in fact, in special situations, provided for  
20 independent evaluations of some of our programs' operations.  
21 I believe the General Counsel has interpreted the sort of  
22 mixed monitoring evaluation process, as an ongoing part of  
23 the Corporation's operation, and in special situations where  
24 we call in outside independent evaluators to evaluate special  
25 situations, there has been an ongoing effort, evaluating some

1 computerized systems and programs, and some other instances.

2 The General Counsel will in fact have some  
3 information on that.

4 Do not think it is a situation where we are  
5 exclusively not doing independent evaluation, because we are  
6 selecting specific circumstances where we engage in those.

7 MR. STOPHEL: How do you respond to the criticism  
8 of some of the papers having to do with the idea that the  
9 regional staff is both monitoring and attempting to assist  
10 or the question is how they wear two hats.

11 Do you feel going strictly to independent  
12 evaluations would avoid that problem?

13 MR. LYONS: No, I do not. I believe the problem of  
14 the non-linkage of monitoring and evaluation with assistance  
15 is more apparent than real. As a matter of fact, I think the  
16 reality of the situation is that with the responsibility to  
17 identify problems, comes the responsibility to help resolve  
18 those problems.

19 The system that we are developing with respect to  
20 assistance and identifying those, applying technical  
21 assistance funds to resolve those problems, we will in fact  
22 go through a dual type situation with the programs. We will  
23 do our monitoring evaluations, we will allow them to make  
24 some assessment of their own needs in certain areas.

25 In response to that, we, the problem areas that we

33

1 identify, we will say to the program, we understand that the  
2 program has problems, we believe that some attention has to  
3 be given to these areas in terms of corrective action, we are  
4 willing to provide you with funds, we are willing to provide  
5 you with a list of people that in our experience we know have  
6 worked in this area of resolving problems, but we want to know  
7 that the resources are applied to these particular areas, and  
8 if you use consultants, we want to know that the consultant  
9 did the work.

10 Six months later, we will be back and track whether  
11 or not application of those remedial resources had any  
12 improvement effect on the program.

13 I think that kind of schematic effort attempts to  
14 get around what I consider to be an apparent conflict, and not  
15 a very real conflict.

16 That is my experience in Atlanta.

17 MR. STOPHEL: I think we are ready for V.

18 MR. HENNIGAN: The category of Program Development  
19 and Experimentation, in two parts, V-A, Quality Improvement  
20 Program, covered mainly with investment income, and shown at  
21 the foot of the summary page, which we reviewed earlier, the  
22 -\$22,000 simply reflects the decision not to put any  
23 appropriated funds in the quality improvement area this year.  
24 We had carried a very small amount in the 1978 budget, which  
25 was not needed.

34

1 Line B, Special Projects, would fund the project  
2 we were discussing before the noon hour, as well as other  
3 projects of that type or for that purpose that may be proposed  
4 to the Corporation.

5 The funds provided, as shown in column (5), for  
6 item V-B, would be 1978 balances carried forward.

7 I will proceed now to category VI, Program Support.

8 In the left hand column, you will notice three  
9 categories of training, A, B, and C, Legal Training, Client  
10 and Paralegal Training, and Management Training.

11 In previous budgets, we had combined categories  
12 A and B into simply training, we now show legal training  
13 separately from client and paralegal training.

14 The category D, Recruitment, is now administered  
15 by the Corporation's Office of Field Services, rather than  
16 by the Office of Program Support.

17 E, Program Materials, has customarily been shown  
18 under the two categories, the Clearinghouse in Chicago, which  
19 is a unit of the Corporation, and the CCH Contract, or the  
20 contract with Commerce Clearinghouse for the Poverty Law  
21 Reporter.

22 Finally, Program Management essentially is the cost  
23 of administering the three training categories, A, B, and C.

24 You will notice that all funds were proposed by  
25 staff on September 19th to the Appropriations and Audit

35

1 Committee. The Board did not consider allocations in this  
2 are in July.

3 Basically columns (3), (4) and (6) are identical.  
4 The total recommended increase in this category is \$3,585,000  
5 with the amount shown for Legal Training, Client and  
6 Management Training, \$1,908,000, \$1,126,000, and \$300,000.

7 Recruitment is virtually static at \$26,000. Program  
8 Materials is relatively static at \$124,000. Program Manager  
9 is up by \$101,000.

10 The footnote 5 at the top of column (6) and (7),  
11 simply indicates that is subject to possible reduction in  
12 connection with the Appropriations and Audit Committee  
13 resolution on direct expense transfers.

14 MR. STOPHEL: Item VII and VIII are one line items  
15 and I think for the Management and Administration, is basically  
16 direct costs, and you might look at the long sheet headed  
17 "Summary of Fiscal 1979 Direct Expense Budget by Cost Center,"  
18 which shows the breakout of management and administration  
19 and other direct categories, and reflects the revisions and  
20 then the far right hand column shows the decreases.

21 These items, if the budget that has been presented  
22 to you, were reduced by \$2.218 million.

23 Madame Chairman, we have gone through the budget  
24 by major categories, and in order to get the matter on the  
25 floor, I move that the budget be approved with the exception

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1 that the maximum of \$2.218 million of Corporation's direct  
2 expenses be transferred to Program Improvement and Special  
3 Needs.

4 CHAIRMAN RODHAM: Is there a second?

5 MR. CRAMTON: Second.

6 CHAIRMAN RODMAN: The motion is before us.

7 MR. STOPHEL: Let me point out that the reduction  
8 is greater than that recommended by the President, and does  
9 warrant a full discussion, in view of his strong recommendation  
10 that the budget not be reduced by that much, but rather be  
11 reduced by \$1,055,000.

12 This is the form of the resolution which was adopted  
13 by the Committee, and therefore I make it as such.

14 CHAIRMAN RODMAN: Thank you, Mr. Stophel.

15 Is there any discussion or specific points Board  
16 members wish to raise at this time?

17 MR. ENGELBERG: On your motion, would the President  
18 be limited to that cut out of administration funds?

19 MR. STOPHEL: It was direct expenses, which is not  
20 just management and administration, but other categories  
21 listed on this longer sheet, which go all the way from  
22 regional operations through program support, research  
23 institute, and management and administration.

24 I did not attempt in the motion to reduce it, it  
25 is the items listed for us in the memorandum, although that

37

1 is his recommendation to us.

2 CHAIRMAN RODHAM: Mr. Stophel, when you phrased your  
3 motion, you used the language up to the amount the Committee  
4 had asked the President and staff to explore. Does that leave  
5 some flexibility?

6 MR. STOPHEL: I misspoke. The language of the  
7 resolution adopted by the Committee was a maximum of \$2.218  
8 million. I think our intent was that, subject to the  
9 approval of this Board, recognizing we had asked the staff  
10 to come to the Board recommending what reductions could be  
11 made, because we felt some reduction should be made.

12 If the resolution passed, the \$2.218 million  
13 reduction would apply.

14 MR. CRAMTON: It might be appropriate for someone  
15 to move the amendment at some point, to reflect the  
16 President's recommendation, and then the issues could be  
17 posted, but perhaps you want some of the broader issues,  
18 management against expansion, and expansion versus existing  
19 programs, to be explored at the same time.

20 MR. STOPHEL: We started talking about moving more  
21 substantial funds in management, to administration, then the  
22 President's proposal would not make a great deal of sense. I  
23 think at some point it would be appropriate for a member who  
24 wants to support the President's recommendation to make a  
25 motion to amend.

38

1 MR. RAY: It is a little hard to hear what has been  
2 said. What is the motion?

3 MR. STOPHEL: The motion is to adopt the budget  
4 reduced by \$2.218 million of direct expenses.

5 CHAIRMAN RODHAM: Do Board members wish to comment  
6 on the budget or ask any specific questions of staff or  
7 Mr. Stophel at this time?

8 MR. TRUDELL: I think it would be more appropriate  
9 to hear from people out there before we begin to lock  
10 ourselves in.

11 One area of interest is the expansion area. If we  
12 start talking about cutting back, which areas are you talking  
13 about cutting back in? Is it just across the board?

14 I think you should get some amplification in terms  
15 of reducing the expansion area, you are cutting about  
16 \$19 million in terms of the requested figure of \$304 million.

17 What is the thinking of the staff and some of the  
18 people out there? I know there is some concern about the  
19 figure that is being used, and there is no flexibility built  
20 into, let's say, a higher figure, and I think that is what is  
21 being raised by some people, that there is a higher account  
22 figure.

23 I do not think the proposed budget takes that into  
24 account. I am sure the program people would speak to that  
25 better than I, or any of the Board members.

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1 MR. RAY: I am Denny Ray from North Carolina.  
2 I am speaking as Chairperson of the PAG Funding Committee  
3 and pursuant to the positions adopted by the PAG Steering  
4 Committee, there are a number of field people who would like  
5 to talk on these issues.

6 I would simply like to give an overview of where we  
7 are coming from. Certainly one of the critical points at  
8 issue here is with respect to why we need to give the  
9 maximum dollars to expansion.

10 It is very important that you understand that the  
11 existing field programs, starting with support expansion,  
12 and expansion, at a higher rate, subject only to one thing,  
13 that is whether we have to begin cutting back the service  
14 that we are already providing.

15 It is our belief that the reason Congress has  
16 treated the Corporation so favorably is not in order for you to  
17 complete expansion, the basic reason why the Corporation has  
18 enjoyed such success from Congress in these last three years,  
19 aside from your own talents in dealing with Congress, is  
20 because of a high regard that Congress has for the existing  
21 Legal Services movement.

22 It is a movement of programs that have been  
23 extremely effective. Whatever the need for us to improve, and  
24 we would be the first to recognize that need, day in and day  
25 out the existing programs have simply done a hell of a good

1 job. We continue to do it today.

2 We are not coming before you with the reason that  
3 Tom Ehrlich suggested, because we fear what Congress will do  
4 with appropriations in future years. We are here because of  
5 what we fear is going to happen next year, because of what  
6 you may do today that forces existing programs to cut back.

7 Virtually all of the existing programs are simply  
8 funded very inadequate. I doubt that is a point of serious  
9 disagreement.

10 We don't begin to serve the existing client  
11 population for which we are responsible. You recognize that.  
12 You approve the budget for us from Congress for 1979 which  
13 asked for \$16.25 million, to help improve the service of  
14 existing programs. This was over and above the cost of  
15 living increase.

16 You do carry the cost of living increase under  
17 "Program Improvement " in your budget. I would submit to you  
18 that if inflation is moving ahead at the rate of eight  
19 percent, that is the projection for this year, so that if  
20 somebody is taking \$8.00 out of our pocket for cost of  
21 living, and you are giving us back \$5.50, which is what you  
22 propose to do, that is no improvement. That is going  
23 backwards.

24 You have to cast aside that 5.5 percent. In fact,  
25 whatever money we get over and above the cost of living

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1 increase, the first \$2 million of it is going to come off the  
2 top simply to stay even with the actual existing rate of  
3 inflation.

4 We submit that to respond to these gross inadequate  
5 fundings in the existing programs, at least the bottom line  
6 ought to be that the existing programs receive for improvement  
7 about 66 percent of that \$60.25 million, because the  
8 Corporation is going to get 66 percent of the increased  
9 funding, which you are seeking for 1979, where is that money  
10 going to come from?

11 The issue is not simply existing programs versus  
12 expansion programs. You have recognized that and you have  
13 seen fit to make a motion which we certainly hope you will  
14 sustain, that will reduce the existing Corporation direct  
15 expense fund by \$2.2 million.

16 If we add that to what is already in the budget  
17 for existing program improvement, we find we are going to be  
18 about \$2,025,000 short of that bottom line of 66 percent, but  
19 \$60,000,000 for program improvement.

20 We believe that it is very possible to take that  
21 from expansion, without in any way reducing the coverage that  
22 you are going to achieve next year.

23 There are a couple of alternatives, and I am sure  
24 creative minds can think of others.

25 You could, as has been done in the past, fund

1 new expansion at something less than \$7.39, to the  
2 congressional appropriation for 1980, to provide that so-calle  
3 first mortgage money, that indeed was in the 1978 budget,  
4 or in the 1979 budget, for 1978 programs for \$2 million.  
5 There is no reason why something like that could not be  
6 repeated, you have done it before.

7 Another thing you could do would be to start  
8 new expansion programs at the \$7.39 rate, the minimum access  
9 rate, but not make that effective as of January 1. Some of  
10 the money, I know, already intends to be used by the  
11 Corporation for planning seed money, technical assistance,  
12 and that is a good idea, but we know very well, as of  
13 January 1, we are not going to be able to spend it at the  
14 \$7.39 rate, for a program that is simply a gleem in our eye  
15 at this point in time.

16 It is not that hard, I would submit to you, to  
17 come up with the money to both satisfy our needs and our  
18 minimum needs, in this instance, for some improvement, and  
19 still have the same number of new poor people covered in  
20 1980.

21 From a management standpoint, it really is senseless  
22 if we have painstakingly built up, once again, those existing  
23 programs, most of whom are the same programs out there, that  
24 we were suffering through stagnation for so many years, and  
25 if a year ago you put out into the field some new expansion

44 1 5.5. If the President's proposal is approved, and only  
2 slightly over \$1 million is added to the cost of service, it  
3 would be \$17,526,000, that is 9.5 percent.

4 Are you really going to have to cut back, the field  
5 programs having increased their total support, that are at  
6 a minimum proposed today, 9.5 percent?

7 MR. RAY: Yes.

8 MR. CRAMTON: I would be interested in knowing why.

9 MR. RAY: You have to start off with life as it is,  
10 that you have national at 80 percent, and legal services, it  
11 is like 15 to 20 percent. We did a survey and we provided  
12 you with an analysis.

13 The budget costs for Legal Services programs are  
14 simply increasing at a much higher rate than the national  
15 economy to begin with.

16 Take a program, and there are many of them, that are  
17 in a position where they either have just put in the  
18 competitive salary program, which is mandated by the  
19 Corporation, or that want to. They are not going to be able  
20 to implement an existing competitive salary plan only  
21 receiving, however you play around with this, all that an  
22 existing program can get, the 5.5 percent plus its share,  
23 the discretionary pot of money which is not even as high as  
24 you propose, because almost \$2 million of it is going by  
25 special agreement to a very small number of programs under a

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1 very small, very precise formula, which has does not begin to  
2 reach the vast majority of programs.

3 The vast majority of programs are ending up able to  
4 compete in some undetermined way for about what is \$5.5 million.  
5 That breaks down to a little over \$20,000 apiece. You can't  
6 get there from here, and \$20,000 for a program, whose budget  
7 is something over \$1 million, is obviously preposterous.

8 There are people who are out here who are prepared  
9 to address this, the context of their own programs, which I  
10 think will be the most effective way.

11 I know you want me to sit down, Glenn, so I will.

12 MR. ORTIQUE: I certainly think that if this Board  
13 goes along with adding the \$2.2 million into that category,  
14 without giving consideration to other areas, for example,  
15 I heard the plea this morning from the Clients Council.

16 I don't know where we can work magic and get the  
17 money to do what they would like us to do, but I certainly  
18 know that at least something is going on out there and it  
19 is something better than what we had when we have \$71 million.  
20 You have to admit that.

21 MR. RAY: That is why we want to keep it.

22 MR. ORTIQUE: Of course you want to keep it, but it  
23 seems to me if you are telling us, you have to give us that,  
24 which the Committee now has worked out over and above what  
25 the staff has recommended, give all that to us, and you are

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1 still not giving us enough, you have to cut back on expansion,  
2 I do not think that is being fair to other categories.

3 We certainly have as much responsibility to your  
4 group as we have to the programs that need expansion, to the  
5 National Clients Council.

6 I think you are being unreasonable if you expect us  
7 to do more than that.

8 MR. RAY: Revius, let me just respond by laying the  
9 groundwork. You all felt that was a good reason, I assume,  
10 for putting into the three or four budget requests, \$16.25  
11 million for rural costs, for cost variation study results,  
12 for competitive salaries, for contingencies, things like this  
13 that money doesn't exist any more for, it has all been plowed  
14 into a much more discretionary pond, and was not adequate to  
15 begin with.

16 Let's hear from some other people.

17 MR. ORTIQUE: That argument does not hold with me,  
18 because you still have those other categories that you have  
19 given nothing to. We have also plowed into that \$304 million,  
20 a much larger sum for expansion.

21 MR. RAY: Yes.

22 MR. ORTIQUE: Those people are still out there and  
23 those people are still getting zero services as opposed to  
24 what you are telling me now, you might even have to cut back.

25 It seems to me that some of that same faith that

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1 you had when we were dealing with \$71 million is going to have  
2 to be found somewhere until such time that we get more money.

3 I would much prefer being in the position of going  
4 to Congress and saying, look, we could not do all of the  
5 expansion that we wanted to do, but we did this much. We  
6 could not do all of the program improvement that we wanted  
7 to do, but we did this much. We could not do all that we  
8 wanted to do for the Clients Council, for the Native  
9 Americans, for the Migrants, but we did this much.

10 I do not think I would want to be responsible for  
11 going to Congress and saying, we could not do it all but we  
12 could do for all of these categories, we decided to put  
13 everything we could into program improvement.

14 I know a lot of people do not appreciate that, but  
15 it seems to me that our responsibility is just as broad and  
16 just as deep for expansion and for other programs and people  
17 as it is for program improvement.

18 MR. RAY: You do not create something that you are  
19 going to have to immediately start decreasing, there is no  
20 magic line as to where you decide what goes into expansion.

21 MR. ORTIQUE: This Board did not create the problems  
22 that those people are unrepresented. It is there and it is  
23 real, and they are crying out for assistance. They are saying  
24 to us over and over, we do not have anything, and you are givi  
25 more.

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1 I think it is unrealistic for people to say to us  
 2 that we give you everything that we can push and shove, and  
 3 still we ought to be giving you more, other than the fact  
 4 that is your position today and these other groups ought to  
 5 be pushing just as hard.

6 MR. RAY: The fact is that under the circumstances,  
 7 the actual funding problem for existing programs, what the  
 8 Board proposes to do is not really giving a whole lot of money  
 9 for existing programs.

10 We are going to try to fill out that picture for  
 11 you, if we may.

12 CHAIRMAN RODHAM: Thank you.

13 We are going to want to hear from people in the  
 14 audience. I think Mr. Ortique's point is a particularly  
 15 good one, however, and that is that we have as much variety  
 16 in a limited period of time that we are working with, rather  
 17 than repetition.

18 The Committee met nearly all day and heard a number  
 19 of points that it took into account when it made its decision  
 20 and I would ask that persons who are going to speak address  
 21 issues that have not already been addressed in Mr. Ray's  
 22 presentation on behalf of PAG, so that the Board members who  
 23 were not at the Committee meeting have the opportunity to hear  
 24 broader views.

25 I am going to ask that we limit ourselves insofar as

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1 possible, to bringing up new prospectives and new viewpoints  
2 on the budget, and that we are at some point going to have to  
3 limit completely public participation in order to make some  
4 decisions.

5 If we could have some people who have come a long  
6 way and do want to make a presentation, step forward and  
7 perhaps some people in the first couple of rows could make  
8 some space for them, so that the people who do want to speak  
9 would be readily accessible to the microphone.

10 If you would, when you begin to speak, state your  
11 name and where you are from, and if you represent a group, so  
12 that all of us can know that for the record, and there may be  
13 occasions when it is unfortunate, but we may have to cut off  
14 certain people in order to permit as great a number as possible  
15 to participate.

16 Sir?

17 MR. ZAH: My name is Peterson Zah. I am from the  
18 Navajo Nation, and if you do not know where the Navajo Nation  
19 is, Arizona is a sector of the Navajo Nation, specifically  
20 from Window Rock, Arizona.

21 What I would like to do is elaborate more on what  
22 Mr. Trudell questioned insofar as looking at your proposed  
23 1979 budget, under III, for Expansion, you have A, Basic  
24 Field Services, and under B, you have Native Americans, and  
25 C, Migrants.

1 Under Native Americans, you have \$1.138 for fiscal  
2 year 1978 and you have the Board approved for fiscal year 197

3 If I understand Buck Hennigan correctly, that means  
4 Native American programs will not be getting any expansion  
5 increase for the year 1979. Am I correct?

6 CHAIRMAN RODHAM: No, sir. I think, Mr. Hennigan,  
7 if you would explain, that it is hard to follow if you do  
8 not have these documents in front of you.

9 Could you explain that again, please?

10 MR. ZAH: The other thing is, if there was a  
11 decision made as to how much the increase is to be for fiscal  
12 year 1979, what rationale was used to derive that figure?

13 MR. HENNIGAN: I ask you to repeat your second  
14 point, I missed part of it.

15 MR. ZAH: If there was a figure reached by the  
16 staff or by the Board, what rationale was used to derive those  
17 figures?

18 MR. HENNIGAN: Are you referring to the total of  
19 \$30.6 million?

20 MR. STOPHEL: No, he is talking about the increase  
21 in Native American, \$1,488,000 increase. He wants to know  
22 how that was arrived at. You started out with \$3,902 and  
23 arrived at \$5,390, how did you get that?

24 MR. HENNIGAN: You are looking at the figures in  
25 Field Services?

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1 CHAIRMAN RODHAM: Yes, Field Programs, A-2.

2 MR. HENNIGAN: We are in Attachment D, at  
3 III, Program Expansion. Mr. Zah is referring to the  
4 distribution of the \$26,862,000 shown in column (1), the  
5 estimated 1978 annual level.

6 Those funds were allocated according to a pro  
7 rata system that was agreed to between the Corporation and  
8 the field programs for fiscal year 1978. The proportions  
9 were approximately 90.6 percent for basic field, 2.4 percent  
10 for Native American programs, and 6.8 percent for Migrant.

11 They should come fairly close to those proportions.

12 As I indicated when we were examining this table,  
13 footnote three refers to consideration, in fact, a commitment,  
14 I believe, on the part of the staff at this point, to adopt  
15 a different allocation approach, which would assure that  
16 all three categories, Basic Field, Native American, and Migrant  
17 would have the same proportion of served and unserved poor  
18 persons at the end of 1979.

19 Does that address your questions?

20 MR. ZAH: Yes.

21 MR. ORTIQUE: So there will be no question, D is  
22 the accompanying schedule with your motion, that is the  
23 attachment which goes along with the motion which we have  
24 before us?

25 MR. STOPHEL: That is right.

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1 MR. TRUDELL: What you are saying is that the  
2 expansion money proposed, backing out the \$2 million would  
3 bring the others up to 7.39 per poor person, and leaves a  
4 balance of \$28629 that is up for grabs in terms of how it is  
5 going to be distributed across the board for urban, rural,  
6 Native American, Migrants, and people in need of expansion?

7 MR. HENNIGAN: Yes, that is correct, the total of  
8 \$28,629,000, the portion of the \$30.6 million remaining  
9 after taking care of the \$2 million which was what was  
10 referred to by Mr. Ray as a first mortgage, that is the  
11 amount available for allocation among the three groups.

12 MR. STOPHEL: I think the important thing Mr. Zah  
13 was wanting to understand, is what I understood you to say,  
14 that the staff feels somewhat of a commitment to the Native  
15 American program, that once the population basis is settled  
16 on, that the same ratio of that population base will be served  
17 as is true of the other field services.

18 Am I correct?

19 MR. TRUDELL: In other words, until you resolve the  
20 population question, you cannot make an allocation, you do not  
21 know what the figure is yet.

22 MR. HENNIGAN: In the extreme case, until the  
23 population figures are resolved, you cannot approach a share  
24 and share alike on proportions of served and unserved. It  
25 would be possible, however, to set a threshold of expansion

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1 funds and say allocate this much, and what would be an ample  
2 amount left to allocate at the margin after the population  
3 estimate was resolved.

4 We could go in two stages; say arbitrarily the  
5 \$20,000,000 would be put out now, the remaining \$8,000,000  
6 would be used to make the final evening out at the margin  
7 of Basic Field, Native American, and Migrant allocations.

8 MR. ORTIQUE: Suppose it would take you six months  
9 to do that? Does that mean somebody might ultimately get hurt  
10 in the total amount they would receive?

11 MR. HENNIGAN: No, it does not.

12 MR. LYONS: Basically, what I have recommended to  
13 the President of the Corporation is I have devised a formula  
14 whereby we intend to adhere to the concept and the principle  
15 of moving the Native American, in terms of progression, to  
16 a minimum access, at the same rate that other groups of  
17 unserved poor people have moved.

18 MR. ORTIQUE: I am a practitioner and I practice  
19 every day. The procedure is to answer the question and then  
20 give me the explanation.

21 I want to know if you guarantee them that amount  
22 of money, and then tell me anything else you want afterwards  
23 That is what I want to know.

24 I think that is one of the points Mr. Zah is quite  
25 interested in.

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22 of money, and then tell me anything else you want afterwards.  
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25 interested in.

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1 MR. ZAH: My point is, if there is a figure reached  
2 by the staff, and you are going to reevaluate four or five  
3 areas, one of them being a population study where no one in  
4 the United States seems to know how many Indians there are  
5 in the United States or how many Native Americans there are in  
6 the United States, so therefore they cannot really allocate  
7 a specific amount of monies for expansion for Native American.

8 Suppose you have a recommendation that came back  
9 into the Corporation which says, we do have Native American  
10 growth population in the excess of two million, and that the  
11 growth rate among Native American communities is three times  
12 the national average. Then you have already made a decision  
13 as to how much money the Native American programs will be  
14 receiving for expansion, given the fact that a decision was  
15 made before the population study was completed.

16 As I understand the footnote on these allocations  
17 of money here, that is what it says. I just wanted to make  
18 sure that the staff and the Board people understand that we  
19 do not want to be punished by that, because you have a survey  
20 that is going on now, and we do not want to be locked into a  
21 figure and then have to hunt around for some more money later  
22 on.

23 The position of the staff at that point might be  
24 that we are going by an approved budget by the Legal Services,  
25 and therefore we cannot deviate from that.

1 CHAIRMAN RODHAM: As I understand the budget,  
2 Mr. Zah, the budget recommendation includes that footnote  
3 which mandates the assurance of equalization. I think that  
4 is the appropriate response, that if this Board adopts this  
5 budget, then it is adopting the mandate that if it takes a  
6 little longer, if it is more complex, that there will be an  
7 equalization in the allocation.

8 I think that is the way I read footnote three.

9 MR. ZAH: I understand. My second point is if  
10 the Corporation is waiting for a statistical survey on Indian  
11 population, then telling the field programs, look, the  
12 expansion will be made in 1980, if the survey is not finished  
13 by then, then we are all aware of what Denny Ray is saying,  
14 that the appropriation of Congress might level out at  
15 \$270,000,000, and we stand to lose the appropriation of monies  
16 as far as Native American programs are concerned.

17 My other question is this; there is a controversy  
18 going on right now in terms of who is an Indian. That question  
19 would have to be resolved by the survey study, so you may have  
20 to include more people than the Corporation is using now.

21 The other thing is that terminated tribes versus the  
22 non-federally recognized tribes. We want to include all of  
23 those people.

24 There is going to be more people than what the  
25 population is using now. That is the reason we do not want

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1 to be locked into a figure at this time.

2 CHAIRMAN RODHAM: Thank you very much.

3 MR. HENNIGAN: As a point of reassurance to Mr. Zah  
4 and the other persons particularly concerned with Native  
5 American funding, it does represent the smallest population  
6 in the three sets that we are dealing with, by far, Basic  
7 Field is the largest. Migrants is relatively larger than  
8 Native Americans, but still very small.

9 It should be possible to arrive at an agreement on  
10 where to set the threshold below \$28 million. I think  
11 \$26 million is a safe number, and say there will be sufficient  
12 money left to even out, when the final figure is arrived at.

13 In other words, we could arrive at an acceptable  
14 level for the Native American population, subject to final  
15 revision, and sufficient money left to take care of that  
16 revision. I believe this can be worked out.

17 MR. TRUDELL: I think if that is going to be  
18 staff's policy in terms of setting an arbitrary threshold,  
19 that they can get their hands on the money, but I think as  
20 Pete pointed out, there is a great deal of confusion going  
21 on regarding the population study.

22 I think it took a lot of encouragement from a number  
23 of Board members to see that some population study was done.  
24 I know there are certain concerns about a double count when  
25 to comes to Native Americans, because they are disbursed

1 throughout just about every state.

2 I would be more concerned about setting a threshold  
3 lower than \$26 million. Once you commit that money, it is  
4 gone. It will be hard to tell someone, we gave you too much,  
5 and now we are going to cut you back.

6 CHAIRMAN RODHAM: I think you are aware of what we  
7 want and how we want to achieve the mandate.

8 Ms. Birch?

9 MS. BIRCH: Madame Chairman and members of the  
10 Board, we came forward earlier with a funding formula. In  
11 the formula, we were requesting a three percent figure of  
12 the total LSC budget. We did work it out and we found that  
13 it was something like \$8.1 million. If your heart skips a  
14 beat, it doesn't make it any different than mine, because  
15 you are talking about disbursing monies to and for everybody  
16 around us.

17 There are those of us who need some training and  
18 as I said before, not training in the area of how to be  
19 clients, but how to get away from being clients, by helping  
20 ourselves. I don't think client eligibility status.

21 We have a great need, it is not a fictitious one. It  
22 is one that you have spent thousands of dollars researching  
23 through the years. It is nothing new. The Bible even says  
24 the poor you have with you always, and it seems to me that  
25 the rich you have with you always.

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1 We have come far enough now that we no longer are  
2 asking for the loaf of bread but for the shoe, so we can go  
3 get our own bread more than one time.

4 It is not a play thing with us, it is a reality.  
5 We live in poverty conditions every day. We do not like it  
6 any better than you like being hungry and can't get to dinner  
7 this evening.

8 You went pass your lunch hour and there were some  
9 of you whose stomachs were growling. It didn't bother me  
10 because some of the time, I don't eat lunch anyway.

11 We want the opportunity to learn, we need the  
12 training. We are asking for it. For a long time, we did not  
13 ask because we know what we were about, but we did not know  
14 what you were about. Now we want to know what you are about,  
15 so we can incorporate the two and come up with knowing  
16 legitimate ways to help ourselves and help our fellow man.

17 You can never hope to reach all of the clients  
18 across this nation. Those that Mr. Zah talked about, the  
19 ones I am talking about, too, you cannot reach all of us, but  
20 you can reach a lot of us by not using us.

21 It stands to reason that I know where more clients  
22 are than you do, even with your statistics, I still know where  
23 more clients are than you do. Use what I have, teach me to  
24 use what I have, so we can get more out of the LSC dollar. We  
25 need it. We cannot afford the luxury of not having it.

1           The kind of monies that you are disbursing here for  
2 others should include what the clients are asking for. It is  
3 not impossible. It is not unreasonable, I assure you.

4           Thank you.

5           [Applause.]

6           MR. CROCKETT: My name is Doug Crockett, and I am  
7 speaking on behalf of PAG, as a member of the Funding  
8 Criteria Committee.

9           I wish to address you on the cost variations  
10 study, and on the PAG request for a client poor person  
11 identification study.

12           The cost variation study had, as its purpose,  
13 identification of the variation of the costs of delivering  
14 legal services by size of city or county, or geographic  
15 location in the country. The objective was to then adjust it  
16 and come up with a formula to adjust the funding of programs  
17 so that they can deliver services equally by taking into  
18 account some programs' experience in relation to others.

19           The study has been underway for several years. The  
20 data has been collected. We are in the process of formulating  
21 a procedure to adjust funding.

22           At the latest, we feel we can complete that  
23 adjustment in February, which sounds a little late, but it is  
24 no later than the formula and the distribution of the salary  
25 compability money in the last year.

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1 The Corporation has had a history of developing  
2 formulas in the middle of a fiscal year.

3 These adjustments are needed by programs for a  
4 number of reasons. There was an illusion before as to who  
5 represents unrepresented clients. Every Legal Services  
6 program that I am familiar with has within its covered  
7 region, unrepresented clients because it lacks adequate  
8 resources to provide representation.

9 The client in Alaska, the State of Washington, or  
10 Georgia, with a program providing coverage technically does  
11 not have the resources to provide representation, has not  
12 represented clients.

13 The results of the cost variation study on a  
14 preliminary basis are important. Expansion data from the  
15 1970 census is eight years old. The results of the cost  
16 variation study will always be up to date, and it shows  
17 significant changes in the cost of legal services and the cost  
18 of doing business in this country, since 1970.

19 Areas that show excessive costs are California,  
20 the far West, the Southern cities, the Sun belt, the Northern  
21 urban centers.

22 MR. ORTIQUE: What does that leave?

23 MR. CROCKETT: It leaves the State of Connecticut  
24 among others.

25 [Laughter.]

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1 MR. CROCKETT: The point is those changes have taken  
2 place in terms of population growth, in terms of increased  
3 costs of doing business, increased cost of living, since 1970,  
4 that is going to continue to take place.

5 Those programs located in those regions need more  
6 dollars to continue covering clients, to stop an increase in  
7 uncovered clients, to allow themselves to maintain the quality  
8 of services today that they were delivering yesterday, to hold  
9 an erosion of staff.

10 I suggest it is every bit as important as expansion.  
11 Experienced staff are irreplaceable in the program. We are  
12 unable to attract attorneys from outside Legal Services who  
13 have the type of experience that our six and seven tenure  
14 attorneys have, ones we have lost, we have to begin again in  
15 training them, replacing our experienced lawyers with  
16 graduates out of law school, no matter how well trained,  
17 they are still going to be lost, because it is going to take  
18 years for them to deliver the same quality of services.

19 I would like to comment briefly on the need for a  
20 population study, because again I think it has more than a  
21 little relevance to expansion.

22 I handed out some charts showing the change in poor  
23 population as identified by the census between 1970 and 1975.  
24 Expansion is based upon 1970 data. The 1975 results reflects  
25 population shifts in the country. They reflect differences

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1 that have taken place as the cost of living in the country,  
2 they show large losses of numbers of poor people, many of  
3 those losses take place in states we are discussing for  
4 expansion, and I would suggest that the mere fact those losses  
5 are reflected in the 1975 census is grounds to reexamine  
6 expansion and to think about line items for cost variations  
7 and doing business, line items for the cost of delivering  
8 legal services for all areas.

9 I hope it would also demonstrate the need for a  
10 separate study to truly identify poor people. A conservative  
11 projection is that the census methodology will result in a  
12 loss in the poor population of 50 percent, between 1960 and  
13 1980.

14 A reliance upon the census is ill founded. I think  
15 we all know there has not been that kind of a decrease in the  
16 poor population. It is only a definition of decrease, and  
17 it is imperative that this Corporation undertake a study to  
18 truly identify where poor people are, so that expansion could  
19 be done properly.

20 Thank you.

21 CHAIRMAN RODHAM: Thank you, Mr. Crockett.

22 MR. ORTIQUE: I have a question. One of the basic  
23 problems with the old census, as well as any proposed new  
24 census, is that census takers do not like to go in poor  
25 neighborhoods, they do not want to count people when people

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1 are at home, they want to count people in the broad daylight  
2 in the best streets and avenues, and poor people do not live  
3 on those kind of streets and avenues.

4 I do not see taking the census under your proposal  
5 is going to identify any more poor people.

6 MR. CROCKETT: I am sorry, I should have made myself  
7 clear. That is a separate issue with regard to the  
8 under identification of the poor people, and a very serious  
9 one, as you point out.

10 The under identification that I am referring to is  
11 caused by the census methodology, the formula used by the  
12 census does not take into account regional variations and  
13 the cost of living.

14 The poverty level itself is so low that it only  
15 identifies a percentage of welfare recipients as being poor.  
16 The variation goes from 30 percent to 72 percent in the State  
17 of Mississippi. That is not caused by not contacting the  
18 poor people, but by contacting those people and determining  
19 that even though they are welfare recipients in those states,  
20 they are determined not to be poor.

21 MR. ORTIQUE: I understand that, but in those same  
22 states you are talking about, you are also talking about the  
23 efforts that have been made that indicate clearly that we  
24 have placed more funds in those areas than we have in those  
25 areas down in Mississippi, Alabama, and Georgia, and Louisiana.

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1           What we really would be doing is broadening the  
2 disparity between the states that still do not have those  
3 and those that have.

4           MR. CROCKETT: I think in part, the disparity of  
5 funding is based on the number of poor people identified,  
6 so you say there is X number of dollars per poor person,  
7 versu another. I think perhaps you have to take a look at  
8 how well the census identified the poor, recipients for  
9 welfare in Connecticut are poor and they are counted, the  
10 funding level would appear to be a smaller level, and the same  
11 is true for Mississippi.

12           It is not just one section of the country.

13           MR. ORTIQUE: I envy you in trying to protect your  
14 interests, but I keep hearing the same thing, take it from  
15 these other folks, and give it to us. I just do not think  
16 that is fair when you know we have done everything we could  
17 to try to improve the situation in the field.

18           At the same time, we have to reach numbers of poor  
19 people.

20           MR. CROCKETT: I can only respond by saying I think  
21 every legal service has clients that are not represented, it  
22 is not simply saying take it from one and give more to clients  
23 in another area.

24           I will end it, but I would like to stress that a need  
25 for a population study is not just one in regard to funding for

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1 this year, but the fact that we have in the past relied upon  
2 the census that between 1970 and 1980, there would be at  
3 least the loss of 22 percent poor people. If we do not do  
4 something to create accurate data, we could be hurt very  
5 badly in the future in obtaining increased appropriations  
6 from Congress.

7 CHAIRMAN RODHAM: Thank you. I would like to take  
8 a short recess at this time.

9 [Whereupon, a short recess was taken.]

10 CHAIRMAN RODHAM: All right.

11 Mr. Cramton, you had a question which you wanted to  
12 address to Mr. Crockett?

13 MR. CRAMTON: What is the position of the PAG  
14 Funding Committee concerning the client resolution to invoke  
15 three percent of the 1979 funds to client educational  
16 activities?

17 What is the position of the PAG Funding Committee on  
18 the proposal of the clients that have been present in the  
19 National Clients Council concerning devoting three percent of  
20 the budget and more in future years, to client related  
21 activities?

22 MR. RAY: To my knowledge, we have never considered  
23 that as such, therefore there is no position. I would suppose  
24 that the proposition there is whether the money is going to  
25 go into expansion, so if you are so minded to consider that

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1 sum, take that amount out of expansion, and then we can deal  
2 with the question of what to do about it.

3 MR. CRAMTON: They did not say where it would come  
4 from. I presumed it would come from all areas of activity.

5 MR. MARINA: I work with the Immigration Section of  
6 the Gulf Coast Legal Foundation in Houston. I was requested  
7 to urge the Board in any budget deliberations by several  
8 members of the National Clients Council, to fully consider  
9 the absolute necessity to have a backup immigration center to  
10 compliment the work that has been generating the last few  
11 years, as far as defense work in immigration.

12 Recently in L.A., the Legal Services Corporation  
13 sponsored a very successful training conference in immigration.  
14 It was the first one of its kind.

15 One of the things that came out very clearly, that  
16 very few projects have the type of support that is necessary  
17 in order to do successful work in immigration.

18 It is a very complex area of law that very few  
19 people have tried to delve into. Consequently, there is a  
20 very critical lack of training. Some projects, like the  
21 Foundation, the management has provided very good resources  
22 to develop training and to get a full staff necessary to do  
23 advocacy and impact litigation.

24 That was not the case at the conference in L.A. It  
25 was apparent that a lot of programs are functioning with one

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1 person doing 20 percent of their time trying to meet the  
2 needs of a client community that has never been represented.

3 One of the things that came out by consensus out  
4 of that conference, by acclamation of all the participants,  
5 was the Corporation has another step forward in its commitment  
6 in doing work in immigration, to sponsor a full backup center  
7 that would have as its main function, to provide the type of  
8 support in litigation concerning immigration issues which  
9 are provided in areas like welfare riots and rural legal aid.

10 Consequently, the type of backup service in  
11 litigation that would train people in the local projects to  
12 be able to do it themselves, and provide the type of research  
13 capacity to fully document and fully mitigate complex issues.

14 It is also very essential to have that type of  
15 backup center in order to be able to provide the training  
16 that is necessary for people who are trying to service the  
17 needs of the clients.

18 Consequently, I guess I am speaking on behalf of  
19 the participants of that conference, and also on the request  
20 of several members of the Clients Council to urge that for  
21 an deliberation of the budget, that the need for that backup  
22 center be fully considered.

23 CHAIRMAN RODHAM: Thank you.

24 MR. WELCH: My name is Anthony Welch. I would like  
25 to address the budget on the delivery system studies. As I

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1 recall, the access that delivery systems will be fully  
2 studied, and in accordance with this, the Corporation put out  
3 a lot of seed money last year for second round delivery  
4 systems.

5           They are talking to us this year in terms of a 5.5  
6 percent increase also, whereas when we have \$7.38 for most  
7 programs, some of the delivery system studies which are  
8 supposed to be comprehensively studied, we only have about  
9 \$4.90.

10           It is my belief, and I might be wrong, that this  
11 not only violates the mandate of Congress, but is also sort  
12 of ridiculous. What it basically does for the people in our  
13 area, they might think just because we chose to study, we  
14 also chose to underfund them. What it basically does is  
15 give enough money last year to say, we are here, and this  
16 year, enough to say, we are sorry.

17           Thank you.

18           CHAIRMAN RODHAM: Thank you. Mr. Mitchell?

19           MR. MITCHELL: My name is Ted Mitchell. I am  
20 Director of the Micronesia Legal Services program. I come  
21 before you to emphasize the needs of rural programs. I  
22 think Denny Ray has spoken well for the needs to maintain  
23 additional programs so that we do not create more and more  
24 uncovered in one place, and covering others in other areas.

25           The two issues are interrelated closely in the

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1 statutory scheme which governs you. I would like to talk  
2 primarily about the needs of rural problems and touch upon  
3 at least the highlights of the analysis of the key provisions  
4 of the statutes, relating to the obligation of the Legal  
5 Services Corporation, the wisdom of Congress, the judgment  
6 of Congress, if you will, about what you should do about the  
7 money Congress gives you.

8 Section 1007(a)(3), it seems to me, is phrased in  
9 mandatory language, with respect to grants in connection with  
10 the provision of legal assistance, the Corporation shall  
11 ensure that grants are made so as to provide the most  
12 economical and effective deliveries of legal assistance to  
13 persons in both urban and rural areas.

14 That is not very many words, but the legislative  
15 history of those words makes it very clear that Congress had  
16 in mind the disparity between urban and rural areas in many  
17 ways, which others who follow me, I am sure will touch upon.

18 Rural areas with populations scattered out simply  
19 cost more in the way of providing legal services. To provide  
20 the same \$7.00 worth, if we use that formula, to a person in  
21 a rural area, may cost \$10, \$15, \$20 or more, depending upon  
22 the particular characteristics of that area. It is precisely  
23 this that Congress had in mind when it enjoined you and your  
24 organization to address that special need and provide a means  
25 to deliver an equivalent amount of legal services to people

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1 in both urban and rural areas.

2 I would like to quote from the Appropriations  
3 Committee report, this is the report from last year, I shall  
4 quote the report for this year in a moment.

5 "The Committee knows that the Legal Services  
6 Corporation has decided to use 'dollars per eligible poor  
7 person' as the sole measure for service capacity and  
8 relative wealth, in determining the allocation of additional  
9 fiscal year 1978 funds. This measure has a negative impact  
10 on rural areas because of the extra costs incurred in  
11 serving those areas." The extra cost, as if they need to tell  
12 us, results from the need of extensive travel and long  
13 distance telephone calls, staff time lost in travel and the  
14 like.

15 "The Committee therefore strongly recommends that  
16 you set aside special money to equalize the funding of rural  
17 programs."

18 This year, the Committee had to admonish you again.  
19 Last year, and I am quoting again from the Committee report,  
20 which explained what Congress had in mind, when you came to  
21 the bridge you are at now, to divide the 1979 appropriation.

22 Last year the Committee indicated that the funding  
23 formula for the Legal Services Corporation, "did not  
24 adequately account for the costs of ensuring access of the  
25 rural poor, particularly lost travel time and so on," and

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1 they reiterate what they said the year before.

2 While a small amount of money, and I shall come  
3 back and talk about the \$350,000, which was the total sum  
4 made available to equalize the needs of rural programs in  
5 a moment, while a small amount of money has been set aside  
6 for rural travel and telephone costs, it has not been  
7 distributed as of this date of this report. It has not been,  
8 and the broader aspects of the Committee's concerns, have  
9 not been addressed.

10 To refer to the fact that they continued underfunding  
11 of rural programs, and will apparently continue under the  
12 present funding policies of the Corporation.

13 They conclude with the following language, adverting  
14 again to Section 1007(h) Study, that is another special concern  
15 of Congress, "In the meantime, the Corporation will use  
16 discretionary funds in a way that will promote meaningful  
17 access for eligible persons in sparsely populated areas."

18 If something meaningful had been done last year, I  
19 do not think I would be here. I do not think I would be as  
20 emphatic as I am today, but in the final hours of your last  
21 fiscal year, a total of \$350,000, and we do not know the full  
22 extent of the need, and I know Congress has asked you to  
23 look at it and ascertain it, and it has not been done, so we  
24 really do not know.

25 The total of \$350,000 was made available for all rural

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1 programs in the final hours of the fiscal year, divided up  
2 ten and three-quarters cents for each poor person in a rural  
3 area. It will buy them a xerox copy of something.

4 That is not meaningful access for people in rural  
5 areas.

6 If you wish me to limit my time, I will.

7 CHAIRMAN RODHAM: Yes.

8 MR. MITCHELL: I will refer to the exchange within  
9 the written material I have provided, where it is clear for  
10 the sake of those who have not seen it, it is clear that  
11 Congress seeing through Senator Leahy in particular, is not  
12 to the rural areas, who is a key member of the U.S. Congress,  
13 as far as appropriations are concerned, they had extended  
14 exchange between him and the President of LSC in which the  
15 President of LSC expressly committed to the Congress,  
16 expressed his problem; I think, and I think the material  
17 we provided establishes that it is such a clear mandatory  
18 responsibility, that a program, and I do not mean this as a  
19 threat, but only as a measure of how clear I think the  
20 responsibility here is, it is the kind of thing that a lawyer  
21 could write a complaint about and take it to court and get  
22 a mandatory injunction.

23 I suggest that you look at the materials we have  
24 provided and see if you do not agree with me.

25 One final observation. A potential source of funds,

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1 as you know, we have requested some detailed information on  
2 the Corporation's budget, so that we would be able to have  
3 at least the same degree of knowledge that Mr. Hennigan has,  
4 when he comes before you to defend it.

5 It was not provided, as you know. What I am about  
6 to say is an analysis and to describe an outline for  
7 an analysis of the budget figures which have been made  
8 available to us and to you.

9 Expansion, I am not here to suggest that one single  
10 person, fewer than those planned to be covered in 1979  
11 should be, but query, do you know how long it will take to  
12 put that \$30.6 million out in the field? Have you seen a  
13 detailed plan for expansion? How many programs are out  
14 there waiting for the money? How many new programs are  
15 going to have to be formed?

16 Every quarter, every half of the year, that is  
17 \$50 million every quarter. It is \$7 million, money that could  
18 be made available to meet non-recurring needs of both  
19 existing urban and rural programs.

20 Think about it. Money should not lay idle in that  
21 expansion budget, that much alone is crystal clear. What is  
22 the Corporation planning for itself, it is cutting  
23 administrative overhead for 1979, a 66 percent increase,  
24 Region I will increase 20 percent.

25 CHAIRMAN RODHAM: We have that information before us,

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1 and I can see five people behind you. If you want to go  
2 back behind the end of the line, you can take up your point  
3 again. I do not think it is fair to not let these other  
4 people a chance to respond.

5 You have provided us with material and we have had  
6 an opportunity to review it, for which we thank you, because  
7 it has been informative.

8 MR. MITCHELL: May I have one minute to sum up?

9 CHAIRMAN RODHAM: Yes.

10 MR. MITCHELL: The Corporation's administrative  
11 overhead is a 66 percent increase. Some regional offices  
12 are increasing their size 100 percent.

13 What relation, the question is, does that bear to  
14 the real increase in the workload of the Corporation and to  
15 what extent is that a manifestation on the part of this  
16 organization, of a tightly controlled budget, so that not one  
17 dollar stays in the bureaucracy that could go out in the  
18 field to provide legal services for someone who desperately  
19 needs it?

20 [Applause.]

21 CHAIRMAN RODHAM: Let me just say one thing before  
22 the next speaker comes up. One of the problems of the "Next  
23 Steps" process uncovered was communication. When we have  
24 discussions and debates like we are having today about very  
25 complex issues, things can be said for which there is not

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1 necessarily factual background, such as the claim at least  
2 one region has increased 100 percent, which is not present  
3 in the information I have been given, and selected parts from  
4 legislative history which also can be used to support varying  
5 viewpoints.

6 I think we have to assume that everyone is  
7 proceeding on good faith, and it is impossible for each of us  
8 to take any point that any one of us might raise and talk  
9 about it at any length.

10 That is one of the problems with discussing such  
11 a complex issue as this, because there are so many variations  
12 and ramifications to it.

13 Would you identify yourself, please?

14 MR. FELDMAN: My name is Michael Feldman. I am  
15 the Program Director for Pinetree Legal Assistance in the  
16 State of Maine. I will try to be brief and I will try not  
17 to repeat what others have said.

18 I do want to give you somewhat of a picture of what  
19 one statewide rural program is up against, and to the extent  
20 that I think you will find it relative to some of the budgetary  
21 discussions we have had.

22 Just briefly, as an example of what the Legal  
23 Services picture is like in Maine, we have some 20,000 clients  
24 in Aroostook County, eligible clients, and they are spread out  
25 at slightly more than four per square mile.

6 1 It is often a day's travel to get from one courthouse  
2 to another courthouse. Attorneys, who are in an urban area,  
3 can sit at one place and practice and see clients, and go  
4 out for half an hour, and come back. We cannot do that.

5 The obvious and direct result of that has been  
6 to consolidate offices into six offices at Pinetree, throughout  
7 the state. This, I think, keys into expansion critically, and  
8 I know Mr. Ortique is very concerned about expansion.

9 At least six counties in the State of Maine,  
10 although we are still one county, deem to represent the whole  
11 state. We are not there at all, nowhere are we there. Six  
12 out of sixteen.

13 I think when we talk about, at least as far as the  
14 tag item on rural, special needs, exactly what expansion is  
15 for us. The \$4.8 million that PAG, after much hassle and  
16 debate and thousands of hours of travel and strenuous debate  
17 came up with is a fair figure, but it doesn't exist anymore,  
18 it is zero in the Corporation's budget right now.

19 I have to take from my \$7.00 a poor person, we  
20 closed down offices. Instead of ten offices, we now have six  
21 offices. Instead of being in all sixteen counties, we are  
22 in ten counties, to some extent.

23 When you talk about expansion in the unserved areas,  
24 if you think the State of Maine does not have vast unserved  
25 areas, you are wrong.

7  
1 MR. ORTIQUE: You are not by yourself. When we  
2 talk about statewide programs, and I would hope the staff  
3 understands that when I talk about expansion, I am talking  
4 about expansion to the unserved areas period. I am including  
5 everybody. There is just not enough pieces of the pie to  
6 divide up.

7 I visited Indiana. There are a number of counties  
8 in Indiana, even though they have some problems, they go  
9 way out.

10 Rumor has it that one of the Legal Services programs,  
11 the case that was settled the other day, is that true or not  
12 true?

13 MR. FELDMAN: It wasn't regionally.

14 MR. ORTIQUE: I just want my congratulations to go  
15 out and that was inspiring.

16 MR. FELDMAN: We cannot take credit for it at this  
17 point. Let me follow what you are saying.

18 I think there is a part of the expansion fund, and I  
19 think we are all for expansion, but you want to expand in  
20 a quality way obviously, you do not want to expand to see all  
21 of the counties of Maine only to withdraw from six within  
22 three years later, because you do not have money.

23 What I am saying to you, at least that line item that  
24 is down here, it is Schedule III under discussion, rural costs,  
25 and perhaps someone on the staff could point the page out.

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1           As I understand the tag, it represents both urban  
2 and rural, probably after much hard debate, compromised on  
3 \$4.8 million, which was expansion, and is to go into a rural  
4 area and serve those areas.

5           I guess what I am suggesting to you is that is  
6 exactly what expansion is, and unless you want to leave, for  
7 some reason, six counties in the State of Maine and counties  
8 elsewhere totally uncovered, in order to go into new counties,  
9 new states, and leave some of them totally uncovered, I think  
10 it is fair to call that expansion and treat it as such.

11           The other brief point I would like to make, again in  
12 support of what PAG has said, is in terms of state support,  
13 again, Maine is just one of 33, out of their \$7.00  
14 appropriation, does all of its backup support, the legislative  
15 unit, the training unit, and all of the other units come out  
16 of that same budget.

17           It is ironic, given our rural extra costs in doing  
18 support, that the only money for state support which has been  
19 put in this budget is \$750,000 for technical assistance in  
20 planning state support.

21           We have been doing state support in Maine and in other  
22 states for the last three years. What we do not want is  
23 technical assistance to plan state support. We have full  
24 state support units.

25           What we do want is not to have out of our \$7.00 per

9 1 poor person figure, money taken out to support the state  
2 support unit. We need no funds for that. The PAG  
3 recommendation of \$1.5 million is really very small and very  
4 unsatisfactory for Maine, but again, there are a lot of  
5 compromises and a lot of sweat that went into that PAG  
6 decision.

7           Finally, what you are doing with the discretionary  
8 monies that you intend to pour into special needs, instead  
9 into these particular line items, this advocated your own  
10 responsibility to decide policy in Legal Services, that is,  
11 special needs money gets distributed down traditionally  
12 throughout the region. Those of us who are really active in  
13 regional offices tend to get more than those not quite as  
14 active, and there is no clear sense from the Board, as of this  
15 point, as to whether the special needs money will be used for  
16 rural programs or to increase the cost of doing business from  
17 5.5 percent to 7.5 percent.

18           In other words, I would rather see this Board, even  
19 if it goes against what I am saying, make the specific policy  
20 decisions as to where these funds ought to go, whatever your  
21 decision is, and PAG is trying to help decisions about cost  
22 of living and salary adjustments.

23           I do not think it is productive to say we will not  
24 do anything but put it in a pot and let the programs fight for  
25 that pot.

0 1 I can't manage a program that way, I can't plan a  
2 program that way. It is really not helpful to the planning  
3 to operate that way.

4 CHAIRMAN RODHAM: Thank you.

5 MR. ORTIQUE: What I am hearing is that perhaps we  
6 need to suggest to the staff or direct the staff to develop  
7 a set of criteria for special needs money.

8 CHAIRMAN RODHAM: That has been done.

9 MR. ENGELBERG: It is my understanding that the two  
10 priorities for that special needs money, one is rural needs,  
11 and the second is salary differential. The Committee adopted  
12 those priorities, correct me if I am wrong.

13 MR. EHRLICH: That is correct. There is also a  
14 process by which the funds will be allocated. Clint Lyons  
15 can go through that in some detail.

16 MR. ORTIQUE: Apparently there is a problem,  
17 Madame Chairman, to have communication out in the field so  
18 that they would know those things are there. I certainly do  
19 not think at this point they could sit down and decide on  
20 more minute categories than what we are deciding on.

21 MR. TRUDELL: I think the Regulations Committee, at  
22 the past Board meeting and the past Committee meeting, dealing  
23 with the staff directive concerning expansion, is the precedent  
24 to follow in terms of areas like this.

25 I think the staff could come up with some guidelines

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1 so at least the word is out and we know what the staff is  
2 doing.

3 MR. FELDMAN: I guess what I am saying is I felt  
4 we were having the Board sit down with whatever money exists  
5 and saying, rural programs are a high priority, and we will  
6 allocate \$4.8 million to those programs, whether than  
7 saying, and I did not think that was what was going to happen,  
8 sometime in the future, guidelines will be articulated.

9 I am not going to be there. I do not know if PAG  
10 is going to be there.

11 CHAIRMAN RODMAN: The Committee on Appropriations  
12 has already made clear what Mr. Engelberg said, that those  
13 are the two areas where special needs money will be spent.

14 MR. TRUDELL: We will follow up on trying to make  
15 sure that there is some kind of written directive, because I  
16 think there is a lot of heated discussion about the Legal  
17 Services Institute, and experimentation money.

18 It is my understanding that experimentation money  
19 is going to be a one shot thing, so you had better develop  
20 some guidelines off of that in terms of what is the process  
21 for people who want to submit something.

22 CHAIRMAN RODHAM: Let me make one statement at this  
23 time, please, concerning the vote. We are going to vote on  
24 the budget, before one of our members has to leave at 5:30.  
25 That is just the outside limit of what we are going to do this

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1 afternoon.

2 MS. PARKS: My name is Amy Parks. I come from  
3 the National Next Steps meeting. I would first like to  
4 clarify some of the things that have been said, and that is  
5 about National Clients Council.

6 It was the decision of the National Next Step  
7 Meeting to put the money in the National Clients Council.  
8 As the Committee is aware, National Clients Council has  
9 served as a basis for legal services for a good while now.  
10 We have been your lobbying arm, and we have no more right  
11 than to be respected as being that.

12 There are other things which should be clarified,  
13 but they will be time consuming. I sit here and I hear  
14 about expansion.

15 When we asked for the percentage of the three  
16 percent, we had expansion in mind. That three percent would  
17 be used as three percent to carry on with training. The other  
18 things would be for administrative procedures. The 97 percent  
19 will be filtered down and the National Clients Council would  
20 only be the channel base for the grassroot organization,  
21 for the independent organization of the other National Clients  
22 Council organization that is not funded, and would not have  
23 regional offices in some places.

24 We do not have local offices in some places.

25 When we speak of expansion, I am quite sure when

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1 you are talking about rural, other than rural West Virginia,  
2 those grassroot organizations would serve just as some of  
3 your legal service or legal aid bases. We are dying from the  
4 need of seed money. We are the screening process for legal  
5 aid sometimes. We work on welfare.

6 As a matter of fact, we handle case levels for  
7 welfare.

8 There are other things that Legal Services do not  
9 have to take care of, so when I speak, and I hear this is  
10 one of your high priorities, you are talking about expansion,  
11 and I am saying what you need now is your training base and  
12 you need something done in a hurry, because some things are  
13 not going right.

14 I have been listening all day and if you need a  
15 testing base, I am saying it is our turn. You were  
16 brotherless, sisterless and motherless, don't start to cut  
17 the apron strings, and see if we can be a self-help program  
18 of our own.

19 What I am asking and what I am proposing is that  
20 1979 money come to us right away, so we can get busy doing  
21 work and training.

22 Legal Services, I hear, has already proposed on a  
23 small base, to starve the client training, we are not talking  
24 about small, we are talking about doing it on a mass trend to  
25 get people in the field, to get those telephones ringing and

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1 other things.

2 I am quite sure that three percent will not break  
3 Legal Services, and when you are talking about expansion,  
4 you have it.

5 The resolution that we gave to you this morning  
6 is what we would like the Committee to consider, and to  
7 consider it very well. I hope when you brought us to the  
8 Next Step meetings, that you were not just using us. Those  
9 were quite specific when we came from all over the United  
10 States, and we do not come as client counsel.

11 If you check your record, you will find out the  
12 Client Council did not send anybody to that National Next  
13 Step meeting.

14 When you look at that budget that comes from your  
15 National Next Step Meeting, I want you to think about us  
16 because it is going to be outrageous. People came from all  
17 over the United States for that National Next Step Meeting.

18 I am saying that we want to be considered. Those  
19 clients want to be considered.

20 I am asking the Committee one more time to please  
21 consider the resolution.

22 [Applause.]

23 MR. BARRETT: Madame Chairman, my name is John  
24 Barrett. I am the Director of the Legal Services Corporation  
25 of Iowa.

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1 I would like to return to a subject which has been  
2 Attachment D to the budget, specifically the relationship  
3 among administration, management, and discretionary funds.

4 In Iowa, we are one of the least well covered states  
5 in the Nation, somewhere near the bottom six, if we were to  
6 rank. We have only 38 counties in Iowa out of 100 that are  
7 covered at this time.

8 There are at least four different times this  
9 afternoon it has been suggested by representatives of PAG  
10 or other existing Legal Services programs, that they have  
11 needs which by inference ought to take precedence over  
12 completing the task of expansion to achieve minimal access  
13 throughout the Nation.

14 They suggested in the first instance by proposing  
15 that you take an excess of \$2 million out of the expansion  
16 budget and apply it to special needs or cost of living, and  
17 things of that character.

18 They suggested secondly, Mr. Ray suggested that by  
19 proposing that you take some of the savings which would result  
20 from start up costs in expansion areas, using it for non-  
21 expansion purposes, committing something under \$26 million  
22 to the actual provision of Legal Services to presently unserved  
23 areas.

24 Both of those suggestions seem to me in error in two  
25 respects, which has not been talked about today. One is this

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1 Corporation and this Board has for a long time had a  
2 commitment which we have publicized and broadcast for you,  
3 to the unserved areas of the nation. That commitment is that  
4 we will achieve minimal access by 1980. It is a commitment  
5 that we have taken to the people in unserved areas, and have  
6 repeated to them, and have in fact received their reliance  
7 in our good faith in reporting that commitment.

8 It is also a commitment that Congress is well aware  
9 of, of course, that is between the National Corporation and  
10 the various field offices.

11 For example, on January 12th of this year,  
12 Congressman Neal Smith from Iowa, based apparently on a  
13 statement which had been made to Congressman Smith during  
14 the House Senate Conference Committee reports and various  
15 other context over the Legal Services appropriations bill,  
16 Congressman Smith wrote a letter on that date assuring the  
17 people of his state that the balance, the State of Iowa,  
18 60 out of 99, would achieve minimal access by the end of  
19 fiscal year 1979.

20 A copy of that letter to the editor was provided  
21 and I understand it was circulated to members of the Board,  
22 and if it was not, I would be happy to read it. I have  
23 another copy here.

24 That is Congressman Smith. He is the Chairman of  
25 the House side on the Conference Committee.

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1 In addition to that commitment, which I think is  
2 owed both to the people and to programs already which have  
3 been in contact with unserved areas, to Congress itself,  
4 in addition to that commitment, I think you also do, in fact,  
5 as Mr. Ray suggested earlier in his remarks, you must pay  
6 attention to Congress, what its actual intent is.

7 On September 28th of this year, Congressman Smith  
8 was given the task of presenting to the House Floor the  
9 agreed upon House Senate Conference Committee report. He  
10 made extensive remarks on the floor of the House, and I  
11 apologize that I do not have enough time to read all of them.  
12 I am obviously taking them out of context.

13 I think this is a fair representation of what he  
14 had to say. The House approved \$285 million, which  
15 Congressman Smith stated would have been sufficient. The  
16 conferees agreed on \$270 million. That is \$65 million over  
17 fiscal year 1978.

18 Other than the amount necessary to maintain the  
19 same program level in areas already served, I want to stress  
20 that all the increase is to be used exclusively to provide  
21 service for areas which do not have minimum service.

22 To put it another way, it is the intent of the  
23 conferees that none of the Corporation budget increase, except  
24 for adjustment for inflation, is to go to areas now receiving  
25 at least minimum service, until such time that all unserved

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1 areas receive at least minimum service. Until then, none of  
2 the funds shall be used to increase funding for the so-called  
3 stagnant programs which are already funded at or in excess  
4 of the annualized rate of \$7.00 per person in 1978.

5 I do not believe that anything Congressman Smith  
6 said or anything any expansion programs, such as mine, would  
7 contend, that you would find one single person who would  
8 suggest that the larger programs, so-called stagnant programs,  
9 the programs that want the cost of living increases, no one  
10 will argue that they do not have real needs, they do, but our  
11 problem is different.

12 We made a commitment, a long standing commitment  
13 over several years, that we would attack the priorities in  
14 a different way. We would keep all programs at this per  
15 capital funding level, and we would continue to expand and  
16 serve unserved areas. Then the Corporation's longer term  
17 goals would come into effect.

18 That is a promise that you made to us and it is  
19 a promise which we have related to the unserved areas, it is  
20 a promise which Congress is very well acquainted with, and it  
21 is a promise that we cannot betray without fouling our own  
22 nest.

23 [Applause.]

24 CHAIRMAN RODHAM: Thank you.

25 MR. DOXON: I am Robert Doxon. I am Director of

1 Atlanta, Georgia Legal Aid Society.

2 I stand here today to talk about the needs of large  
3 urban programs, programs that are not able to benefit from  
4 expansion monies.

5 I would like to address specifically the problem  
6 of competitive salaries, or lack of competitive salaries,  
7 which affects our programs in exactly the same way that rural  
8 programs are affected by the cost of delivery because of the  
9 fact that they are so spread out.

10 It simply costs more for a lawyer or a paralegal  
11 in Atlanta, Georgia to live than it does in Georgia or  
12 Pinetree, Maine. That means we cannot keep our people.

13 The speaker ahead of me talked about the mandate  
14 from Congress, and the words that I keyed on were except  
15 for keeping up with the rate of inflation, you are not keeping  
16 up the 5.5 percent.

17 We are condemned to moving backwards the quality  
18 and quantity of our services, it is decreasing. At the same  
19 time, the unserved in certain areas of the country may be  
20 getting service. We are seeing more and more unserved and  
21 more and more people less well served in our areas.

22 Let me point out some facts to you. Over the past  
23 six months, I have lost five experienced lawyers and  
24 paralegals, with an experience level totalling 30 years of  
25 legal service experience to the rural program in my state.

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1 I have lost them because I am unable to pay  
2 competitive salaries, not even competitive salaries to the  
3 private sector or to the governmental sector. We cannot pay  
4 competitive salaries any more within the Legal Services  
5 community.

6 In the past year, we have lost several minority  
7 attorneys who are very important to the delivery of services  
8 in our client population, which is primarily minority. We have  
9 lost them to the governmental sector. We have lost them  
10 solely because of money. They simply cannot afford to stay  
11 with our program.

12 The future is worse. We did a survey of our staff  
13 and the leading cause of people thinking about leaving or  
14 those that have left recently has been money, more so, than  
15 lack of training.

16 What I am going to say, on behalf of large urban  
17 programs, the 5.5 percent, even with anything we may get  
18 from discretionary funds, is not staying even, it is less than  
19 quality, it is losing quantity.

20 We have seen a number of cases go down year by year.

21 I would urge this Board to make monies available to  
22 existing programs, at least to stay even, at least to make  
23 the mandate of competitive salaries and salary plans reactive.

24 We do salary compability studies every couple of  
25 years and the results are very distressing. They get worse and

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1 worse. It concerns me because it impacts so greatly on the  
2 services that we are able to give to our clients.

3 I feel that large urban programs are being more and  
4 more condemned to be nothing more than internships, with a  
5 revolving door, people coming in and practicing on our  
6 clients, instead of for our clients, and then being forced  
7 out because of money problems.

8 Thank you.

9 [Applause.]

10 CHAIRMAN RODHAM: Thank you, Mr. Doxon.

11 MR. PEESTER: My name is Dave Peester. I am the  
12 Executive Director of Legal Services of Southeastern Nebraska.  
13 I have held that position for five years, and in that  
14 capacity I have had various occasions to analyze the cost  
15 of delivering legal services in our area, and I would like to  
16 share with you some of my frustrations as I experience them.

17 First of all, if we can assume that a monitoring  
18 unit in our area can deliver approximately cases of 350  
19 people in an one year period of time, and further if we can  
20 assume that it costs approximately \$35,000 to field that  
21 attorney unit, including the salaries, the support staff  
22 and the indirect costs and the like, and if we can further  
23 assume that for every \$100,000, that does not reach the field  
24 programs, the Legal Services Corporation is closing the door  
25 on 1,000 clients across the country.

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1           This morning you adopted a proposal for \$1.8 million  
2 of Legal Services' funds over a four year period of time. By  
3 this calculation, that amounts to 18,000 people who will not  
4 receive legal services from existing programs, because of that  
5 other priority which you adopted this morning.

6           What happens to those clients? I know they do not  
7 complain to the Legal Services regional offices, and they do  
8 not complain to the national office. They do complain to  
9 the project directors. I get those complaints. I have to  
10 explain why it is that we can serve somebody and we can't  
11 serve somebody else, why it is that we can't get this  
12 particular office into our office for another two months to  
13 receive services.

14           Those explanations, while they all may be rationale  
15 and reasonable to me or to you, are not to the client receiving  
16 them. Those clients are writing us off the same way they are  
17 writing everybody else off.

18           They are just as unserved in our counties as they  
19 are in the neighboring counties where we do provide services.

20           The same thing is true in quality. We heard talk  
21 this morning about training programs to increase quality. I  
22 would submit to you that as much legal training as we can  
23 muster at the law school level is not going to keep lawyers  
24 in Legal Services beyond two and three years, if we cannot  
25 afford to pay the salaries necessary, to the economic penalty

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1 for being Legal Services, less than it is today.

2 Our program has started to embark on a salary  
3 comparability plan. Last year we received some money for  
4 salary comparability, and that was enough to put us within  
5 20 percent for what would be called comparable salaries in  
6 the public sector.

7 In 1979, we are faced with the proposition of  
8 eliminating \$30,000 in our budget, which to me, is going to  
9 be one attorney position. We have already eliminated one  
10 paralegal position. That represents approximately 15 percent  
11 of our total resources in the program.

12 I submit to you that in a small program, 15 percent  
13 is a lot more than it is, than the same amount of money would  
14 be in a larger program, such as previously mentioned.

15 I would also submit that it does not do much  
16 good for clients if the most experienced attorney you have  
17 in the office has only two or three years experience and is  
18 only biting his tongue until he can find a better job with  
19 a government agency who will pay him more money, with less  
20 work and more pleasing conditions.

21 CHAIRMAN RODHAM: I am going to have to cut you off  
22 at this time.

23 MR. PEESTER: What I see in your proposal is a  
24 policy to pepper the countryside with underfunded, understaffed  
25 and non-qualified programs. I see that as basically a

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1 backwards policy, because it is inevitable that we are  
2 destined to fail in providing quality legal services to those  
3 who need them the most.

4 If indeed that should happen, then our entire  
5 nationwide program would become to the clients that we  
6 are attempting to serve at best, irrelevant.

7 [Applause.]

8 CHAIRMAN RODHAM: I believe we have three other  
9 speakers. We are going to quit in ten minutes, divide it  
10 up however you want among the three of you. I am going to  
11 call it quits at that point in order to get a vote.

\*\*\*\*\*

12 [5:00 p.m.]

13 MR. ATKINS: I am from Michigan City, Indiana. I am  
14 a client. It was said earlier by Ms. Parks from West Virginia,  
15 she practically summed it all up, and I would like to urge the  
16 Board members to support our resolution from the National  
17 Next Steps Meeting. This is the end product.

18 If you do not take any action on this resolution,  
19 you have spent a lot of money for nothing. Every one of those  
20 contexts and all those different regional areas, all the  
21 different documents you have, you will always have clients,  
22 give us something to work with.

23 If you have any attorneys that seem to need to be  
24 educated in poverty, bring them to Indiana, we will help them.  
25 We have client councils, we will do it for free.

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1 CHAIRMAN RODHAM: Thank you.

2 MS. MITCHELL: Catherine Mitchell, General Counsel  
3 for Legal Services, New York. COWS is the agency which funds  
4 the legal services programs for the City of New York.

5 I would like to speak on behalf of the large urban  
6 programs. COWS is serving approximately, and this is by  
7 conservative estimate, some three million people. It has a  
8 serious problem in terms of its Manhattan programs. Those  
9 programs are not currently due to receive excess funds.

10 With the cost of living adjustment of 5.5 percent  
11 and with the further adjustment for cost of doing business,  
12 we have in effect available to us, a 2.9 percent increase for  
13 maintenance and effort.

14 I say in New York City is almost ludicrous for us  
15 to even attempt to provide services given that kind of increase.

16 I would like to also say that in terms of your  
17 understanding of the cost of operating in large urban areas,  
18 as opposed to the \$10,000 that would be available in rural  
19 areas, for a two attorney unit, it costs us \$49,000 to \$53,000  
20 for the same unit.

21 Right now our Manhattan programs are facing an  
22 immediate deficit of over \$200,000. We are planning, as of  
23 this moment, staff layoffs and payless days; our MFY program,  
24 which is the prototype for legal services, is presently in  
25 the process of phasing out its community development unit.

5  
1 I say generally that the costs of urban programs  
2 far exceeds the Board's desire at this moment to increase  
3 access in the other areas. I do share the feeling that has  
4 been expressed here, that yes, there is a need, and I do  
5 recognize that.

6 It is apparent with these kind of costs, and the  
7 compulsion that we are under to cut back so severely, that it  
8 is incumbent upon the Board to take that into consideration  
9 and to take the step and meet some of our needs financially.

10 CHAIRMAN RODHAM: Thank you.

11 MS. LeBLANC: I am Nancy LeBlanc from North Country  
12 Legal Services and formerly from MFY, New York City, moving  
13 from one of the largest urban programs to a very, very rural  
14 program.

15 I think everything you have heard today suggests  
16 that to treat all equally is frequently to meet many  
17 unequally. The kind of decisions or issues that were raised  
18 in the Bakke case in kind are being raised here.

19 In case the Board is ready to look more fully, not  
20 just say, all programs rural or all programs as urban, or all  
21 programs lumped as expansion, unless the Board is prepared to  
22 look more closely at individual programs, and individual  
23 needs, recognizing that across the board, \$7.39, across the  
24 board, \$35,000 for X number of poor people, you are not  
25 going to be able to solve or even begin to reach some of these

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1 problems.

2 It is time that you looked at the different  
3 programs in a special way, and be prepared to deal with  
4 individual programs, individual cities, individual statewide  
5 problems, individual support center problems.

6 It is ludicrous to cut back on existing programs  
7 while at the same time you are funding new programs. It is  
8 ludicrous not to try to reach out, it is unfair not to reach  
9 the unserved areas, but there must be a way of balancing the  
10 monies you have, to continue the increase in funding, which  
11 is marvelous since 1963, since the Corporation has come into  
12 being.

13 From the standpoint of legal services and the  
14 clients, you could not be doing better. There is a way in  
15 which you can work and use your money more intelligently on  
16 a more special level, a specific level rather than just  
17 dividing up the pie, this much would go into this area,  
18 everybody would get this, and everybody would get that.

19 Many everybodys' may not really need it and others  
20 may need more.

21 CHAIRMAN RODHAM: Thank you.

22 MR. STOPHEL: Madame Chairman, I might comment that  
23 the Committee heard much of this discussion at its meeting  
24 and I appreciate those who have permitted others to speak  
25 today concerning the issues, and they are very difficult issues

1 As many have said, there are needs in the long time  
2 existing programs, there are needs in the rural areas, and  
3 there are needs in the urban areas.

4 The staff and the Committee considered at some  
5 length whether the expansion funds should be reduced or  
6 increased. At that point, we received recommendations on how  
7 they could be increased, and we received suggestions on how  
8 they might be decreased.

9 The one change that the Committee made was to reduce  
10 the direct expenses of the Corporation by ten percent,  
11 \$2.218 million. The President has gave us a formula by which  
12 he would intend to exercise that reduction.

13 The Committee does not mandate that in its motion.  
14 We simply said, cut it that much, and we would have special  
15 needs which is Field Services programs.

16 I want to make that clear to the Board, that by  
17 adopting the motion as made, we are not saying to the  
18 President and the staff that you must follow through on what  
19 you have said you are going to do in that cost study. There  
20 may be other areas that should be reduced among those direct  
21 expenses to come into this \$2.218 million.

22 On balance, Mr. Neil Smith will probably going to  
23 tell us next year that we did not put enough in expansion.  
24 On the other hand, somebody on the other side is going to  
25 say, you haven't been monitoring enough, you are not looking

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1 at these programs. We hear that every time we go up there.

2 There are going to be some who say, you did not  
3 count our programs, and then there are going to be some that  
4 say, why didn't you give \$8 million to the National Clients  
5 Council?

6 The Committee on balance felt that the staff had  
7 done a pretty good analysis. We simply cannot deal on a  
8 program by program basis at this level. We simply do not  
9 have the facilities to do that, and therefore, I would urge  
10 the adoption of the motion.

11 CHAIRMAN RODHAM: Any further discussion by Board  
12 members on the motion?

13 [No response.]

14 MR. STOPHEL: Would you restate the motion,  
15 Mr. Stophel?

16 MR. STOPHEL: The motion is that the budget as  
17 presented be adopted, with the exception that the direct  
18 expenses of the Corporation be reduced by \$2.218 million,  
19 \$2,180,000 for special needs.

20 MR. BROUGHTON: There seems to be some misunderstanding  
21 about special needs, at least between this side of the table  
22 and that side of the table. I wonder if we could have a  
23 clarification on that.

24 MR. STOPHEL: The alternative we considered was to  
25 put into the across the board increase, or to put it into an

00 1 area or category where it could be used, where the most need  
2 was expressed. It was our feeling that we ought not add to  
3 the across the board because as someone has well said,  
4 somebody may not need it, and somebody else may really need  
5 it. The thought was to give some discretion which to many  
6 people create problems, but the Committee saw it as the lesser  
7 of two problems.

8 MR. BROUGHTON: It is for existing programs, and it  
9 is not expansion funds. We are not talking necessarily about  
10 the \$2.2 million, that your motion would direct be taken out?  
11 It would automatically go into existing programs?

12 CHAIRMAN RODHAM: It would go into existing programs,  
13 but it would go in through the special needs process.

14 MR. STOPHEL: It would be added to the line item  
15 of special needs.

16 MR. TRUDELL: It is my understanding, and maybe we  
17 can do it here, in terms of establishing a certain percentage  
18 of the expansion monies, and maybe hold money in limbo until  
19 the population questions are cleared up so that the Migrant  
20 and the Native Americans are not left stranded, so there will  
21 be some money there, to take that into consideration.

22 I guess it is my understanding that the  
23 experimentation money, the gentleman from Nebraska made  
24 reference to the fact that we had adopted a position that  
25 the Legal Services Institute was getting a four year

01 1 commitment.

2 It was my understanding that they are getting  
3 \$307,000 out of this year's money, and it would come in  
4 under a separate line item.

5 MR. STOPHEL: It is 1978 carried over, I think.

6 MR. CRAMTON: Madame Chairman, I would like to  
7 move an amendment.

8 MR. STOPHEL: This motion that I have made does not  
9 speak to that issue. We are speaking of one budget  
10 allocation, the budget allocation here, \$375,000.

11 MR. CRAMTON: The President made a very strong  
12 demonstration with Attachment F and distributed to the  
13 Board, that the cutting of \$2, 180,000 is going to cut into  
14 essential activities of the Corporation itself, that it  
15 needs to carry on.

16 He is particularly concerned about the \$538,000  
17 item for regional office expenses.

18 When the Committee acted, we asked the President  
19 and the staff to reconsider that and to report back. I, of  
20 course, am persuaded that the regional office expenses should  
21 be continued.

22 I would like to move an amendment that would reduce  
23 the amount, which from those direct expenses, the amount of  
24 \$2.218 million by the \$538,000 item, for regional office  
25 expenses. That would be \$1,680,000.

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1 MR. ENGELBERG: Roger, I share your concern and I  
2 support the motion, and I am sorry to disagree with you. I  
3 realize this is going to put a lot of pressure on the staff  
4 but I think the problem is not going to make anybody happy.

5 I do think that it is a good faith effort to shift  
6 some funds for existing programs. I am certainly persuaded.  
7 I think everyone agrees. I frankly think that I would urge  
8 you to reconsider your proposed amendment, because I think  
9 when we shift funds, we are going to go basically with what  
10 the Committee at least intended.

11 I assume that some of these things may not have to  
12 go, but they may have to go, and if I am voting on Glenn's  
13 motion, I am assuming they will all go, of the items he  
14 expressed, half of which you did not want to cut, will have  
15 to go.

16 I do feel it is kind of all or nothing. I urge  
17 the support.

18 MR. CRAMTON: My amendment has not received a second  
19 yet.

20 MR. SMITH: Madame Chairman, I will second it.

21 CHAIRMAN RODHAM: There is a seconded motion to amend,  
22 and it does take precedent over the original motion. Does  
23 anyone wish to speak to that?

24 MR. CRAMTON: If you look at page five of Attachment  
25 F, it is the full \$2.218 million to be taken out of direct

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1 expenses. The President believes very strongly that item six,  
2 it may be possible to reserve some of the others. I know I  
3 have suggested that it may be inconsistent with the  
4 recommendation to be made by the Committee on personnel, the  
5 one where the Corporation could achieve some savings of  
6 about \$250,000, \$300,000 would be following in terms of its  
7 internal pay increase policy for the current year, the same  
8 figure that it is recommending essentially as cost of living  
9 for the other programs, instead of 5.5 percent for both,  
10 the inflation or cost of living element plus a step or merit  
11 increase, limit that from 8.5 to 5.5, which in effect would  
12 be \$200,000 to \$300,000.

13 I do not think today we could decide about the  
14 Poverty Law Reporter. We have to leave it up to the President  
15 and the Staff to make a much broader judgment about those  
16 general categories.

17 The motion is to shift from the direct expense of  
18 the Corporation, to the field programs, through the  
19 discretionary special needs item, \$1.68 million, instead of  
20 the \$2.18 million, which is the Committee's recommendation.

21 MR. BROUGHTON: Your amendment adopts, in effect,  
22 the recommendation of the staff?

23 MR. CRAMTON: In part, not entirely.

24 MR. BROUGHTON: You are cutting off half of it?

25 CHAIRMAN RODHAM: No, just one item, field office

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1 items, as I understand it.

2 MR. CRAMTON: That is right.

3 MR. BROUGHTON: The Committee's recommendation was  
4 that they would come back and show where they cut out  
5 \$2.2 million, and they do that, but they go further and say  
6 that no more than the first three cuts could be taken at  
7 this time, achieving a total deduction of \$1,055,000, which  
8 would be transferred to program improvement.

9 I am unclear, is that what your motion of amendment  
10 is?

11 MR. CRAMTON: No. My motion takes out only item  
12 six whether than the whole last four items, four, five, and  
13 six.

14 MR. SMITH: Your motion, which I seconded, still  
15 leaves it open to administration discretion, it just  
16 reduces that from \$2.218 million to \$1.680?

17 MR. KUTAK: I believe I have made my point. I think  
18 it is very bad management simply to say, cut ten percent.  
19 We do not know what falls in that category, including some  
20 very deserving programs.

21 I do think if the thrust of the motion is to reduce  
22 the amount to \$1.680 million, and not to simply eliminate  
23 items across the board, I would be in favor.

24 I do think it is important that we as a Board, who  
25 have not really gone through into the detail that is deserved

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1 to be good managers, and to be responsible trustees of  
2 public funds, should simply take an across the board figure  
3 and say it must fit into these categories.

4 I urge the support of the motion on the understanding  
5 that the thrust of the motion is a reduction in its amount, but  
6 not a categorization of its reduction.

7 CHAIRMAN RODHAM: Any further discussion on the  
8 substitute motion?

9 MR. STOPHEL: I think we are giving rise to some  
10 of these things that we are saying definitely put in, and  
11 some to definitely take out. I would like to see some of the  
12 others continue which Mr. Ehrlich indicated he plans to cut  
13 out of here.

14 I think there are perhaps other areas in the direct  
15 expense category that could suffer the cuts better, perhaps,  
16 and I want to point out that he had to respond to the  
17 Committee's instructions in less than ten days. As a matter of  
18 fact, I think the memorandum was dated October 5th, after a  
19 meeting of the Committee on September 28th.

20 Although I think we can squeeze ten percent out of  
21 our direct expense budget, and therefore, I plan to oppose the  
22 amendment, I do not want my vote to be interpreted as meaning  
23 that \$538,000 should come out of regional expense for  
24 evaluation and monitoring.

25 MR. EHRLICH: I appreciate that flexibility, it is

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1 terribly important. Our own considered judgment, after we  
2 looked very hard, in a course of a short period of time, but  
3 very intensively, was that you are in the danger zone. I  
4 said that, I said it as clearly as I could. Others can  
5 disagree. There are balancing factors, and I understand that.

6 That is our best judgment and that is why we put  
7 it there. I feel a lot more secure if you adopted the  
8 amendment for just the reason Roger suggested, to underscore  
9 the flexibility point is very important.

10 MR. SMITH: I move the question in regard of the  
11 amendment.

12 CHAIRMAN RODHAM: All those in favor of the  
13 substitute amendment as presented by Mr. Cramton, seconded  
14 by Mr. Smith, please signify by saying aye.

15 [Chorus of ayes.]

16 CHAIRMAN RODHAM: All those in favor, show of hands?

17 [Show of hands.]

18 CHAIRMAN RODHAM: Mr. Kutak, Mr. Smith, Mr. Cramton,  
19 All those opposed? Ms. Esquer, Mr. Stophel, Ms. Rodham,  
20 Mr. Engelberg, Mr. Trudell, Ms. Worthy, Mr. Broughton, and  
21 Mr. Ortique.

22 We now have the original motion on the floor.

23 MR. BROUGHTON: I understood, Madame Chairman, before  
24 we came to this meeting, that two of the members and I made  
25 my plans to leave tonight, and I am leaving later tonight,

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1 but we would have the session until 7:00 p.m. or later. I  
2 think this is too important a matter, if anybody still has  
3 anything to say.

4 That was my understanding when I left home, that  
5 the Board would meet in session until at least 7:00 tonight.

6 CHAIRMAN RODHAM: We intend to do that. When we  
7 finish this matter, we are taking up the 1980 budget, so stay  
8 tuned.

9 The previous question has been asked on the motion.  
10 Mr. Stophel has called for the previous question, and unless  
11 he withdraws that, we are going to have a vote on the motion.

12 MR. MITCHELL: Mr. Stophel, will you yield one  
13 moment for one observation?

14 MR. STOPHEL: One minute.

15 MR. MITCHELL: Some figures on the spending of the  
16 Legal Services Corporation for administrative overhead,  
17 \$2.8 million surplus at the end of 1978, adjustments have not  
18 been made, but I think Buck will concede that they overbudgeted  
19 by \$2.8 million in 1978, total spending for administrative  
20 overhead, \$14,283,000, adjusting may change it a little up or  
21 down, and the increase for 1979 of \$5.716 million.

22 I suggest that you can knock out \$3 million of that  
23 or even \$4 million, and put it into a pot for rural programs  
24 and do more good with it.

25 [Applause.]

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1 MR. BROUGHTON: Madame Chairman, I am concerned.  
2 This sheet that we have before us today, which was presented  
3 to the Committee, that is a breakdown of the increases  
4 within administration. This was not made available to the  
5 Committee until a request was made. It was not withheld, but  
6 the Committee requested it, and we had it, as far as I know,  
7 the first time that the Committee met on the 28th.

8 We got this sheet during our discussion. I am  
9 talking about the sheet which shows the various breakdowns  
10 of management, administration increases, Board of Directors,  
11 Executive Office and so forth.

12 I simply want to say that I have looked this over  
13 since we met, and I am of the opinion that quite a bit could  
14 be cut from some of these items, some of these increases,  
15 ladies and gentlemen, I think are tremendous. I am not  
16 certain they are entirely justified.

17 I remain concerned about the tremendous build up, as  
18 I see it, and I made this statement many times before, the  
19 size of the staff here, the salaries that are paid here, I  
20 think this is creating a great deal of tension and a great  
21 deal of misunderstanding between this Board and the community  
22 we are supposed to serve.

23 CHAIRMAN RODHAM: I think we are all concerned about  
24 that. On the other hand, we have the GAO report which comes  
25 in and says that the Corporation is understaffed, it is

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1 underfunded to do the job that all of us are asking it to do.  
2 I think we all realize the tension there and the effort on  
3 the part of the Committee to cut ten percent which I fully  
4 agree with Mr. Kutak, is bad management, but does give us  
5 some more money and force the Corporation to operate under  
6 some more stringent circumstances that many of the field  
7 programs are operating under.

8 I think our effort to show good faith and try to  
9 in some way solve the problem -- I think it is a legitimate  
10 problem.

11 MR. KUTAK: If it was going to be categorical cuts  
12 rather than flexible cuts, the ten percent would be nothing.

13 CHAIRMAN RODHAM: Are you ready for your motion  
14 of the previous question?

15 All those in favor of the adoption of the budget  
16 as amended and presented in the motion by Mr. Stophel, please  
17 signify by saying aye.

18 [Chorus of ayes.]

19 CHAIRMAN RODHAM: All opposed?

20 [Chorus of nays.]

21 CHAIRMAN RODHAM: All in favor, please signify by  
22 raising your hand.

23 [Show of hands.]

24 CHAIRMAN RODHAM: Ms. Esquer, Mr. Kutak, Mr. Smith,  
25 Mr. Stophel, Mr. Cramton, Ms. Rodham, Mr. Engelberg,

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1 Ms. Worthy, Mr. Ortique.

2 All those opposed?

3 [Show of hands.]

4 CHAIRMAN RODHAM: Mr. Trudell and Mr. Broughton.

5 That concludes the 1979 budget presentation.

6 MR. ORTIQUE: I would like to propose that the  
7 Personnel Committee, Mr. Smith, would you give us a report,  
8 and I think we have done this before, at our next Board  
9 meeting, from the Administrative Office, as to what they do  
10 about looking at the old staff?

11 I know when you are developing new programs, you  
12 have to increase staff to cover those new programs. What  
13 happens, are we just laying layer on top of Tayer, or are  
14 we looking at the people we have to see whether we are  
15 merely increasing staff in terms of increased budget, or  
16 do we really look at the people that we have on our basic  
17 Headquarters staff, and our regional office staffs, to  
18 determine whether it is necessary for us to keep them?

19 I am not proposing zero base budgeting yet, but I  
20 think at some point we may have to get to that, because all  
21 we do is see constant increases in cost of that administrative  
22 staff, and I would like a report on that at the next meeting  
23 with some suggestions so that we can take some action, if it  
24 is warranted.

25 MR. SMITH: You will have it.

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1 CHAIRMAN RODHAM: I would like to say, on behalf  
2 of Mr. Smith, who does have to leave, that when this meeting  
3 was scheduled, he and the other Board members whose terms  
4 ended in July, did not think they would be with us, and had  
5 made other longstanding commitments for which they are very  
6 sorry and of course, we are, but there is nothing we can  
7 do about it now.

8 MR. CRAMTON: I think the more accurate  
9 explanation is that the Board made a later decision to change  
10 it, to meet in conjunction with the NLABA meeting. We  
11 originally had different dates and they had longstanding  
12 commitments upon these dates.

13 CHAIRMAN RODHAM: You also thought that you  
14 would not be at this meeting.

15 Mr. Veney?

16 MR. VENEY: I would like to make a point of  
17 clarification. The resolution that came before the Board in  
18 conjunction with the 1978 budget discussion was not a  
19 presentation of the National Clients Council. It is a  
20 resolution that came from the Committee which included  
21 members of the National Clients Council, clients and  
22 affiliates of the National Clients Council.

23 It is, however, an indication of the rising  
24 feeling of clients across the country, that something must be  
25 done, that this Board must address how they intend to provide

12  
1 greater enablement of the client community to provide for  
2 itself. You have moved from the 1979 budget, I would hope  
3 we would not move to the 1980 discussion without having  
4 very serious considered the resolution, if not in those  
5 percentage terms, at least in terms of the commitment the  
6 Corporation intends to make to the issues raised by that  
7 resolution.

8 [Applause.]

9 CHAIRMAN RODHAM: We have just been notified  
10 that another group has been scheduled for this room for  
11 6:00. We are going to be moving to room 406. It will take  
12 a while to set that room up.

13 We will break now and reconvene in room 406. Let's  
14 try to reconvene at 6:00 in room 406.

15 [Whereupon, a recess was taken from 5:35 p.m. to  
16 6:04 p.m.]

17 CHAIRMAN RODHAM: Mr. Stophel?

18 DISCUSSION OF THE FISCAL YEAR 1980 BUDGET REQUEST

19 MR. STOPHEL: The next item on the agenda of the  
20 Committee on Appropriations and Audit is the 1980 Budget  
21 request, and we might put this in prospective of how it is  
22 handled, that is, how a budget request is handled.

23 At this meeting, the Committee is recommending  
24 that we adopt by very broad categories, a proposed tentative  
25 approximate budget request, which the staff will then use to

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1 produce a draft budget request, which will be discussed at  
2 the December meeting, and adopted or changed, modified,  
3 rejected, or whatever.

4 That figure is then given to OMB for use in the  
5 President's consideration, and then we must present our  
6 appropriations request to Congress in January of 1979.

7 Therefore, it is necessary that we move into the  
8 next fiscal year, after just having allocated this fiscal  
9 year's funds.

10 I believe the easiest way to look at this is once  
11 again on Attachment D, the last two columns, (9) and (10),  
12 deal with the 1980 appropriations request.

13 As we move into this, I would point out to the  
14 Board that column (8) shows the annual level of spending of  
15 the Corporation, after the allocations we have just adopted.

16 You will notice that annual level is \$271,000,000,  
17 which is in excess of our appropriations for this year. We  
18 need to keep in mind that each addition we add to a base,  
19 adds to the annual level of spending, and wherever we add  
20 funds that are going to be added into the base, we need to  
21 keep in mind how it affects our annual level of spending.

22 By broad categories, you will notice on the last  
23 column that the Committee has arrived at \$337,500,000 as a  
24 request to Congress for fiscal 1980.

25 If you will turn the page, we will go into a brief

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1 discussion of each item and how it was arrived at, again, by  
2 broad categories, and again, by approximation. What we  
3 are doing in this is basically instructing the staff on the  
4 broad parameters of an appropriations request.

5 Under Field Services, you will notice that the  
6 staff proposes an increase of \$5.681 million and under  
7 Support Centers, an increase of \$8 million, divided between  
8 the National Support Centers of \$2.5 million, and State  
9 Support Centers of \$5.5 million.

10 I think it goes without emphasizing too much that  
11 there are going to be policy issues addressed with regard to  
12 support centers, with training, and all of those aspects,  
13 which we heard a small amount on this morning, and which are  
14 going to have to be addressed in connection with this budget  
15 request particularly.

16 This is the staff's proposal for greatly increasing  
17 the support center funding.

18 National Clients Council, \$100,000 increase, which  
19 is about the same percentage increase that we have for this  
20 year; Reginald Heber Smith Program is basically a quarter of  
21 a million dollars, because no one is quite sure where that  
22 program is going as of yet, but we have great hopes that it  
23 will become what all of us would like for it to be.

24 In Field Operations, a small increase of \$331,000,  
25 and you can see the percentage increase is 7 1/2 percent.

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1 MR. CRAMTON: Mr. Stophel, am I correct that the  
2 changes that we have made in column (8) would change those  
3 figures, and then would change the figures in the right hand  
4 column? We need to take the \$2,218,000 out of item (8) at  
5 the bottom, column (8), and move it up within the parentheses  
6 in Program Improvements, so that you get \$18,689,000 there,  
7 and then outside the parentheses, in item (1), under Field  
8 Services, the annual base for the field programs would go  
9 up to \$249,732,000, and then the right hand figure all the  
10 way over would be increased by the \$2,218,000, and it would  
11 go up to \$258,413.

12 Is that right, Mr. Hennigan?

13 MR. HENNIGAN: Yes, basically that is correct, but  
14 the portion of what comes out of Field Operations is  
15 undetermined at this point, as it is to the other direct  
16 expense categories.

17 MR. CRAMTON: That is right, it might be funneled  
18 through several of them, but there would be readjustments  
19 in those two columns to reflect this.

20 MR. STOPHEL: I believe I have missed a typographical  
21 error on the third page. Under Field Services, instead of  
22 \$5,681,000, I believe that is \$8,681,000.

23 MR. HENNIGAN: Yes, that is correct.

24 MR. STOPHEL: In Program Improvement, an increase  
25 of \$28.9 million, with a cost of service increase, which at

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1 our increased annual level, a six percent increase is  
2 \$14,253,000, with an additional \$14,000,000 put into a  
3 Special Needs category, which basically, as you will notice  
4 from footnote four on the following page includes all  
5 proposed increases for Special Needs, Discretionary  
6 Adjustments, and Cost Variation Adjustments.

7 It is too early at this point to determine sub-  
8 allocations of that. It is pretty much a matching figure to  
9 the six percent cost of service increase, which six percent  
10 now costs \$14,000,000.

11 MR. KUTAK: Is that really realistic? Could a  
12 program in terms of program improvement virtually double  
13 itself in one year and be manageable?

14 MR. EHRLICH: In terms of real need, yes.

15 MR. KUTAK: No, not in terms of need, in terms of  
16 capacity to respond. We got \$28,900,000. Could you really  
17 accomplish it in one year?

18 MR. EHRLICH: Yes.

19 MR. STOPHEL: Based on annual level, that would be  
20 about 12 percent of annual spending level.

21 MR. KUTAK: I just can't take quantum jumps.

22 MR. STOPHEL: In Program Expansion, which is  
23 category III, the \$24.7 million is a rough approximation of  
24 the amount required to complete minimum access. It is based  
25 on some educated guesstimates. That is about all we can say

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1 about that, I suppose.

2 As you will notice, there are a lot of lines  
3 which indicate no increases projected in many items of the  
4 budget. There is a small increase in Special Projects of  
5 \$250,000 proposed. In Program Support, a \$3 million increase.  
6 In Research Institute, 7 1/2 percent or \$49,000, in  
7 Management and Administration, 7.5 percent increase of  
8 \$541,000.

9 CHAIRMAN RODHAM: Mr. Stophel, does the narrative  
10 go along with the 1980 budget request to the OMB?

11 MR. STOPHEL: Yes, they receive our narrative at  
12 the same time Congress does, I believe.

13 MR. HENNIGAN: On Monday, we have shown the  
14 Office of Management and Budget, under Tom's signature, the  
15 amount that the Board has recommended.

16 CHAIRMAN RODHAM: The gross amount.

17 MR. HENNIGAN: The gross amount and some  
18 supplementary paper on our last year's spending. They will  
19 receive routinely through our budget examiner, the same  
20 materials sent to the Board for the December meeting. They  
21 will have a draft of the justification. They will not  
22 receive it formally or officially until the day it is  
23 submitted to Congress.

24 CHAIRMAN RODHAM: What kind of effort can be made  
25 or is it impossible to make such an effort, with the OMB or

118 1 the Administration to receive from them a recommendation  
2 that is closer than what we received this time to what we  
3 thinkg our needs are?

4 The Administration, I assume, is going to be making  
5 a recommendation as well.

6 MR. EHRLICH: Every appropriate effort will  
7 certainly be made.

8 MR. TRUDELL: Why was there such a wide gap this  
9 year in terms of the Administration recommended \$254,000,000  
10 and the Corporation asked for \$304,000,000? \$50,000,000  
11 is a big difference.

12 What are we saying now in terms of trying to get  
13 them to go along with what we have recommended?

14 MR. ENGELBERG: I informally worked with Tom,  
15 although Tom did 99 percent of getting the Administration  
16 to go as high as they did. I just think what you are  
17 dealing with, first of all, if you look at the increase from  
18 their point of view, the increase of what they ended up  
19 recommending for Legal Services, I have not compared it, but  
20 it is substantially more than they recommended for any other  
21 program.

22 The point is, from their point of view, they were  
23 more than generous to recommend the \$255,000,000. I think  
24 getting them to go to that level was extremely fortunate and  
25 it took a lot of hard work.

9 1 I think it is going to be much more difficult this  
2 year. I have no doubt that the President is absolutely  
3 serious about what he says, about holding down all Federal  
4 spending. He will do it in the most humane way that he  
5 thinks is possible. Unfortunately, when they look at these  
6 problems, they are looking at them a lot more cosmetically,  
7 and they are looking at Head Start and some fairly popular  
8 programs with constituencies as powerful if not more powerful  
9 than Legal Services.

10 I think it is very rough sledding ahead on what  
11 the Administration is going to recommend. That does not mean  
12 to say that Congress will not go above that, as they have  
13 done in the past. I think it is going to be very difficult  
14 to get them to come anything close to what the Committee is  
15 now recommending.

16 MR. EHRLICH: I do assure you of a major effort.  
17 There are two sets of forces at work, as we saw last year,  
18 and indeed, the Committee will recall the initial suggestion  
19 of the staff was literally no increase at all, in terms of  
20 OMB.

21 One of those pressures is in terms of all social  
22 programs, and there is no question about it in terms of the  
23 general level of support. It was just a tiny fraction of  
24 what they suggested for us.

25 The second is we are not part of the Executive

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1 Branch. We cherish that independence. It does mean, however,  
2 since we are not part of it, we are not within that umbrella,  
3 and there are some at least inevitably within the Executive  
4 Branch who would say, if Congress wants to do that, fine,  
5 but don't charge it against our budget.

6 MR. ENGELBERG: To follow the water projects veto,  
7 my feeling is a President that would take that much political  
8 heat from people like O'Neil and Byrd, people that have been  
9 enormously helpful, he is quite serious about these cuts.

10 I am not saying it is right or wrong, because  
11 obviously in the case of Legal Services, I think it is  
12 extremely unfortunate.

13 The point is he feels that he is right and he is  
14 willing to take on enormous political forces to do that, and  
15 I do not think he could have taken on a bigger battle than  
16 he did with the water veto. Again, I am not saying he is  
17 right or wrong, but he is not particularly backed off by  
18 political pressure.

19 MR. TRUDELL: That raises a concern in the expansion  
20 area, because you are talking about \$49 million for 1979  
21 and you are cutting off \$19 million, and asking for \$24 million  
22 to complete minimum access.

23 Just out of curiosity, why do we need \$5 million  
24 more. I am very pro-expansion, but in terms of being  
25 pessimistic, if you were fortunate enough to get a \$25

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1 million increase, I think the statement that was read into  
2 today's transcript regarding the person from Iowa, they  
3 have raised a lot of concerns, to a certain extent, the  
4 budget is in place and there is not much you can do about it.

5 If we do not get enough money, we are not going to  
6 be able to meet it again.

7 MR. HENNIGAN: The reason why we need more money  
8 over the two years than we would have needed in one year,  
9 is that we have two cost of service adjustments to consider.  
10 The figure that went to Congress in January of last year did  
11 not have the inflation adjustment factors into expansion.  
12 We now have factored that in, in the estimate that you saw  
13 for 1979.

14 You have to put an additional six percent on the  
15 balance carried into 1980. About \$3 million of the  
16 difference is taken on there. We have allowed some stretch  
17 because of the difficult question surrounding the Native  
18 American population. We allowed a little more stretch because  
19 there are some remote rural areas where the cost of expansion  
20 may have to be higher.

21 MR. STOPHEL: Mr. Cramton has just pointed out  
22 another typographical error on the last page of this  
23 attachment, under Research Institute. The column (10) figure  
24 should be \$699. instead of \$609.

25 MR. CRAMTON: I am surprised Alan Houseman did not

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1 catch that, because this has the appropriations being reduced.

2 MR. STOPHEL: Madame Chairman, in order to get  
3 the matter before us, the Board has received as Attachment G,  
4 a resolution. I will hand this to the Reporter.

5 The resolution basically is that we adopt this  
6 as our approximate proposed allocation. I would point out  
7 that the resolution contains the word that the highest  
8 priority for use of increased appropriations be given to  
9 completion of the minimum access plan, through expansion  
10 of Legal Services to poor persons in unserved areas.

11 I move the adoption of the resolution and of the  
12 attachment.

13 CHAIRMAN RODHAM: Is there a second?

14 MR. ENGELBERG: Second.

15 CHAIRMAN RODHAM: Is there any Board discussion on  
16 the resolution that we recommend the proposed 1980 budget  
17 and reiterate the priority that minimum access be completed?

18 MR. CRAMTON: This is on the understanding that  
19 the figures in the tabulation will be revised to reflect  
20 the decisions made on this year's budget, so it will require  
21 some revisions. Is that correct?

22 MR. EHRLICH: Yes.

23 MR. CRAMTON: The total would be the same, but the  
24 categorical distribution may be somewhat different.

25 MR. STOPHEL: I might comment that the original

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1 staff proposal for 1980, as I recall, was in the neighborhood  
2 of \$326 million, and that the Committee, after consideration  
3 of proposals by various and sundry representatives who came  
4 before us, decided to increase the budget request to the  
5 figure you have here.

6 MS. ESQUER: I just have one question. I am sorry  
7 I was not here when we started going over the figures. Was  
8 there a discussion on the resolution by the Clients Council  
9 at the Committee meeting?

10 I do not have a specific recommendation as far as  
11 a figure but I would like for the staff, as soon as they  
12 look at that resolution, to look at that particular budget  
13 item, not just to serve any national clients-council, but  
14 the possibility of a funding for client councils at the local  
15 level, and coming up with a recommendation at the December  
16 meeting.

17 I do not oppose the budget as presented. I think  
18 it is still a little bit into the future so that if there is  
19 some positive recommendation along those lines, that we might  
20 be able to amend it. Is that correct?

21 MR. STOPHIEL: Yes.

22 MS. WORTHY: I think I will have to agree with  
23 Ms. Esquer. It is really nice to see something like the  
24 clients getting together at the Next Steps meeting and  
25 bringing us a resolution to look at. I hope it is not laid

24  
1 aside and not considered. The clients are the most important  
2 part of our programs. You have to consider what they are  
3 saying, even though the budget is fine. I think once we  
4 look at this resolution, we may decide to do something about  
5 it.

6 CHAIRMAN RODHAM: I talked with Ms. Birch after  
7 the meeting between our ending downstairs and moving  
8 upstairs, and mentioned to her that if the resolution came  
9 out of the Next Steps process, as did other resolutions and  
10 recommendations, that it was my intention and certainly my  
11 expectation that the resolution that she spoke on behalf of  
12 as well as all the other resolutions, would be taken up by  
13 the appropriate committees and by the Board, so that they  
14 will be given full consideration.

15 I think that is the way that we should and will  
16 proceed.

17 MS. HARGROVE: I was part of the committee which  
18 drafted the resolution and I am not sure that the entire  
19 concept we are trying to get across is clear. What we tried  
20 to do is help clients develop through paralegal training,  
21 develop their own lay advocacy programs, and those of us  
22 who have worked with welfare rights in the past, those of  
23 us who have worked with tenant unions, those of us who have  
24 worked with paralegals now in our own offices, know this can  
25 be done. It is an extremely effective way of enabling

25 1 clients to do their own advocacy, particularly in  
2 administrative law programs.

3 I think it is much more than simply funding  
4 clients councils. We are also asking that independent or  
5 community groups, other community groups, which are client  
6 groups, which are already functioning in this fashion, get  
7 the support of services which they need to keep on functioning.

8 I know those of you who were at the Next Steps  
9 meeting in Washington heard many clients who were talking  
10 about the program being developed in New York, in Los  
11 Angeles, and in some rural areas even, and these programs  
12 may close down because they do not have simple things like  
13 enough money to pay for the telephone and enough money to  
14 pay for the rent.

15 These people are actually expending legal services.

16 You talk about the goal of minimum access. I  
17 think if we encourage and support this kind of thing, we can  
18 actually achieve or attempt to obtain a goal of minimum  
19 access at much less cost than we would be able to otherwise.

20 I think the concept is very feasible. I would like  
21 to just make clear to the Board the concept we would like to  
22 get across. We would like to, within the next few months,  
23 get into much more detailed proposals, this is actually  
24 the first time the committee met.

25 I think we can come up with a proposal for everybody

1 to consider, and I would like to ask you all to take it  
2 very seriously.

3 CHAIRMAN RODHAM: Thank you.

4 MR. CRAMTON: I am sure the Board will take it  
5 seriously when it is developed. I think the Board will also  
6 be interested in the views of other interested groups and  
7 elements, the ABA Standing Committee, the National Clients  
8 Council, PAG, and so on, about the proposal and what its  
9 implications are and how it ought to be funded.

10 As the budget stands now and the budget proposal,  
11 there is a \$3 million increase on Program Support, and some  
12 of that might fall in there, but it really does not come  
13 any where near the \$8 million that we talked about. I assume  
14 the staff has some other things that it has in mind for  
15 that \$3 million increase for Program Support as well.

16 We are still at a very preliminary point in terms  
17 of next year's budget. If good ideas come along, we want to  
18 address the budget th try to improve it.

19 MR. EHRLICH: I might add only that Catherine  
20 Germany is within the Corporation's staff, the one who is  
21 not only responsible in the area of client paralegal training,  
22 but as general coordinating responsibility for the various  
23 kinds of efforts within the Corporation. We can, if you  
24 would like, show the number of different kind of projects  
25 that are going on, some through QIP and some in other ways.

127 1 You can see the kind of problems that some of them are having  
2 as well as the possibilities. There are both, there are  
3 some real problems and some possibilities, too.

4 CHAIRMAN RODHAM: Mr. Ray?

5 MR. RAY: I am Denny Ray speaking on behalf of PAG.

6 This, of course, is a difficult topic because it  
7 is very unprecise. It is equally so for the field as for  
8 you all. There are a few things in the budget like the  
9 cost of living increase and how much you need for access  
10 that can be recommended and was calculated, but beyond that,  
11 we have not established objectives and then plotted how to  
12 get there.

13 I would propose that an increase be made in the  
14 budget request, the \$360 million, granting that is by no  
15 means definitive. Let me work backwards from that, also  
16 recognizing that there is a credibility problem in terms of  
17 an anti-inflationary mood, to be sure. On the other hand,  
18 we do not want to fall victim to that mood to the point where  
19 we argue ourselves out of a chance to get money without  
20 letting Congress do some of that for us.

21 If you adopted a \$360 million budget request, and  
22 assume something, let's say on the more optimistic side, as  
23 opposed to a bare bones budget, if Congress did next year  
24 what it has done historically for Legal Services Corporation,  
25 which would be to give us about two-thirds of the amount

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1 requested, that would round out to about \$330 million.

2 Let's assume further that completion of minimum  
3 access does come off the top. I am sure the field is not  
4 prepared to concede that entirely at the moment, but it is  
5 going to be pretty obvious that we need to complete expansion.

6 The net effect would be that we would have for  
7 Program Improvement, and by then you are going to have more  
8 existing programs, most programs would be in existence, you  
9 are only going to have about \$7 million, because at  
10 \$337 million, the proposed request, you only got \$14 million  
11 for Program Improvement.

12 Let's assume that \$7 million difference came out  
13 of there. That is not even as much money as we are now  
14 prepared to put into Program Improvement this year, and you  
15 know the feelings about that. It does nothing for the  
16 client request, and that is a request that the field and  
17 all of us need to give some serious consideration to.

18 Just playing those kind of mathematical games,  
19 I think we cheat ourselves by going in with a figure of  
20 \$337 million.

21 I believe it is very important, and I am sure you  
22 share this, to really start putting some meat on the concepts  
23 which we want to establish quality. We have been winging  
24 it pretty much so far.

25 I believe given some real concentration on things

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1 like that, that there will be no difficulty in justifying  
2 a higher figure, so that you can appear quite reasonable to  
3 Congress by coming in for something that will not really  
4 begin to establish a level of quality that we would like.

5 I see the \$337 million sort of defeating us before  
6 we begin.

7 One last observation; I think it is entirely  
8 possible that many existing programs will start to do their  
9 own direct lobbying with Congress, to try to earmark  
10 funding for existing program purposes.

11 I have never wanted that to happen, and I have  
12 persuaded many a program not to do it. I think the tensions  
13 that you sensed today are going to really create that  
14 likelihood much more next year. I would be much more  
15 comfortable in trying to avoid those kind of confrontations  
16 if the existing programs saw the possibility by lobbying  
17 Congress on a united front, of their really being able to get  
18 something meaningful out of the budget for their purposes,  
19 for perhaps the client proposal and the like.

20 I am afraid it does not exist at the \$337 million,  
21 because we know whatever we go in with is going to get  
22 knocked substantially for a loop.

23 MR. ENGELBERG: I would just like to respond to  
24 one thing. The figure is all guess work. The needs are  
25 unlimited, and certainly, there is nothing unreasonable about

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1 the \$360 million figure.

2 I do want to respond about what you said about  
3 other programs, and I have heard a lot of the same thing from  
4 program people.

5 My own political judgment, and I did work up there  
6 for a while, and I think I have a good sense, unless there is  
7 a clear lobbying effort, because the Corporation's staff  
8 obviously has some input, but unless there is the kind of  
9 involvement, not just by the lawyers, but by your boards,  
10 and that includes your client members and your other  
11 citizens, unless there is the kind of intense lobbying,  
12 whatever the figure is, whether it is \$337 million or  
13 \$360 million, in my own feeling, given what I think will  
14 be a very low administration figure, and I think what  
15 happened today is going to make next year much more  
16 unpleasant in terms of the difficult choices the Corporation  
17 will have to make.

18 I cannot do anything other than give you my own  
19 opinion at this point.

20 I think the kind of specialized earmarking  
21 lobbying you are talking about, politically, will do nothing  
22 but undercut the Corporation.

23 MR. RAY: The thing is, some of you may well  
24 perceive field programs as coming in for our own self  
25 interest. I think where we are coming from is motivated by

131 1 the interest of our clients, who we believe we really cannot  
2 serve adequately.

3 We are reaching a point in time where unless a  
4 program is convinced that its own clients are going to be  
5 dealt with fairly, it will take a view, and there are some  
6 who do some now up front, and the first order of business  
7 for them is to lobby for the interests of their clients.

8 That is not a nationalistic approach. I would just  
9 like to see us be able to take that into account and diminish.

10 MR. ENGELBERG: I understand. Again, when most  
11 committees make those decisions, they do not make them based  
12 on what particular areas of the country need, they make very  
13 gross assumptions.

14 MR. RAY: I have seen some earmarking language.

15 MR. VENEY: I guess I just want to join Denny and  
16 say I do not like to characterize it, but a request of  
17 \$337 million or thereabouts is almost unconscienable. That  
18 is the only thing I can say. We have been through the Next  
19 Steps process. That has clearly indicated both in terms of  
20 quality and other factors, some needs and needs to move into  
21 a different direction. That is why the Next Steps process  
22 was started.

23 Making a request at that level would clearly signal  
24 your intention not to act on anything other than a  
25 demonstration here and a demonstration there. The

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1 recommendations that came out of that process, I would ask  
2 that you give them some very serious consideration for  
3 signaling the client community in the field, as to your  
4 intention to be very strong advocates at a point in time  
5 when you recognize that you are not going to look like the  
6 most politically sophisticated group in the entire world.

7 What we do not want is another example of  
8 political sophistication, and what we do in fact need are  
9 eleven strong activists with the staff that is going to do  
10 the same kind of work that it has done in the past, going  
11 after every dollar that this Corporation Board has.

12 CHAIRMAN RODHAM: I hope in a sophisticated way.

13 MR. CRAMTON: One point, this is not the staff  
14 recommendation reports now, it is the Appropriations  
15 Committee request, the \$326 million. The Appropriations  
16 Committee, after a lot of discussion and consideration of  
17 many of these questions, thought that the most realistic,  
18 prudent and best strategy was approximately a 25 percent  
19 increase from the \$270 million this year.

20 The worry that many of us have is not Denny's  
21 notion that by asking for \$360 million, we might get  
22 two-thirds of the additional dollars requested. The notion  
23 about asking for \$22.5 million more, you get two-thirds of  
24 that, and that produces another \$15 million for Legal  
25 Services, but just the opposite feeling that if you go too

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1 high at this particular time and do not have sufficiently  
2 well thought out foundation for what you are asking for  
3 and the political climate, which is increasingly unfavorable,  
4 the Administration comes out for no increase, and Congress  
5 goes for no increase, and you end up getting much, much  
6 less, not more, than in the current years.

7 CHAIRMAN RODHAM: I would like to hear from  
8 Ms. Burdette who is in charge of congressional relations.  
9 Let's talk about the effect or lack of it.

10 MS. BURDETTE: As both Steve and Roger made clear,  
11 we do not have a chrystal ball. There is no way to exactly  
12 know. We can only act on what we know about what is going  
13 on in Congress. We do know that the Executive agencies have  
14 been required to come into OMB with no growth at all, and  
15 therefore, most Executive agency programs are going to  
16 have the same dollar levels, not even a cost of living  
17 increase.

18 I think it is very unrealistic to assume that we  
19 are going to have very much support in this Administration  
20 this year, for a very high request, regardless of the basic  
21 commitment to Legal Services.

22 I think the most important consideration issue this  
23 year is the budget is balancing the budget.

24 On the congressional side, you can only judge  
25 what you saw in this last 95th-Congress, which was not

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1 particularly supportive of social programs, to say the very  
2 least.

3 You saw a tax bill passed, it decreases federal  
4 revenues significantly, and at least some commitment to  
5 try to cut expenditures and to deal with those.

6 There is no magic number, but the atmosphere is  
7 not one very receptive to large increases, as well as the  
8 fact that even our friends for every year, have been  
9 utterly amazed at both our requests, the increases we have  
10 received, just total amazement that you could have gone from  
11 \$205 million to \$270 million. They cannot believe you are  
12 really doing that and congratulations, but do you realize  
13 what kind of an increase that is. -

14 There have been many expressions that we have  
15 backed minimum access and we would really help you complete  
16 that, but we do not expect to see these kind of increases  
17 forever.

18 That is just reality.

19 One other point, I certainly understand field  
20 programs coming in with particular needs and lobbying on  
21 individual concerns, only to underscore that there has to be  
22 a national prospective, what we are all about, our poor  
23 people all over the country, and if we forget that, I think  
24 it is going to be extremely destructive to Legal Services?

25 CHAIRMAN RODHAM: What does that mean? I do not

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1 understand.

2 MS. BURDETTE: I do not think we have the kind of  
3 strong support that you may think we have. I think we have  
4 strong support from some elements and some people have been  
5 extremely helpful to us. I think there are other people in  
6 Congress who feel very strongly the other way, on what I  
7 would call a very shaky or flaky middle ground.

8 MR. RAY: We do not get any where by indulging  
9 them.

10 MR. MILLER: D. Miller from New Jersey. As the  
11 people on the Appropriations Committee know, I made an  
12 impassioned statement at the beginning of the 1980  
13 discussion and there was a response of the Committee, and  
14 they did raise the figure \$11 million, and I think it was  
15 a tortured and difficult discussion and response, and a lot  
16 of uncertainty at the reality.

17 I want to highlight one element in the statement  
18 I made, and the thing that I have done about it since then,  
19 in sort of the light of the Committee's decision.

20 As I said then, I think we are at a watershed. Most  
21 people will agree with any luck at all, we have got to  
22 complete the expansion minimum access thing in 1980.

23 We have been, as a Corporation, in existence now  
24 for nearly five years. We have prepared the case. We have a  
25 very good sense of the need, we have laid the foundation which

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1 Roger talked about. That is one thing you said in terms of  
2 laying a very careful foundation. One thing that we do not  
3 have is defining that foundation. We have instead, it seems  
4 to me, a critical choice to make.

5 The choice is between the basic staff approach, as  
6 it stands at this point, which is the 1980 to 1982 plan,  
7 and it is essentially cautious, a good faith and careful  
8 assessment of the political climate, and the Proposition 13  
9 hysteria and all that sort of thing, but it is an emphasis on  
10 quality, but it is not allowing any sort of explicit way.

11 Worse of all, or a point I really want to emphasize,  
12 it does not call for true expansion now that has to go on  
13 in all parts of the country, it does not take us past the  
14 concept of minimum access. It was minimum access.

15 We do not have to put off, in terms of our  
16 thinking, in terms of planning, in terms of defining the  
17 need, any longer, a more comprehensive and long term plan  
18 for meeting the needs of a much greater portion of poor  
19 people.

20 I think it is a flat out political judgment, which  
21 is to say, should we take a three year view, sort of fudge  
22 it all on quality and special needs, which is about where the  
23 budget for next year is, not make clear what your multi-year  
24 plan is, your five year plan, or your ten year plan, not do  
25 so on the basis of you are afraid of steering folks away

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1 with high numbers.

2 I understand all that. I think I would ask you  
3 to think about it in a different way. You have very little  
4 to lose at this point, because I submit that one way or the  
5 other, whether you come in at \$360 million or \$337 million,  
6 it is not going to change too much what you are going to get  
7 next year.

8 What you lose by not at least explicitly laying  
9 out where you are going past 1982 and past the rhetorical  
10 statement about quality, what you lose is a different kind  
11 of credibility, the credibility you are going to need in  
12 1983 when you go back to Congress and say, oops, now we  
13 found out all these poor people are out there and we are  
14 going to come in on a more expansion notion for five years  
15 from now. Congress will say, in 1980, you were in existence  
16 for four years, why didn't you tell us then where you were  
17 going?

18 MS. BIRCH: I think most of you by now are  
19 familiar with the proposal that came out of the Next Steps  
20 Conference. Although you were trying to convince us that  
21 the figures are not realistic, we feel that they are  
22 realistic.

23 I keep hearing you say politics, everything is  
24 political. I suppose that it is, but can you see any value  
25 in training clients along political lines, so that we might

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1 be instrumental in getting other clients?

2 Since someone has said you people do not vote,  
3 you may not vote, but each client pass a certain age of  
4 registration, carries one vote, and each of us has some  
5 representatives here in Washington.

6 The people who say they represent us, maybe our  
7 staff people cannot get on the floor and lobby for increased  
8 funding, but we can. There is nobody to tell us we cannot  
9 do it. They are not doing that much for us anyway.

10 We can be instrumental in helping to increase  
11 funding. People called on the clients and the people  
12 responded.

13 Two years ago, we were writing our senators and  
14 representatives, asking them to support. They responded  
15 favorably. We can do it again and we can do it much better  
16 if we have the revenues to get out and register people, those  
17 people you are talking about that are so poor still carry  
18 one vote each.

19 Just think about that, we still need their help.

20 MR. EHRLICH: I do underscore that the Legal  
21 Services needs all the lobbying support it can have. I also  
22 underscore it cannot be with Legal Services' funds.

23 I would like to say a word about the planning  
24 process, where I think we have been working toward and where  
25 I see it going in the longer term.

139 1           The Next Steps effort was an effort to plan out some  
2 of the things that ought to go on in the next couple of  
3 years.

4           I think if you had seen at some of those sessions  
5 what actually went on, you would have seen how many  
6 important needs were articulated there that ought to be  
7 filled in the next couple of years. I don't view those as  
8 modest kinds of shifts in terms of quality. I see them as  
9 enormously important ones in terms of the clients who spoke,  
10 the Legal Services' lawyers who spoke, and I think they did,  
11 too.

12           I am committed to trying to meet those important  
13 needs. At the same time, I agree with you completely about  
14 the need, and said so from the outset, for a longer term  
15 plan.

16           You can try to say, here is a goal, and it is  
17 going to be a big number goal, you are absolutely right  
18 about that, but it is going to have to be developed in a way  
19 that is going to make sense to those to whom we are trying  
20 to make a persuasive case in Congress.

21           I did not think, and still do not think that could  
22 be done without our first saying, we have articulated a set of  
23 shorter term steps to take in terms of quality. Then we say,  
24 there is our goal, in terms of what is needed for quality  
25 legal representation for poor people throughout the country,

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1 and we are going to get there, just as we said in 1975 that  
2 we were going to get there in 1979 or 1980. We are going to  
3 say the same thing about 1985, at least I hope we are. That  
4 is my view of what we should do.

5 That is a process we are going to do together, and  
6 I do not disagree with that at all. It is terribly  
7 important.

8 I do not think we are there yet. My own statement  
9 to the Board has indicated my plan is immediately after  
10 we get the 1980 budget organized, which is a full time job  
11 for the next six weeks, to begin that planning process. I  
12 view it as a substantial one, because it has to be a  
13 documented one in terms of actual needs for Legal Services.

14 We can no longer simply talk about number of  
15 lawyers per 10,000 poor people.

16 In the interim, what do we do? I know it is  
17 tempting in terms of asking for signals to programs in the  
18 field that desperately need help, to look for large numbers.

19 Our concern, and it is a real one, it is not just  
20 Clinton's, Mary's and mine, I hope it is everybody's, is  
21 making the persuasive case.

22 I think, for what its worth, you are on the outer  
23 limit of where the credibility case can be made, and not in  
24 terms of Legal Services programs, believe me. In some ways  
25 it would be much easier to have a larger one.

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1           Whatever you do as a Board, I assure you we will  
2 go out and argue as hard as we can and as passionately as  
3 we can for that figure. That is our job. We will work  
4 together with the client group and PAG for whatever the figure  
5 is.

6           There is not question in my mind for that. My best  
7 judgment is we are at this figure, at about the outer limit  
8 of what is a credible case in this political environment.

9           We may be too cautious, and I do not think so, but  
10 that is the judgment, that is what you asked us for and that  
11 is what we gave you.

12           I realize what you are saying in terms of signals  
13 and I think at the same time it is very important to keep  
14 pressing for a longer term approach, and we will do that, too.

15           MR. RAY: It is really important to note that this  
16 is really not a unique conversation. Twice before the staff  
17 has come in with a very conservative initial request which  
18 has been substantially increased after a similar conversation  
19 about where Congress is at.

20           In 1976, the original proposal was \$125,000,000  
21 and really wanted to go on the downside of it, and Marlo Cook  
22 said, come in and ask for what you need, and let Congress make  
23 that judgment, it was changed to \$140,000,000. We were  
24 justified, as it turned out, in doing so.

25           The next year, the proposal was to go up to

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1 \$170,000,000. We started through one of these similar kind  
2 of conversations, you changed your mind and you went for a  
3 much higher figure, and you were vindicated by doing so.

I think the track record speaks maybe understandably  
for the caution, maybe the mood has even escalated further  
in terms of an anti-inflationary approach, but we are doing  
ourselves a disservice.

MR. ENGELBERG: I think the difference, and I am  
aware of that history, I do feel, and I do not want to be  
10 misunderstood, I think the problem is not just in the  
11 Administration, because I am already pessimistic that we  
12 are not going to get a lot out of the Administration no matter  
13 what we do, but particularly on the Hill.

14 I think there is a fear of inflation and the fear  
15 that government spending is a major political reality, much  
16 more so now than anytime in recent years, and particularly  
17 it is going to happen this fiscal year.

18 I think it would be a mistake to be making the  
19 judgments which are arbitrary at best about the budget  
20 requests, that for the past several years, we sort of  
21 goosed the Corporation up and they asked for more and the  
22 results were good.

23 I cannot in any way spell out, other than a sixth  
24 sense, which Mary shares, that at the \$337,000,000, which is  
25 an increase over what the staff asked, that we are getting

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43 1 to the outer limit. That is just sixth sense and perception  
2 and it may be wrong.

3 MR. ORTIQUE: I would like to suggest that a  
4 substitute motion, that the Appropriations and Audit  
5 Committee be instructed to develop a budget that would  
6 in keeping with the concerns about fiscal responsibility  
7 and so forth, that would be not more than 25 percent above  
8 the \$305,000,000 of last year's budget.

9 MR. EHRLICH: That is what this is.

10 MR. CRAMTON: No.

11 MR. ORTIQUE: I think Congress would go forth  
12 and expect there would be an amount of increase built in over  
13 \$304,000,000, because if \$304,000,000 was justified in 1979,  
14 certainly a 25 percent increase is not unusual for this  
15 Corporation, and it would certainly take in some additional  
16 concerns that they have out there in the field.

17 I think a second look -- they have to make a  
18 round statement to OMB, they do not have to detail it this  
19 much, is that correct?

20 MR. HENNIGAN: We had a serious problem with OMB  
21 with the 1978 budget, when we shifted from approximately  
22 \$171,000,000 or \$172,000,000 to \$217,000,000. They do have  
23 problems in their total accounts.

24 MR. ORTIQUE: Are you telling me that we have  
25 already indicated to them what our budget is?

44 1 MR. HENNIGAN: No, but if we indicate one figure  
2 and then shift considerably -- were you suggesting that we  
3 go in with one number now and then perhaps change it?

4 MR. ORTIQUE: No, I am talking about a number that  
5 is around 25 percent above \$304,000,000.

6 I had a figure in mind of about \$350,000,000.  
7 I may be off some percentage.

8 MR. HENNIGAN: Twenty-five percent above  
9 \$304,000,000 would be \$380,000,000.

10 MR. ORTIQUE: It seems to me that is a rationale  
11 position for us to take with reference to this initial  
12 statement and present that to OMB and say, this is what our  
13 budget is going to look like.

14 I really would like to know what we intend to do,  
15 there is only so much that the physical body can take. Are  
16 we trying to finish tonight, or are we trying to finish the  
17 budget tonight?

18 CHAIRMAN RODHAM: We are trying to finish the  
19 budget tonight.

20 MR. ORTIQUE: We will meet again tomorrow?

21 CHAIRMAN RODHAM: If we have to.

22 MR. ORTIQUE: It seems to me that we have a couple  
23 of reports, and in view of the fact that we have to meet  
24 tomorrow, we might come up with some calmer ideas. Buck may  
25 have an opportunity to come up with some new figures between

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1 now and tomorrow.

2 I think there is a point where you are pushing to  
3 do certain things and you are just not getting the benefit  
4 of good thought processes if you push too hard.

5 MR. BROUGHTON: At the first session of this  
6 Board, I recall quite well that our colleague, Mr. Kutak, and  
7 he based this on his experience at the Hill, made a statement  
8 and we were talking about the budget, and he made the  
9 observation then that caution was needed, and that you do not  
10 destroy the credibility so far as that what you request not  
11 being beyond your ability to absorb and to effectively take  
12 additional requests into your total operation.

13 Bob made the observation tonight about the big  
14 jump and whether that could be absorbed. I think if you get  
15 where it is beyond the realm of reality, and I realize  
16 Marlo's approach to these things, but at the same time, I  
17 think we need to be careful because what we submit to  
18 the President's man is going to be known at Capital Hill  
19 when the time comes.

20 MR. ORTIQUE: My only response to that is I would  
21 not want them to say, you see, we were right last year, when  
22 we did what we did, because they really are not capable of  
23 doing the type of job that they said they were going to do.

24 MR. ENGELBERG: I would assume obviously whatever the  
25 staff gives as the figure, particularly if it is in the range

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1 that we are talking about, is going to make it very clear  
2 that this is a much lower figure and will try to demonstrate  
3 why it is a low request. Obviously, that is part of your  
4 advocacy job.

5 MR. EHRLICH: Obviously that would impact on how  
6 successful you are, if you make that case.

7 MR. CRAMTON: One set of figures that we might  
8 consider in this respect, the budget that has been proposed  
9 by the Appropriations and Audit Committee includes about  
10 \$37,000,000 next year for the existing programs, on a base  
11 of \$247 million. That is a 15 percent raise.

12 The kind of increments Denny Ray was talking about  
13 would be a \$60 million increase to the existing programs on  
14 that same base, or approximately a 25 percent increment  
15 for the existing programs.

16 I think the question is whether in this climate  
17 today, there is credibility for a 25 percent increment, and  
18 whether there would be the support for it or whether you would  
19 end up getting much less than you now contemplate because of  
20 negative reaction.

21 MR. VENEY: The comment about the first contact  
22 with the Congress prompts me to remind the Board that Roger  
23 had to spend a considerable amount of time convincing one  
24 congressman that we were not in there asking for \$100,000,000,  
25 which the Act authorized. I think Roger can verify that

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1 particular statement.

2 Secondly, I wondered what degree the budget that  
3 you have formulated takes into account the potential loss  
4 of state money due to Proposition 13, the change in the  
5 CETA policy, the change in the VISTA policy.

6 I would like to ask if you have considered in the  
7 political climate, the fact that you are beginning to serve  
8 in a better and better fashion, groups that have a  
9 substantial clout when you begin to talk about politics.  
10 You are beginning to serve the handicapped much better. You  
11 are beginning to serve the elderly much better.

12 Every time a program opens, you have a greater  
13 potential and impact on Congress, be it either at the House  
14 or Senate level.

15 I think you could talk policy and use the political  
16 rhetoric in two ways, we can use it to be overly cautious,  
17 and we can use it to be cautiously enthusiastic. Obviously, I  
18 would encourage the cautious enthusiam.

19 CHAIRMAN RODHAM: Any other comments?

20 MR. STOPHEL: No, I do not think so.

21 MR. MILLER: I want to be clear on what I was  
22 saying before, so that you understand the distinction between  
23 your position and my position.

24 The opening part of Book II of the Next Steps  
25 presentation for the Board has a memo which has the 1980 to

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1 1982 period, it talks about the short term and the quality.

2 I was making reference to minimum level of attention  
3 which was a funding reference, not your perception of the  
4 needs, but the distinction is that nowhere in that paper, nor  
5 in the Corporation papers, which have been presented in terms  
6 of the funding support documents at this meeting or the other  
7 meeting, is there explicit reference to the fact that you  
8 now can see five and six years down the road, and you can  
9 now see the critical additional need for more services,  
10 in the areas that are theoretically covered.

11 I would be the last one to suggest that you trot out  
12 to Congress at this point with a long term plan. We are no  
13 where near there, but you have to pick up and make it clear  
14 now to see the need, you have to make it clear to Congress  
15 that you see the need. I think it is a very intelligent  
16 approach to say, we can establish minimal access at stage one,  
17 within the scope of that coverage, we are going to make sure  
18 we have achieved quality at stage two, before we move to stage  
19 three, which is a much more complete kind of access, based on  
20 the definition of "quality" that we have established.

21 This does not go to a particular figure at all. It  
22 is a very different kind of point.

23 MR. ORTIQUE: I seem to underscore what you have  
24 said, Roger, that the increase would be so large that it may  
25 affect our credibility. When you look at \$304,000,000, which

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1 you made a case for last year, when you subtract that from  
2 \$337,000,000, you come up with \$33,000,000. That amounts to  
3 about a ten percent increase. I think you are very close to  
4 affecting your credibility on the other side, here you are  
5 telling us that your \$304,000,000 was realistic, this is  
6 what you needed at that time, this is what you could use, it  
7 was not all that you needed, you had some other things you  
8 could do if you had more money, but that was as far as you  
9 were going --

10 MR. CRAMTON: That sounds like the way my wife  
11 budgets, she says I need to spend so and so because I saved,  
12 I did not spend.

13 MR. ORTIQUE: I still say the Congress is going to  
14 think about our credibility. Maybe your wife knows more about  
15 budgets than you know.

16 CHAIRMAN RODHAM: Are we ready for the motion?

17 MR. ORTIQUE: I thought I had made a substitute,  
18 that would be about \$350,000,000, but we did not get any  
19 support for it.

20 CHAIRMAN RODHAM: The only motion before us now is  
21 the motion made by Mr. Stophel.

22 MR. ORTIQUE: I move the budget request be amended  
23 to reflect a figure that would be \$350,000,000.

24 MS. ESQUER: Second.

25 CHAIRMAN RODHAM: The motion has been made and

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1 seconded. Is there any further discussion on this motion?  
2 We are voting on the substitute motion for \$350,000,000  
3 request.

4 All those in favor, please signify by saying aye.  
5 [Chorus of ayes.]

6 CHAIRMAN RODHAM: All those opposed?

7 [Chorus of nays.]

8 CHAIRMAN RODHAM: Let's have a show of hands, all  
9 those in favor?

10 [Show of hands.]

11 CHAIRMAN RODHAM: Ms. Esquer, Mr. Trudell, and  
12 Mr. Ortique, and Ms. Worthy.

13 CHAIRMAN RODHAM: All those opposed?

14 [Show of hands.]

15 CHAIRMAN RODHAM: Mr. Cramton, Mr. Stophel,  
16 Ms. Rodham, Mr. Broughton, Mr. Engelberg, Mr. Kutak,

17 We are back to the motion made by Mr. Stophel.

18 Is there any further discussion on that motion?

19 [No response.]

20 CHAIRMAN RODHAM: All those in favor of suggesting  
21 a figure of \$337,500,000, please signify by raising your  
22 right hand.

23 [Show of hands.]

24 CHAIRMAN RODHAM: It is unanimous.

25 MR. STOPHEL: I would suggest that no Board member

51 1 CHAIRMAN RODHAM: Mr. Stophel, does that complete  
2 your report?

3 MR. STOPHEL: There is one item of information that  
4 has to do with the status of the 1978 budget, but I think that  
5 can be treated as information which requires no action by the  
6 Board.

7 Unless there are questions, that does complete our  
8 report.

9  
10 CHAIRMAN RODHAM: Let me ask the Committee. We  
11 thought we might go until 8:00. That is when Mr. Kutak has  
12 to leave. If we want to go ahead and do the Committee on  
13 Regulations while Mr. Kutak is here, we would have the benefit  
14 of his advice.

15 MR. KUTAK: I think we can finish with it in five  
16 minutes. They are all friends and they are familiar to each  
17 member of the Board, and they have been so poorly looked at  
18 time and time again, that I think we could be finished with  
19 the regulations literally in that span of time.

20 COMMITTEE ON REGULATIONS

21 CONSIDERATION OF PROPOSED AMENDMENTS THAT  
22 WERE PUBLISHED FOR COMMENT

23 MR. KUTAK: If you will turn to page 121, the  
24 first regulation is just so mechanical. All it does is merely  
25 reflect in a very modest manner, increases in the charges

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1 that will be made, in effect, for producing records under  
2 the Freedom of Information Act. I would move the adoption  
3 of the regulation for final publication, with one change.

4 If you will look on page 139, paragraph (3) (1) (c),  
5 it says "Processor," it should read "Processor/Clerical."

6 With that one change, I would move the adoption  
7 of the regulation for final publication.

8 MR. ENGELBERG: Seconded.

9 MR. STOPHEL: There are no changes, as I  
10 understand it, except the numbers, am I right?

11 MR. KUTAK: Right, minor stylistic, but of no  
12 substance.

13 CHAIRMAN RODHAM: Any discussion on the motion  
14 to the publication of the regulation?

15 [No response.]

16 CHAIRMAN RODHAM: Are we ready to vote? All those  
17 in favor of recommending the regulation for final publication,  
18 signify by saying aye.

19 [Chorus of ayes.]

20 CHAIRMAN RODHAM: All those opposed?

21 [No response.]

22 CHAIRMAN RODHAM: It is unanimous.

23 MR. KUTAK: Regulation 1609 is simply the  
24 identification of one proposed amendment. It is again  
25 innerly discussed by our Committee, three times, with

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1 tremendous input from the field and from the public when it  
2 was circulated for comment.

3 It simply aroused the Social Security and SSI  
4 cases to be included in the category that would be allowed  
5 to be serviced by the Corporation's attorneys. It has been  
6 published once in this final form for comment, and I now  
7 move on behalf of our Committee, a final publication of the  
8 amendment to the regulation.

9 MR. BROUGHTON: This is as was adopted unanimously  
10 in July?

11 MR. STOPHEL: It was not unanimous. It was adopted.

12 MR. CRAMTON: The minutes say it was unanimous.

13 MR. BROUGHTON: 1609 relating to fee-generating  
14 cases, look at page six of your blue book, next to the last  
15 paragraph.

16 MR. KUTAK: It was adopted for publication, but  
17 it was not unanimous.

18 MR. CRAMTON: It may have been unanimous on the  
19 publication. Mr. Stophel and I, and I think Mr. Broughton  
20 had some problems with its change or amendment to the initial  
21 regulation, but we did not object to the publication.

22 MR. KUTAK: The minutes are correct. My motion  
23 was to publish it. We did receive further comment, we did  
24 discuss it, and we now come back with the recommendation that  
25 it be published for final publication.

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1 MR. ENGELBERG: Seconded.

2 MR. STOPHEL: Madame Chairman, let me encourage this  
3 Board to not increase the case load of Legal Services  
4 programs, which this amendment does. That is, they are now  
5 permitted to refer out this kind of case. The statute change  
6 does not require that they retain the case. This regulation  
7 does require that they retain the case by saying that other  
8 adequate representation is deemed to be unavailable when,  
9 and we are hearing about the excessive case loads.

10 I think the local program should be given this  
11 flexibility. We should not say to them, you must keep this  
12 case. I think the local board should set the priorities on  
13 what cases it wants to handle.

14 Within the framework of the statute, stick with the  
15 statute, instead of going beyond this.

16 I am not sure I was clear when I argued the point  
17 before. The Standing Committee is not in here, the General  
18 Practice Section is not in here. I know you received comments  
19 from some people because they asked me for a transcript of  
20 the record on that.

21 I really think we are just going in complete reverse  
22 to what we are doing in other areas. We are adding to case  
23 load, and there is no question about it.

24 I move that in Section 1609.4, the word "is" in the  
25 first line be deleted, and the words "may be" be inserted or

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1 substituted, which gives flexibility to local program to  
2 retain the case or to refer the case.

3 MR. CRAMTON: Seconded.

4 MR. KUTAK: The Committee has heard the views as  
5 both Roger and Glenn are well aware of; thoroughly discussed  
6 and can say it has been rejected for two reasons.

7 One, we read the legislative history as truly  
8 encouraging because of the special kind of case this is, the  
9 adoption of the cases. Second, the language does not require  
10 that they take it, nor does the language require that any  
11 case be taken, it is within the determination of priorities  
12 of the local boards.

13 It does require that they do not be excluded from  
14 taking them, which is what the language was before.

15 MR. STOPHEL: How do you interpret this to not  
16 require that if it is an eligible client, that it cannot be  
17 referred? Does this mean the Legal Services simply says, go  
18 away?

19 MR. KUTAK: Any local board can set any such  
20 priority and not take all the cases simply because they are  
21 eligible to be taken.

22 MR. STOPHEL: This restricts the referral?

23 MR. KUTAK: No, not at all.

24 I urge the support of the Committee's position.

25 CHAIRMAN RODHAM: The question has been called.

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1 All those in favor of the amendment which strikes the word  
2 "is" and substitutes "may be," please signify by saying  
3 aye.

4 [Chorus of ayes.]

5 CHAIRMAN RODHAM: All those opposed?

6 [Chorus of nays.]

7 CHAIRMAN RODHAM: All those in favor, please raise  
8 your hand.

9 [Show of hands.]

10 CHAIRMAN RODHAM: Mr. Cramton, Mr. Stophel,  
11 Mr. Broughton.

12 All those opposed?

13 [Show of hands.]

14 CHAIRMAN RODHAM: Ms. Worthy, Ms. Esquer,  
15 Ms. Rodham, Mr. Trudell, Mr. Ortique, Mr. Engelberg, and  
16 Mr. Kutak.

17 Are we now ready for the vote on the main motion?

18 All those in favor of --

19 MR. CRAMTON: If I might add a further comment, I  
20 think the adoption of the regulation in its form is unfound  
21 for the reasons that I stated on several occasions, and in  
22 part to reasons Mr. Stophel says, but the main reason being  
23 the existing regulation allows programs to handle these cases  
24 in any situation in which private representation is not  
25 available, either in a specific manner or if they find there

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1 is not representation available in the community for the  
2 class of the case generally, and I think the regulation is  
3 unsound for both practical and political and resource  
4 allocation reasons.

5 CHAIRMAN RODHAM: Any other comments?

6 [No response.]

7 CHAIRMAN RODHAM: All those in favor of the  
8 regulation as published, please say aye.

9 [Chorus of ayes.]

10 CHAIRMAN RODHAM: All those opposed?

11 [Chorus of nays.]

12 CHAIRMAN RODHAM: All those in favor, please raise  
13 your hand.

14 [Show of hands.]

15 CHAIRMAN RODHAM: Ms. Worthy, Ms. Esquer,  
16 Ms. Rodham, Mr. Trudell, Mr. Ortique, Mr. Engelberg,  
17 and Mr. Kutak.

18 All those opposed?

19 [Show of hands.]

20 CHAIRMAN RODHAM: Mr. Broughton, Mr. Stophel, and  
21 Mr. Cramton.

22 MR. KUTAK: The third and final resolution or  
23 regulation is 1620, a proposed revision of 1620 was published  
24 for notice in July. We received comments and made certain  
25 changes in the published draft in reflection of those

158 1 comments. Those changes are set out in your text.

2 Very frankly, we do think it reflects how helpful  
3 comments from the public are. It shows any misunderstandings  
4 which were cleared up by changes in the text.

5 In any event, the changes are described. I move  
6 the final publication of 1620 as amended.

7 MR. CRAMTON: Mr. Kutak, would you consider two  
8 minor changes? On page 150, clause (9), I think it would be  
9 more accurate to spell the word "complement" correctly.

10 MR. KUTAK: The Committee accepts the change.

11 MR. CRAMTON: On page 151, paragraph (c), it  
12 does seem to me that the report and priorities are likely to  
13 have more than a single implication. I wondered if you  
14 meant "and the implications of those priorities"?

15 MR. KUTAK: Yes, I will accept that.

16 For the record, 1620.2(b)(9), the word is correctly  
17 spelled "complement." Subparagraph (c), the third line,  
18 we added an "s" to "implication."

19 MR. ENGELBERG: I second the motion.

20 CHAIRMAN RODHAM: Any discussion?

21 [No response.]

22 CHAIRMAN RODHAM: All those in favor?

23 [Chorus of ayes.]

24 CHAIRMAN RODHAM: All those opposed?

25 [No response.]

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## INTERNAL STAFF DIRECTIVES CONCERNING EXPANSION

1 MR. KUTAK: Madame Chairman, the final item on the  
2 agenda is simply the proposal to our Board, an interim  
3 regulation which is found on page 153 of the blue book.  
4 Your Committee has reviewed this interim staff directive as  
5 it was due at the last meeting, and felt that as an interim  
6 form, it should be serviceable and available in that form,  
7 but we think it also should be published for comment by  
8 interested parties, so we may again gain the insights and  
9 benefits of such comment.  
10

11 I would move the recommendation of your Committee  
12 that the Board approve the directives on an interim basis and  
13 that the directives be published for comment.

14 CHAIRMAN RODHAM: Is there a second?

15 MR. ENGELBERG: Seconded.

16 CHAIRMAN RODHAM: Any discussion?

17 MR. CRAMTON: I have two comments, one is on page  
18 154, just a matter of stylistic consistency. In clause (f),  
19 you use singular "area" in the other paragraphs, and I would  
20 think paragraph (f) ought to say "unserved area."

21 The other one is also a stylistic change. On page  
22 160, there was some discussion in the Committee about whether  
23 or not the existing, in the old guideline, the preference for  
24 encumbent over existing Legal Services Corporation grantees,  
25 should or should not remain in. My views were successful in

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1 the sense of getting that preference taken out.

2 I guess I would prefer to see the preference the  
3 other way, and that is include a paragraph that read something  
4 like this --

5 MR. KUTAK: Which page?

6 MR. CRAMTON: Page 158.

7 CHAIRMAN RODHAM: Where would you insert this  
8 paragraph?

9 MR. CRAMTON: Probably after the paragraph that  
10 goes over from page 157 to 158. I think that is where the  
11 preference stuff was before.

12 It would be a new paragraph after the words  
13 "efficiency and quality."

14 It would read something like this, "If all other  
15 factors are equal and competitive proposals have been  
16 submitted, preference should be given to proposals submitted  
17 by an organization located within the area to be served."

18 MR. KUTAK: Since this is being circulated on an  
19 interim basis and for comment, I think --

20 MR. EHRLICH: We did talk at some length about  
21 whether or not there ought to be the kind of leaning one way  
22 or the other. The Committee came up this way. I myself  
23 will urge you to keep that way. I will look hard at all the  
24 comments and then share them with the Committee.

25 I hope you do it this way.

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1 MR. KUTAK: One solution we have been using for  
2 comment, is to put language in brackets and just indicate  
3 that it is alternative language that we would like to receive  
4 comments on.

5 CHAIRMAN RODHAM: I like that idea. I think that  
6 is a fair idea.

7 MR. KUTAK: I would support that.

8 MR. CRAMTON: The notion is this; in the past, the  
9 Corporation, I think, consciously or unconsciously, has had  
10 a very strong preference for the expansion of existing  
11 grantees, rather than new proposed grantees who were  
12 community based. Now we are removing that preference, but it  
13 is going to take a while for the message to get out to the  
14 regional staff and so on.

15 There are going to be very few occasions where  
16 the quality of the proposal and the service and the personnel  
17 involved and so on, of a community based local program, are  
18 going to be better than the expansion of an outside existing  
19 grantee in that area, but, if that situation does exist, I  
20 myself would favor a preference for the community based  
21 program, because client accountability and relationship with  
22 buyer groups and local institutions is going to be better in  
23 general with a community based program.

24 MR. LYONS: I would strongly urge the Board not  
25 adopt that language. I think it does the very thing that we

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1 were attempting to do away with. The other thing is there  
2 are economic consequences to narrowing in, in terms of  
3 buyers, with local programs in existence, where you might have  
4 one program county by county already in existence. That is  
5 going to have tremendous economic consequences to the  
6 Corporation, if in fact there is a preference, and we have  
7 to fund each one of those individually, without any  
8 consideration of the economic consequences, and without going  
9 in and defining the preferences that we tried to do away with,  
10 in reworking this interim directive.

11 MR. STOPHEL: He said with all other factors being  
12 equal. Are you not reversing the discrimination you have  
13 suffered in the past in some of these areas?

14 MR. LYONS: I think the goal to have a neutral  
15 policy based on some of the factors that would go to quality,  
16 economics, and all of the things, I did not understand the  
17 goal was to reverse what was considered a bias in the past.

18 MR. KUTAK: Clint refreshes my recollection. I  
19 must say, Madame Chairman, that I had forgotten the point in  
20 all candor, and we did discuss this and we did support the  
21 view that was urged, that it be neutral.

22 MR. ENGELBERG: Actually, the Committee went a  
23 long way from meeting what I think was Roger's valid concern  
24 to remove the preference which as I recall was in the original  
25 guidelines.

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1 MR. CRAMTON: The preference the other way.

2 MR. ENGELBERG: I completely agree with that, and  
3 I assume the staff will accept and follow that.

4 I would like to see as best as you humanly can,  
5 Roger, as anybody can, to be objective about it. It seems  
6 to be that there should not be a preference one way or the  
7 other, and certainly not a preference for existing programs.

8 MR. KUTAK: Unless you make it in the form of a  
9 motion, I will not accept it.

10 MR. CRAMTON: I will make it in the form of a  
11 motion in part because I think this program started as a  
12 community based program, and in general, there is a lot to  
13 be said for the community based organizations delivering the  
14 service to the poor people in their area. That can be  
15 overridden for good reason because of the expertise of  
16 an organization that covers a very large area, if appropriate  
17 controls are made for client participation and contact of  
18 local organizations and the like.

19 If all the things are equal in terms of the quality  
20 of the people, the staffing, the economies of scale and so  
21 on, I think there ought to be a bias in favor of the community  
22 based program. That is all I am asking.

23 I will make it in the form of a motion.

24 MR. STOPHEL: Seconded.

25 CHAIRMAN RODHAM: The motion has been made and

1 seconded. Is there any further discussion?

2 MR. TRUDELL: I would like to comment. I think  
3 that is a good suggestion, Roger, because in this situation,  
4 they are kind of between a rock and a hard spot. The  
5 announcement that went out to South Dakota, the fact that  
6 South Dakota Legal Services services both Indians and  
7 non-Indians, the program there, I guess, got word that the  
8 Chicago region is requesting proposals in South Dakota, and  
9 I guess there is a group near South Dakota where South  
10 Dakota Legal Services has an office nearby, and there is a  
11 lot of racial tension.

12 The fact that they were not notified, there is a  
13 possibility that this organization may end up receiving some  
14 money for expansion of services.

15 Then you take the Arizona situation where they  
16 have really been trying to expand through the Papago  
17 reservation. The latest I have heard is since Papago is not  
18 able to get the job done, they may go through some other unit,  
19 and it raises the question in terms of accountability within  
20 the community and the community really being able to control  
21 whatever resources that are earmarked for those communities.

22 If it does nothing more than to give them the  
23 feeling that they do have a chance of controlling their own  
24 program, if the program is set up for them, it is subject to  
25 interpretation.

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1 MR. KUTAK: We are publishing this for comment.  
2 Your Committee will be wide open with respect to all of the  
3 comments and discussions. I really almost am moved to  
4 reconsider my position and say, let's put it in simply because  
5 we need to ventilate this issue, if it has this much  
6 discussion of the Board, I want to have a lot of discussion  
7 in the field.

8 MR. ENGELBERG: I really just want to speak against  
9 it one more time. Dick, I understand your concern, and again  
10 I share completely Roger's first argument, which is to  
11 eliminate any bias for existing programs, but I do feel that  
12 we are creating, if it is subsequently adopted, I do  
13 see that we are creating legal problems for the Corporation,  
14 and by being forced to fund programs, even though the staff  
15 could say, all things being equal, the community based  
16 program is not better.

17 I am thinking frankly of situations in some parts  
18 of the country where you have fairly conservative legal aid,  
19 existing legal aid programs that really do not share the  
20 existing philosophy of most Legal Services programs, that is,  
21 they are relatively unaggressive programs who do not believe  
22 in trying in a complete way to represent a client, just in a  
23 different style of representation.

24 I think what you are going to end up doing is  
25 creating situations where you are going to force the

66  
1 Corporation to fund those programs when a better, maybe not  
2 as much a community based, but a much better program with  
3 active community involvement is available.

4 I really think we could be creating some problems.

5 MR. ORTIQUE: I wanted to know why doesn't Roger  
6 write a brief and send it into the Committee instead of  
7 changing the recommendation?

8 MR. KUTAK: I just hope we will be as open at our  
9 next Committee meeting.

10 MR. CRAMTON: Because the Board is supposed to  
11 express its good judgment on regulations before they are  
12 published for comment. In fact, once the regulations have  
13 been published for notice and comment, there is great  
14 reluctance after that to reconsider and change them. It has  
15 been done occasionally, but the tendency of things is to  
16 harden them into concrete.

17 CHAIRMAN RODHAM: The question has been called  
18 and seconded. All in favor of Roger's amendment to the motion,  
19 please signify by saying aye.

20 [Chorus of ayes.]

21 CHAIRMAN RODHAM: All opposed?

22 [Chorus of nays.]

23 CHAIRMAN RODHAM: All in favor, please raise your  
24 hand.

25 [Show of hands.]

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1 CHAIRMAN RODHAM: Ms. Worthy, Mr. Cramton,  
2 Mr. Stophel, Mr. Trudell, Mr. Broughton.

3 All those opposed?

4 [Show of hands.]

5 CHAIRMAN RODHAM: Ms. Esquer, Ms. Rodham,  
6 Mr. Ortique, Mr. Engelberg, and Mr. Kutak.

7 MR. CRAMTON: Was it 5 to 5? I guess we publish  
8 it with brackets then.

9 [Laughter.]

10 MR. KUTAK: I want to hear some comment on the  
11 subject. I do not think I can come back to you knowing  
12 it was that kind of discussion with that kind of feeling.

13 MR. ENGELBERG: In the prefix, can't we simply say  
14 that the Committee did away with the preference, and that  
15 some Board members felt strongly, et cetera. I think it is  
16 less confusing.

17 Is that all right with you, Roger?

18 MR. CRAMTON: Yes.

19 MR. KUTAK: Madame Chairman, that completes the  
20 report. I still say that I have a pledge to this Board that  
21 at some time before we die or shortly thereafter, I will  
22 have back to you a set of regulations in their final form.

23 CHAIRMAN RODHAM: We have not voted on the main  
24 motion. All those in favor of the main motion, please  
25 signify by saying aye.

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1 [Chorus of ayes.]

2 CHAIRMAN RODHAM: All those opposed?

3 [No response.]

4 CHAIRMAN RODHAM: Unanimous.

5 Here is a question for the Board. We have left  
6 on agenda, another one of Dick Trudell's consent items,  
7 that of the Committee on Personnel report, and a report  
8 from the President on the Next Steps process which involves  
9 Book II.

10 It has been suggested that we go ahead and finish  
11 the Personnel Committee report, which will be very short,  
12 and in reality, the Next Steps process book, which some  
13 people have told me they have not had a chance to review,  
14 would be more fruitfully discussed at the next meeting and  
15 carried out into the retreat that we are planning for the  
16 end of January.

17 It is really the pleasure of the Board, do we go  
18 ahead and try to finish the Personnel Committee report and  
19 a brief statement by the President as to what the Book II  
20 contains, and the Next Steps process, and a discussion of  
21 future meeting dates, or, do we meet tomorrow and take up  
22 those matters separately?

23 MR. KUTAK: My preference would be that we complete  
24 it tonight.

25 MR. CRAMTON: At 5:00, I was in favor of adjourning

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1 and starting tomorrow morning, but once we have now gone  
2 to 7:45 p.m., I would rather put in another 20 minutes and  
3 finish rather than come back tomorrow morning.

4 CHAIRMAN RODHAM: The Personnel Committee report,  
5 Mr. Ehrlich, are you going to make that, or is Ms. Worthy?

6 Ms. Worthy, if you would, please.

7 COMMITTEE ON PERSONNEL AND FACILITIES

8 CONSULTATION ON STAFF SALARY ADJUSTMENTS  
9 AND COMPENSATION OF CORPORATION OFFICERS

10 MR. EHRLICH: It calls for two report items,  
11 and one action item which is the outside compensation  
12 of Corporation officers.

13 MS. WORTHY: I did not know I was going to be  
14 doing this, I thought Mr. Trudell would.

15 The minutes reflect that we received the budget  
16 or the compensation for the Corporation officers. As you  
17 can see on page 163, that is what the President proposes,  
18 and I think maybe we can talk about that.

19 MR. EHRLICH: First, we provided the Personnel  
20 Procedures Manual. We have extra copies of that. It is in  
21 a looseleaf draft form and will stay that way, and we will  
22 operate under it, but always with the realization that  
23 improvements can be made.

24 The Committee has now seen pieces of it on two  
25 separate Board occasions, and we reported on the staff

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1 salary adjustments and consulted on the compensation of  
2 Corporation officers, as stated on page 163.

3 MS. WORTHY: Perhaps I should talk about that.

4 We voted on the fact that Mr. Walters is planning  
5 on doing some work outside of the Corporation. We felt  
6 it was not time consuming as far as the Corporation was  
7 concerned that he could do that and still give the time to  
8 us that we really needed from him. From what I understand,  
9 it is just on a part-time basis.

10 Am I right, Mr. President?

11 MR. EHRLICH: Yes. Steve will be teaching two  
12 hours a week on Wednesday afternoons, a seminar at the  
13 University of Pennsylvania. I am convinced that it will  
14 contribute in useful ways to the Corporation's enterprise  
15 and will not interfere with his responsibilities for the  
16 Corporation.

17 I can say that he has an enormous range of  
18 responsibilities for representing the Corporation in all of  
19 our administrative proceedings under Part 1606, which  
20 Mr. Kutak carefully read. He is lead counsel. He has done  
21 an enormous amount there. He has been lead counsel in a  
22 case in which the Corporation has been plaintiff and has done  
23 an enormous amount of other work for the Corporation.

24 It is not a 9:00 to 5:00 job every day. I am  
25 convinced this will in no way interfere and will indeed

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1 substantially contribute to his abilities to carry out that  
2 job.

3 MR. KUTAK: Do you want a motion?

4 MR. CRAMTON: I would move that the Board approve  
5 several items of compensation, Mr. Walters, the one item to  
6 Mr. Walters and the two items to Mr. Ehrlich mentioned on  
7 page 164 of the briefing part.

8 MR. KUTAK: Seconded.

9 CHAIRMAN RODHAM: Is there any further discussion?

10 MR. ORTIQUE: Yes, I would like to make sure that  
11 we include this item also, the business of review of  
12 salaries and so forth, in the report that we are going to  
13 get next month from the Personnel Committee. I am talking  
14 about in terms of review of salary structure.

15 We had arranged a salary structure where it  
16 appeared to be in some orderly fashion in terms of how the  
17 officers were related to other people, other senior staff  
18 people. I think because we have had some changes in  
19 positions, we have had some changes in that arrangement.

20 I am not trying to be negative about it, I just  
21 want to see how it looks.

22 CHAIRMAN RODHAM: All right.

23 MR. CRAMTON: Could we perhaps pass on a particular  
24 motion?

25 CHAIRMAN RODHAM: Mr. Ortique is asking that the

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1 outside compensation also be included in the report. Is that  
2 right?

3 MR. ENGELBERG: I will undertake to be sure that  
4 Al Thomas and I understand what it is that Mr. Ortique would  
5 like and try to be sure we provide it any way he wants it,  
6 as soon as we can.

7 MR. CRAMTON: I guess I am puzzled. It seems to me  
8 that the compensation of Corporation officers was considered  
9 by this Committee and is reported here. They in general  
10 approved this structure and arrangement. If we accept the  
11 Committee's report, that seems to me that it does it.

12 MR. ORTIQUE: I think a Board member can make a  
13 request to a Committee to do something, and if the Committee  
14 does not report it, they can tell me they do not want to  
15 report it. I will cross that bridge when I get to it.

16 CHAIRMAN RODHAM: Mr. Smith has already agreed to  
17 do so and Ms. Worthy has assured us it will be done.

18 Are we ready to vote on the two items of outside  
19 compensation?

20 Mr. Cramton?

21 MR. CRAMTON: It is actually three, one for  
22 Mr. Walters, and two for Mr. Ehrlich.

23 CHAIRMAN RODHAM: Any other comments?

24 [No response.]

25 CHAIRMAN RODHAM: All those in favor, please

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1 signify by saying aye.

2 [Chorus of ayes.]

3 CHAIRMAN RODHAM: All those opposed?

4 [No response.]

5 CHAIRMAN RODHAM: It is unanimous.

6 Is there anything further to report, Ms. Worthy?

7 MS. WORTHY: No.

8 MR. CRAMTON: I would like to repeat, because it  
9 is raised by the Personnel Committee report, the same point  
10 that I mentioned in the session earlier in connection with  
11 the budget. There is one area in which the Corporation  
12 could make a savings, by in general conforming in terms of  
13 its own internal staff arrangements for the next year to  
14 5.5 total salary increment for its own staff, and my  
15 understanding is what is contemplated is 5 percent for cost  
16 of living and three percent for merit or step increases, and  
17 that amounts to a total of 8 percent.

18 I am suggesting those two be rolled back to 5.5  
19 by whatever process the Corporation staff thinks is  
20 appropriate.

21 MR. STOPHEL: I agree.

22 MR. ORTIQUE: That is a suggestion and not a motion?

23 MR. CRAMTON: It is just something that seems to me  
24 would be very good public relations in terms of the Legal  
25 Services movement, that there has been a great deal of

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1 concern about this matter, and if we think that 5.5 is an  
2 appropriate cost of living request for them, and that  
3 includes both inflation and merit, then it seems to me that  
4 the 5.5 is appropriate for the Corporation as well. It is  
5 a good standard to set, and that we live by the standard rule  
6 we set for them.

7 MR. TRUDELL: Roger, I think we have discussed  
8 that once before. I guess what I hear, both you and Revius  
9 saying, Revius would like to see the salary schedule discussed  
10 again in light of added responsibilities or what have you,  
11 various senior staff members, and you are concerned about  
12 the cost of living raise as well as the merit raises.

13 It sounds to me like you want to reexamine the  
14 whole thing again. If that is the request, then we can  
15 convey that to Glee and let that Committee discuss both  
16 items again and report back to the Board.

17 MR. CRAMTON: The problem with that is they have  
18 considered it and they have reported something which  
19 essentially says 8 percent, 5 percent for cost of living  
20 and 3 percent for merit raises. In order for a change to  
21 come about, it has to be the Board that does it and not the  
22 Committee. The Board has to overrule the Committee.

23 MR. EHRLICH: I assure you we will look very hard,  
24 as we have in the past, at salaries. I do not think the  
25 salary schedule -- we do not say to any program, of course,

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1 you must keep salaries within 5.5 percent. We give them a  
2 total amount.

3 We will do the best we can, given the total amount.  
4 We know about the salaries, you also know, and of course, this  
5 is a lower level than the Federal Government has, which  
6 includes, of course, both the percentage increase and step  
7 increases. If we look at those very carefully, I hear your  
8 words, we will try doubly hard and I will ask Mr. Thomas to  
9 make sure we do look at the step increases.

10 I think this degree of flexibility is needed in  
11 order to run the operation that we have.

12 MR. ORTIQUE: I certainly agree with that position,  
13 that the Corporation, as well as the local programs, have  
14 that option. Our local board certainly has increased  
15 salaries beyond five percent, particularly those people who  
16 continue with the programs, who get to be senior attorneys,  
17 and they get above what the Corporation allows. I think  
18 that is in the discretion of every local program.

19 I think the President of this Corporation ought to  
20 have some ways to award persons who are entitled to those  
21 awards.

22 MR. CRAMTON: That is not the issue. We are  
23 talking about the money available in a total pool. Of  
24 course, the President can give a particular individual a 25  
25 percent increase, based on merit, because he has to keep him

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1 or whatever. The point is, is it an 8 percent pool for  
2 all salaries, or is it a 5.5 percent pool?

3 The programs are stuck with a 5.5 percent pool.  
4 You say they can fire all their secretaries and increase the  
5 lawyers' salaries, or they can have six lawyers instead of  
6 eight and pay them more, of course, but if they want to  
7 continue at the same level, they are stuck with the 5.5  
8 on the average. Some increases may be less and some may be  
9 more. That is the only point I am making.

10 I am not making it in the form of a motion, I am  
11 just strongly urging the President to consider it in terms  
12 of the budget process.

13 MR. EHRLICH: I will consider it strongly.

14 MR. ORTIQUE: I thought you made that same point  
15 that you did not want us to be saddled with giving everybody  
16 an automatic increase.

17 MR. CRAMTON: I would leave it up to the staff as  
18 to how much of it is automatic in terms of cost of living,  
19 and how much is merit, but that the total pool that is  
20 available for both of those be 5.5 percent of the salary  
21 lines, and not eight percent of the salary lines. That is  
22 the point.

23 CHAIRMAN RODHAM: I think we will be sure to take  
24 that into account and will have a report coming to the  
25 Committee.

177 1 Mr. Ehrlich, would you like to say something  
2 briefly about the next item on the agenda?

3 THE NEXT STEPS PROCESS

4 MR. EHRLICH: The next item is all of Book II. It  
5 is the future of the Corporation. It is not something that I  
6 expected in a day or half a day, that we could discuss.  
7 Informal discussion with members of the Board from time to  
8 time has indicated that I am going to suggest at some point  
9 the Board have a retreat in which they can look at longer  
10 term objectives without a fixed agenda of specific items.

11 I do say this is intended as a planning document.  
12 It is not a blueprint. It is a planning document of  
13 directions.

14 The Board has been clear in the past in saying,  
15 here are some directions that we think you have to go to,  
16 and here are some others that we think you should not go to,  
17 and there are some inevitably that you cannot cover, but I  
18 do hope that it is clear that we view this as the basic  
19 planning documents, subject to your policy directions in  
20 particular areas.

21 My own hope would be as you read and reflect on  
22 these, which resulted, of course, from the Next Steps process  
23 and the meetings we had over the course of the summer, and  
24 the task force groups, the special groups of support in other  
25 areas, that we get as fully as possible policy guidance,

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1 because it is the future of the Corporation.

2 CHAIRMAN RODHAM: Might I also suggest that one  
3 of the things that all of the Board members should do, if  
4 at all possible, to go through this Book II as carefully as  
5 we are able, and to come up with list of questions and ideas,  
6 comments, criticisms, advice, and whatever the reaction may  
7 be that we have to the particular items that are being  
8 proposed and suggested, so that we do not just put the  
9 burden on the Provision Committee, or any other one  
10 committee to then come back and explain to all of us what  
11 this document says, so that we then can engage in discussion  
12 with the staff.

13 By the December Board meeting, each one of us will  
14 have some ideas so we can go into a little more depth, since  
15 this is the beginning of a very important process for us, and  
16 each one of us should take that responsibility and if  
17 possible, circulate ideas to the staff or to one another  
18 before the Board meeting so we can go into as much depth,  
19 with as much sophistication as we are able to muster at that  
20 time.

#### 21 FUTURE MEETING DATES

22 CHAIRMAN RODHAM: The final item on the agenda is  
23 Board meetings. We are currently scheduled for December 1  
24 and 2, which is a Friday and a Saturday.

25 Lee Smith asked if there would be any chance that

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1 we could meet instead on November 30th and December 1st,  
2 which is a Thursday and Friday, scheduled in Washington.

3 MR. STOPHEL: I have a conflict with both the  
4 30th and the 1st. I had planned to split my stay out of here.

5 CHAIRMAN RODHAM: The other alternative that Lee  
6 suggested is December 8th and 9th.

7 MR. ORTIQUE: I would prefer the dates that we  
8 already have.

9 CHAIRMAN RODHAM: We will go with December 1st and  
10 2nd, 1978, Friday and Saturday, here in Washington.

11 The next meeting is scheduled for March 1st and  
12 2nd, 1979, which is a Thursday and a Friday. Is there a  
13 place set for that?

14 MR. EHRLICH: No, but it is the first meeting at  
15 which new Board members come.

16 MR. EHRLICH: My best guess now is an one day  
17 meeting. I think it will be mainly appropriations.

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18 What about just the 7th?

19 CHAIRMAN RODHAM: Let's circulate these dates and  
20 get everybody's reactions and suggestions so we can  
21 finalize this, and also some dates for this retreat the last  
22 weekend in January or first weekend in February.

23 MR. CRAMTON: I was thinking about Friday and  
24 Saturday, January 26th and 27th.

25 CHAIRMAN RODHAM: Why don't we tentatively set

30 1 that and see if we can find accommodations?

2 MR. KUTAK: Where would it be, Santa Barbara?

3 CHAIRMAN RODHAM: We should probably move west  
4 for Cecilia and Dick.

5 MR. TRUDELL: Let's leave the March meeting open  
6 until December.

7 CHAIRMAN RODHAM: We stand adjourned.

8 [Whereupon, the meeting was adjourned at 8:03 p.m.]

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