

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

MEETING OF THE BOARD

OPEN SESSION

Monday, March 10, 2003

2:00 p.m.

Via Conference Call
Room 11026
750 First Street, N.E.
Washington, D.C.

BOARD MEMBERS PRESENT:

Douglas S. Eakeley, Chairman
LaVeeda Morgan Battle
Hewlett H. Askew
John T. Broderick, Jr.
John N. Erlenborn (attending as Director and President)
Edna Fairbanks-Williams
F. William McCalpin
Maria Luisa Mercado
Thomas F. Smegal, Jr.
Ernestine P. Watlington

STAFF AND PUBLIC PRESENT:

Victor M. Fortuno, Vice President for Legal Affairs,
General Counsel & Corporate Secretary

Randi Youells, Vice President for Programs

Mauricio Vivero, Vice President for Government
Relations & Public Affairs

John Eidleman, Deputy Director for Programs

Leonard Koczur, Acting Inspector General

Laurie Tarantowicz, Assistant Inspector General and
Legal Counsel

David L. Richardson, Acting Vice President for
Administration, Treasurer, and Comptroller

Julie Clark, Vice President for Government Relations,
National Legal Aid and Defenders Association

Don Saunders, Director for Civil Legal Services,
National Legal Aid and Defenders Association

Linda Perle, Senior Attorney, Center for Law and Social
Policy

Patricia Batie, FOIA Liaison

Lisa Rosenberg, Congressional Liaison

Elizabeth Cushing, Board Liaison

Michael McKay, McKay Chadwell (Nominee)

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

2 CHAIRMAN EAKELEY: We have a quorum, and
3 everyone who said she was going to call in has called
4 in. So I would like to call the meeting to order.

5 You have the proposed agenda. Are there any
6 modifications to be made to that agenda?

7 M O T I O N

8 MR. SMEGAL: I move the adoption of the
9 agenda.

10 CHAIRMAN EAKELEY: We should -- this is Doug
11 Eakeley, and we should probably mention your name
12 before you speak so that we have a better record.

13 MR. SMEGAL: Tom Smegal.

14 CHAIRMAN EAKELEY: Tom Smegal moved the
15 approval of the agenda.

16 MS. WATLINGTON: And Ernestine seconded.

17 CHAIRMAN EAKELEY: Any discussion?

18 (No response.)

19 CHAIRMAN EAKELEY: All those in favor say aye.

20 (A chorus of ayes.)

21 CHAIRMAN EAKELEY: Any opposed?

1 (No response.)

2 CHAIRMAN EAKELEY: Abstentions?

3 (No response.)

4 CHAIRMAN EAKELEY: The agenda is approved.

5 Really, the only matters on the agenda are to
6 consider and act on adjustments to our FY '04 budget
7 request, and related to that, consider and act on
8 authorizing the president and chairman to discuss with
9 the OMB our budget request.

10 You recall that we had been -- it had been
11 suggested that we go in at a flat funding level, and
12 that initially that is what we had proposed. However,
13 we were very fortunate in obtaining an increase in
14 funding to offset losses due to the census to a number
15 of states that amounts to \$9.5 million.

16 That left us in an anomalous position of
17 requesting 329 million as our budget mark when our
18 current appropriation is \$338,848,000.

19 THE OPERATOR: Excuse me. Maria Mercado
20 joins.

21 MS. MERCADO: Hello.

1 CHAIRMAN EAKELEY: Hello, Maria. Maria,
2 welcome.

3 MS. MERCADO: Thank you. How are you?

4 CHAIRMAN EAKELEY: Fine, thanks. I was just
5 sort of going through what it is we are convened to do.
6 And basically, what we are looking for is
7 authorization to increase our FY 2004 budget request.

8 The materials that were sent out last week in
9 advance of the meeting suggested a proposed budget
10 request of \$350 million and a proposed breakdown or
11 allocation of that amount to program services to
12 clients, technology grants, census adjustment,
13 management and administration, and office of inspector
14 general.

15 I have had discussions with John Erlenborn and
16 Nancy Rogers and Mauricio Vivero on the allocations
17 within the overall budget request, and I should
18 disclose that I am strongly inclined to make certain
19 recommend reallocations within these categories to the
20 extent we can to minimize the increase in the M&A line
21 and to maximize the amounts going to the field, either

1 through program services or by technology grants.

2 We are not quite there yet, but all we are
3 doing today is approving the aggregate budget request
4 and not the allocation within it. That will require
5 more formal presentation and development with the
6 finance committee.

7 But on the budget request at 350 million, I
8 did have a question I wanted to ask John Erlenborn and
9 Mauricio. If the overall spending limit the President
10 proposes is 4.1 percent, is there any inclination or --
11 why not ask for the million and a half or so more than
12 350 million, which would still keep us at or less than
13 4.1 percent?

14 MR. VIVERO: Well, the reason we have
15 structured it at 350 is because we are using a 5.74
16 figure in terms of the field line item increase. If
17 you take that and combine it with the technology
18 grants, being at, say, 3.4 million if you were to
19 increase it, that would require that any additional
20 increase would go to management or the census line
21 items. And I don't think there is agreement to

1 increase those.

2 We could increase the field line item to a
3 number that gets us closer to the 4 percent. Very glad
4 to do that. We were being conservative, and we made
5 the increase reflect exactly the percent increase in
6 poverty population since 1990.

7 MR. McCALPIN: Somebody give me an arithmetic
8 lesson. If I look at the 2003 appropriation of 338.8
9 and add 4.1 percent to that, I get -- oh, 4.1. I had
10 1.4.

11 MR. SMEGAL: You get 351 million, Bill, which
12 is what Doug was saying.

13 MR. McCALPIN: Okay. All right. I'm sorry.
14 I transposed the figures.

15 MR. VIVERO: So the short answer, Doug, to
16 your question is we could easily increase the field
17 line item to get the total number closer to 4 percent.

18 But we were being conservative, and we are basing that
19 increase on the exact percent of poverty population
20 increase since 1990.

21 MR. SMEGAL: You are saying you got 19.5 in

1 there or 19? What are you saying, Mauricio?

2 MR. VIVERO: We're going from 300 --

3 MR. SMEGAL: You're going from 310 to 330?

4 MR. VIVERO: 327. 310 to 327. We are going
5 from 310 million to 327 million.

6 MR. SMEGAL: Right.

7 MR. VIVERO: That is a 5.7 percent increase.

8 MR. SMEGAL: Right. I see that.

9 MR. VIVERO: And that is also the percent
10 increase of the population of poor people in the U.S.
11 since 1990 to now, the increase in that poverty
12 statistic.

13 MR. SMEGAL: Between '90 and 2000, that
14 poverty statistic went up 5.74 percent?

15 MR. VIVERO: Yes. Of people eligible for our
16 services. So it is a, I think, well-grounded and
17 conservative reason to ask for the increase. But as
18 Mr. Eakeley said, we could certainly increase it more
19 so that the total increase is closer to the 4 percent
20 target number.

21 MS. WATLINGTON: But what are our chances, the

1 likelihood of getting this increase without trying to
2 go more? We have a better chance maybe of trying to
3 get this increase than more?

4 MR. VIVERO: It is very hard to tell. But I
5 think the more conservative you are, the better your
6 chances in terms of ultimate victory.

7 MS. WATLINGTON: That is what I was thinking.

8 MR. SMEGAL: Mauricio, this is Smegal again.
9 Can I have an understanding of why the 9.5 census
10 adjustment is 3.167?

11 MR. VIVERO: Okay. That is -- as you know,
12 last year in our '03 request, we did not ask for any
13 money to deal with the census problem. Our advocates
14 on the Hill did request an amount and received 9.5
15 million.

16 We have had -- or I have had many
17 conversations with people in the Congress, and the
18 recommendation is that we as an agency should also
19 request an amount for this particular problem for one
20 more year. And we used as a target one-third of last
21 year's -- or this year's appropriated figure.

1 Even if we didn't request this, I think there
2 would still be some action on the Hill by our both
3 Republican and Democratic supporters to try and help
4 these programs that were hurt by the census shift. And
5 their recommendation to us, which we have incorporated
6 into the request, is that we as the agency make a one-
7 time final adjustment request to continue to help our
8 programs transition into their new funding dollars,
9 which reflect the new census numbers.

10 CHAIRMAN EAKELEY: But Mauricio, why not cut
11 it by 50 percent instead of by 66.66 percent?

12 MR. SMEGAL: Or one-third, for example?

13 CHAIRMAN EAKELEY: Yes. Or one-third?

14 MR. VIVERO: Well, again, we were being
15 conservative. There is no consensus among all of the
16 people who represent interests on the Hill, so we had
17 to make a decision. This is a conservative estimate,
18 but there is, I feel -- we're getting signals that we
19 should try to address this again and seek money to help
20 these programs.

21 MR. SMEGAL: What about -- those who were

1 arguing for this were arguing, actually, for 19 million
2 and got nine and a half. Why would we not want to try
3 to put in our budget nine and a half? We had nothing
4 in it last year. Congress has already approved nine
5 and a half, and that's a number that they are familiar
6 with.

7 MR. VIVERO: Yes. Those folks that are going
8 to advocate for us again have not decided what the
9 number will be. I suspect they will go back and ask
10 for the other half. Sometimes it's more strategic to
11 have your number be a floor and let others advocate for
12 the higher number. But again, that's just a strategy
13 question.

14 CHAIRMAN EAKELEY: And part of the
15 consequences to that strategy could be that if the
16 people in the affected states succeed in increasing the
17 appropriation for their states, there may be less
18 available to go to -- by way of field grants in program
19 services to clients.

20 MR. VIVERO: Exactly.

21 MR. McCALPIN: It seems to me that if we only

1 ask for three million, the answer is going to be, well,
2 if that's all they're asking for, that's all we'll give
3 them.

4 MR. SMEGAL: That's all we're going to give
5 them.

6 MS. BATTLE: Well, actually, Doug's suggestion
7 that we at least -- and structure it in a way,
8 Mauricio, that you think from an argument standpoint of
9 view strengthens our position. But it seems to me at a
10 minimum, going for the 4 or the 4.1 in our figure gives
11 us a little bit more wiggle room. We're not going to
12 get more than what we ask for.

13 MR. McCALPIN: I think that's right.

14 MS. MERCADO: I agree. I think we ought to
15 do, as a minimum, the 4.1.

16 MR. VIVERO: We can clearly do that, although
17 just let me -- and I'm, you know, glad to rework
18 numbers. The reason we didn't want to go all the way
19 to 4.1 is because the President's recommendation for us
20 is zero percent increase. And so instead of going with
21 his -- what the approved average is, he's already made

1 a decision in terms of our budget line, which is we
2 have a zero increase in '04.

3 It's very simple to add money to the field and
4 bring it to 4 percent if that's your desire. But that
5 was our thinking.

6 MR. McCALPIN: I think if you bring it up to
7 4.1, I'd put it in as a census adjustment.

8 MR. VIVERO: Okay. Whatever your consensus
9 is, we will --

10 MS. WATLINGTON: Well, we have kind of like
11 a -- everyone is agreeing. I kind of like it the way
12 it is. I think one time when you can get one more and
13 end up losing more -- I just -- I think what we have is
14 adequate. I mean, it's not adequate, but the
15 thinking -- you've got to be looking ahead, what's
16 ahead and where their concerns are going to be. And
17 it's not going to be legal services programs.

18 MR. McCALPIN: I don't think that asking for
19 another 2 or \$3 million is going to have much effect
20 one way or another with a \$300 million piece in a
21 trillion-dollar budget.

1 CHAIRMAN EAKELEY: It's actually -- if we did
2 it -- if we took a 4 percent increase of the -- from
3 the current appropriation, that yields 13,554,000, I
4 think. Just correct -- somebody check me on the math.

5 But that would basically bring us up to 352 -- come
6 on, Nancy. You're head of the finance committee.

7 MR. McCALPIN: 352.352. 352.352.

8 MR. VIVERO: Roughly, yes. It's only a couple
9 million more.

10 CHAIRMAN EAKELEY: Yes. This is where -- this
11 would be my inclination. My inclination is to keep
12 technology -- we cut technology grants by a million
13 last year. I would prefer not to see them cut again.
14 I'd like to keep them in at 3.4.

15 I'd like to sweeten the census adjustment, if
16 we could, without impairing our political credibility
17 with the White House. I think we can take a close look
18 at the M&A line and try and shrink that increase. I
19 know we've got moving expenses this year that will
20 create a particular bullet, but I think we can squeeze
21 some of the increase of the management and

1 administration line out.

2 And if we added a couple of million to this, I
3 think that that would give us a -- significantly more
4 for the field in a couple of categories.

5 MS. MERCADO: Especially when both Congress
6 and we as a board have said that we are going to
7 prioritize and do innovative legal services. And then
8 we end up cutting the technology grants in the two-year
9 period almost in half.

10 CHAIRMAN EAKELEY: Yes. Tom, were you going
11 to add something?

12 MR. SMEGAL: This is Smegal. I think the move
13 expenses are in fiscal year 2003, Doug.

14 CHAIRMAN EAKELEY: Say it again?

15 MR. SMEGAL: The moving expenses that you
16 referenced are in fiscal year 2003.

17 CHAIRMAN EAKELEY: Are they? Okay. I
18 don't -- we don't have the -- I don't have any breakout
19 of M&A yet. But the finance committee is going to be
20 getting to that.

21 MS. ROGERS: Yes. I want to be sure that we

1 can because I know the next item on the agenda is to
2 begin negotiating, and I assume you negotiate with it
3 brokered down like this.

4 Is there time for a finance committee meeting
5 before you begin that negotiation process?

6 MR. VIVERO: Well, actually, the negotiation
7 part with OMB does not require M&A breakdown.

8 MS. ROGERS: Okay. What's the deadline for
9 that, Mauricio?

10 MR. VIVERO: Well, it's a little generous to
11 call it a negotiation. They've already made their
12 request. I think what we're going to do is if the
13 board adopts a higher figure than they have approved,
14 my recommendation is that we just provide them notice
15 that we are going to be going to Congress and asking
16 for more money. It's not really negotiation. They are
17 not, I believe, going to amend their request at this
18 late date.

19 MR. McCALPIN: Who are we talking about,
20 "they"?

21 MR. VIVERO: OMB.

1 MR. McCALPIN: OMB?

2 MR. VIVERO: Yes.

3 MR. McCALPIN: And they have approved what?

4 MR. VIVERO: They already have submitted and
5 approved their number for our request for '04.

6 CHAIRMAN EAKELEY: 329,300,000.

7 MR. VIVERO: Right.

8 MS. ROGERS: Yes. What's the deadline for
9 submitting it, or what's the deadline for you needing
10 to know how the board would like to allocate among
11 these categories?

12 MR. VIVERO: Fairly soon. Within the next
13 week or so. I mean, I think our hope was that you
14 reached agreement on the total figure, say the 352
15 million we've discussed, and that you would let
16 management work with the president, the chairman, and
17 the finance committee chair to reach accord on the line
18 items.

19 M O T I O N

20 MR. McCALPIN: Doug, I'll move a 4 percent
21 increase overall to 352,352,000.

1 CHAIRMAN EAKELEY: That was Mr. McCalpin.

2 MR. SMEGAL: Smegal seconds.

3 MS. BATTLE: I'll second. I'm sorry. This is
4 LaVeeda Battle.

5 CHAIRMAN EAKELEY: Who seconded?

6 MS. BATTLE: I did, LaVeeda.

7 CHAIRMAN EAKELEY: Okay. Is there any further
8 discussion or any further -- or questions?

9 MS. MERCADO: Just a clarification. Was that
10 based on a 4.0 or a 4.1?

11 MR. McCALPIN: 4.0.

12 CHAIRMAN EAKELEY: We're under the 4.1.

13 MS. MERCADO: Yes.

14 CHAIRMAN EAKELEY: Any further discussion?

15 MR. SMEGAL: And it's spinning off of the
16 338.8, Maria Luisa.

17 MR. McCALPIN: Yes. That's 4 percent above
18 338.8.

19 MS. MERCADO: Okay.

20 CHAIRMAN EAKELEY: Hearing no further
21 discussion, all those in favor say aye.

1 (A chorus of ayes.)

2 CHAIRMAN EAKELEY: Opposed?

3 (No response.)

4 CHAIRMAN EAKELEY: Abstained?

5 (No response.)

6 CHAIRMAN EAKELEY: Thank you.

7 MS. ROGERS: Doug, I would -- it sounds like
8 there's not going to be time for a finance committee
9 recommendation to the full board before it matters.

10 CHAIRMAN EAKELEY: Well, I think what we do,
11 Nancy, instead is go with agenda item 3, consider and
12 act on authorizing the LSC president and chairman to
13 discuss and negotiate regarding the budget request.

14 I think what we should do is probably modify
15 that or make it understood that you and I and John
16 Erlenborn, with the other management, will be looking
17 at these line items within the overall budget request,
18 and I guess and seek -- the alternatives are that we
19 seek authorization to agree to the categories of
20 spending and the amounts for purposes of negotiation
21 with OMB. Alternatively, we can convene another

1 conference, if that's the pleasure of the board.

2 Again, my strong inclination is to do as I
3 have -- or suggest as I have already mentioned, namely,
4 keeping the technology grants up, increasing the census
5 adjustment, reducing the management and administration
6 line, all within the number that we have approved as
7 the overall budget request.

8 MR. SMEGAL: I'll make that --

9 MS. FAIRBANKS-WILLIAMS: I have a question.

10 MS. ROGERS: I have a question. I have a
11 counter-suggestion or a different suggestion.

12 CHAIRMAN EAKELEY: Sure.

13 MS. ROGERS: Since the agenda item included
14 approval of the subcategories, and you revised it
15 orally, saying you thought we only needed to approve
16 the total, it might be most efficient for us right now
17 as a committee as a whole to decide what our
18 inclination is on those categories. It may not be
19 possible for the committee to recommend -- have another
20 board meeting before it's necessary to know those
21 categories.

1 And it sounds like you have a strong policy view
2 that -- at least coming in, Doug, that management and
3 administration perhaps should be more even, and most of
4 the increase should go in the program services. And so
5 I think maybe a discussion of that is not out of order,
6 I don't think, because it is included in consider and
7 act on adjustments to the budget request.

8 CHAIRMAN EAKELEY: Sure.

9 MS. FAIRBANKS-WILLIAMS: On the question,
10 would our problems with the Human Services Council
11 there and paying these back people, would that make our
12 Office of Management and Budget bottom line a little
13 different?

14 MS. BATTLE: No. That's not an issue for
15 2004. And I guess my question is -- this is LaVeeda
16 Battle -- for 2004, what is the significant \$1.2
17 million difficult in broad terms between what our
18 FY 2003 budget appropriation was?

19 MR. RICHARDSON: This is Dave Richardson. The
20 majority of the increases is basically for salary
21 increases that were given last year and the projection

1 for next year. There's an additional \$300,000 in rent
2 in moving to Georgetown.

3 And there's some increases additional with
4 personnel compensation because we have a 26 percent
5 increase in health insurance that we're anticipating.
6 We've already got one this year, and we're anticipating
7 the same 25 to 26 percent increase next year, the
8 broker has told us. And that's even with bidding it
9 out, trying to go to another company. It's just
10 mushrooming.

11 The rest of the spending is pretty much level.

12 MS. BATTLE: Okay. That's helpful for me, at
13 least.

14 MR. McCALPIN: This is Bill McCalpin. I'm not
15 sure that we can explore all of these different items.

16 But I think, one, since there is apparently some
17 desire or movement on the Hill to take care of the
18 census adjustment, it seems to me we would be well
19 advised to play into that.

20 Secondly, I guess I don't understand what are
21 the remaining needs in the technology area, what we

1 have done, what needs to be done. I can't evaluate
2 whether it's important to beef that up or not.

3 CHAIRMAN EAKELEY: Randi, do you want to
4 address that latter point?

5 MS. YOUELLS: Sure. I'd be glad to. Although
6 the technology grants have certainly put some dollars
7 in the hands of our programs and helped them do some
8 things in both your infrastructure and in delivery of
9 the services that have been important, last year we had
10 three times as many requests for funding as we were
11 able to fund. So we turned down two-thirds of the
12 proposals.

13 We expect this year -- our grant was cut, and
14 the amount that we are dealing with this year has been
15 cut a million dollars from last year. And we expect
16 again that there are going to be a lot of requests.

17 And they're all over the map, Bill. With a
18 lot of mergers going in, programs need to have dollars
19 in order to make sure that the infrastructures, the
20 technology infrastructures, are the same from office to
21 office. There is a huge emphasis on helping courts,

1 and our programs reach out to the self-represented
2 litigant.

3 More and more we're emphasizing making updated
4 materials multicultural and bilingual, and that's very
5 hard in order to get our programs to start taking all
6 of those materials they've developed in the last 30
7 years and translating them into the millions of
8 languages their clients speak.

9 So I am a person that thinks that the twp
10 million that's in is too low, for a lot of reasons.
11 You get four programs apply for \$500,000 grants in
12 order to complete infrastructure changes in their
13 merger, you've wiped that sum out.

14 CHAIRMAN EAKELEY: And it's an area that the
15 Congress has been willing to fund because they see
16 results.

17 MS. ROGERS: Just one thought, which is that
18 we're unlikely, I assume, to get any of these
19 increases. And they're needed in every category. Why
20 we need to increase the management and administration
21 line is very persuasive. My guess is that in the

1 field, medical costs are going up also, and that
2 they're facing some pretty bad situations as well.

3 It seems to me that we ought to propose
4 increases where it is most likely that we can get the
5 increases. And it's beginning to sound to me like
6 that's in program services, and that we ought to move
7 more -- a little out of management and administration
8 and into program services for that reason, not because
9 it's not -- not because we don't need it in the
10 management and administration, but because we're
11 unlikely to get it there and more likely to get it in
12 program services.

13 CHAIRMAN EAKELEY: Well, Nancy, OMB has
14 already more or less approved -- Mauricio, has OMB
15 approved the subcategories? Have they approved the
16 14.5 for management?

17 MR. VIVERO: Yes. The tricky part, there's an
18 odd overlay here. OMB has approved our 2004 request as
19 it was written last year. That includes 14.5 for M&A.
20 However, the total figure is 329.

21 CHAIRMAN EAKELEY: Right. I understand that.

1 I'm just -- I think it just sends the wrong message to
2 be increasing M&A again when the field gets no increase
3 or little increase or less increase.

4 And I'm also -- I mean, I do think that we
5 need to see how that M&A line breaks out in terms --
6 and compared with the priorities that the board has set
7 for the policy direction of the Corporation.

8 And I'm -- maybe I'm just unduly optimistic,
9 but I think that we may be able to reduce the M&A
10 increase without cutting into bone or causing internal
11 hemorrhaging. But this is not something we can explore
12 and decide in the course of a single conference call,
13 which was the idea behind seeking your authorization to
14 try and let me work with the president and the finance
15 committee chair and Mauricio to see whether we can come
16 up with a somewhat modified reallocation of spending
17 within the categories subject to this overall budget
18 request that we've now approved.

19 M O T I O N

20 MR. SMEGAL: Doug, and I'd like to try to make
21 that motion for you. This is Smegal.

1 MR. McCALPIN: Second. McCalpin.

2 CHAIRMAN EAKELEY: Is there any further
3 discussion, or would someone like me to restate the
4 motion, or --

5 (Laughter.)

6 MS. MERCADO: It's basically authorizing --

7 MR. McCALPIN: No. Have Smegal restate it.

8 MR. SMEGAL: What it says in agenda item
9 whatever it was, 3 or 4, with the addition of Nancy and
10 Mauricio.

11 CHAIRMAN EAKELEY: Right.

12 MR. McCALPIN: That's my second.

13 CHAIRMAN EAKELEY: Good.

14 MS. MERCADO: And that includes with the
15 policy of making sure that the budgetary increase that
16 we're asking for going primarily for programmatic
17 services out in the field. Right?

18 CHAIRMAN EAKELEY: Yes. Correct.

19 MR. ASKEW: Doug, when will we as a board have
20 the opportunity to look at the allocations within M&A
21 as opposed to the overall budget?

1 CHAIRMAN EAKELEY: Well, that's coming through
2 the finance committee, and I think the schedule was to
3 have that presented at the next finance committee
4 meeting.

5 MR. VIVERO: That's correct.

6 MR. ERLNBORN: It should be important to take
7 a look at M&A before anything binding is adopted.

8 CHAIRMAN EAKELEY: Yes. Agreed. I agree with
9 that, too.

10 MS. BATTLE: Is there a time frame before the
11 next board meeting that finance needs to breathe any
12 thoughts into this process, or are we just going to
13 wait until the next meeting?

14 CHAIRMAN EAKELEY: I don't know the answer to
15 that because we're talking about the next fiscal year.
16 So we're really -- it's July 1st -- it's October 1st.

17

18 MS. BATTLE: Okay.

19 CHAIRMAN EAKELEY: So we should have enough
20 time to consider this in the context of the next board
21 meeting, except we need to take an early look this week

1 to see what may be feasible in moving the numbers
2 around within the budget request.

3 MR. SMEGAL: Doug, I move the question.

4 CHAIRMAN EAKELEY: All right. All those in
5 favor of moving the question?

6 (A chorus of ayes.)

7 CHAIRMAN EAKELEY: All those opposed?

8 (No response.)

9 CHAIRMAN EAKELEY: Okay. All those in favor
10 of the motion?

11 (A chorus of ayes.)

12 CHAIRMAN EAKELEY: Opposed?

13 (No response.)

14 CHAIRMAN EAKELEY: Abstain?

15 (No response.)

16 CHAIRMAN EAKELEY: Do we have any other
17 business to consider and act upon?

18 MR. McCALPIN: Doug, let me ask you a question
19 based on something I saw recently. Are we abstaining
20 from any action on regulations as long as we're on
21 board?

1 CHAIRMAN EAKELEY: No, we are not, Bill. We
2 are in active consultation with members of Congress and
3 their staffs, and with the operations and regulations
4 committee.

5 MR. McCALPIN: Okay.

6 MR. ERLNBORN: And frankly, I don't think Jim
7 Sensenbrenner has very much behind him. It is pretty
8 much a staffer of his and Jim that are pushing this
9 thing, and the rest of the Congress really doesn't give
10 a damn.

11 MR. McCALPIN: I just wondered, in view of an
12 e-mail we got the other day.

13 CHAIRMAN EAKELEY: Yes. No, we're still -- I
14 think this is still under review. We have -- no final
15 or formal decision has been made. Everyone will be
16 advised when that happens. And it's relatively -- I
17 mean, I think we're relatively close to being in a
18 position to recommend what to do about this.

19 MS. BATTLE: One of the things -- this is
20 LaVeeda. One thing that you mentioned, Doug, was that
21 in looking at the management and administration budget,

1 we need to do some sort of evaluation of whether the
2 staff and its organization right now is in line with
3 what the board priorities are. Do you think that's an
4 operational or just a financial issue?

5 CHAIRMAN EAKELEY: That's a good question,
6 LaVeeda. It's primarily finance, but it's ultimately
7 overall operations.

8 MS. BATTLE: Yes.

9 CHAIRMAN EAKELEY: So, you know, and to a
10 certain extent it's even provisions. So it's really a
11 full board concern, ultimately. But it has to start
12 somewhere. And we had it go through the finance
13 committee. I mean, I think it's the appropriate place
14 to start.

15 MS. BATTLE: Okay. But we may need to give
16 some thought to at least being advised because there
17 are things going on all the time in between board
18 meetings that we're not aware of, and we don't know the
19 full -- I mean, we have presentations that are made
20 before various committees that are very specific to
21 those committees.

1 But I think it probably would be, in
2 conjunction with our look from a financial point of
3 view, a good time for us to step back and make sure
4 that all of the work is in line with --

5 CHAIRMAN EAKELEY: No. I think that's very
6 good. And I think what Nancy and David Richardson
7 contemplate is some -- a process that would identify
8 for the board some of the policy decisions implicit in
9 the budget-making.

10 CHAIRMAN EAKELEY: So I don't want to leave
11 the public comment out, either. But before we do that,
12 is there any other business that the board needs to
13 consider and act upon today?

14 (No response.)

15 CHAIRMAN EAKELEY: Hearing none, let's open it
16 up for public comment. Is there any comments?

17 MR. SMEGAL: No. This is Smegal. I'm going
18 to have to get off.

19 CHAIRMAN EAKELEY: Okay, Tom. Thank you very
20 much. Good luck in that rainy run down the slopes.

21 MR. SMEGAL: Hopefully it will turn to snow.

1 MR. SAUNDERS: Mr. Chairman, this is Don
2 Saunders with NLADA.

3 CHAIRMAN EAKELEY: Hello, Mr. Saunders.

4 MR. SAUNDERS: Hello. I wish Tom a good trip
5 down the slope.

6 Just very briefly, we provided testimony to
7 the board last August about budget request, and
8 certainly applauded your aggressive approach at 415.
9 We were not able, obviously, to participate in your
10 negotiations with OMB, and we have some thoughts about
11 that. And obviously, we understand the political
12 reality which led to the revisions. We also have some
13 ideas and positions about the questions of census and
14 distribution.

15 If it would be okay with the process here, I
16 think what we would suggest today is we would ask for
17 the opportunity in writing to comment upon the
18 discussion today and give you our thoughts in writing,
19 just so you can consider them as you revise --

20 CHAIRMAN EAKELEY: They would be welcome.

21 MR. SAUNDERS: Okay. Well, then, we'll do

1 that rather than raising the specifics this afternoon.

2 MR. McCALPIN: As I understand, you've got a
3 short time frame. Is that right?

4 CHAIRMAN EAKELEY: Right.

5 MR. McCALPIN: I thought I understood that it
6 was supposed to be decided this week.

7 CHAIRMAN EAKELEY: We want to get something in
8 by the end of the week. But they can -- I have every
9 confidence in NLADA getting those comments in to us in
10 writing in short order.

11 MR. SAUNDERS: We will turn them around very
12 quickly, Mr. Chairman.

13 CHAIRMAN EAKELEY: Any other public comment?

14 (No response.)

15 CHAIRMAN EAKELEY: Hearing none, is there a
16 motion to adjourn?

17 M O T I O N

18 MS. FAIRBANKS-WILLIAMS: So moved. Edna.

19 MS. WATLINGTON: Second. Ernestine.

20 CHAIRMAN EAKELEY: Is there any discussion?

21 (No response.)

