

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

OPEN SESSION

Monday, September 15, 2003

1:32 p.m.

The Melrose Hotel
2430 Pennsylvania Avenue, NW
Alexandria, Virginia

BOARD MEMBERS PRESENT:

Frank B. Strickland, Chair
Lillian R. BeVier
Robert J. Dieter
Thomas A. Fuentes (via teleconference)
Herbert S. Garten
David Hall
Michael D. McKay
Thomas R. Meites
Maria Luisa Mercado
Florentino Subia
Ernestine P. Watlington (via teleconference)

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STAFF AND PUBLIC PRESENT:

John N. Erlenborn, LSC President
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 Idleman, Acting Vice President for Compliance
and Administration
Leonard Koczur, Acting Inspector General
Laurie Tarantowicz, Assistant Inspector General and
Legal Counsel
David Maddox, Assistant Inspector General for Resource
Management
Mattie C. Condray, Senior Assistant General Counsel
David Richardson, Treasurer and Comptroller
John Meyer, Director, Office of Information Management
Alice Dickerson, Director, Office of Human Resources
Patricia Hanrahan, Special Counsel to the Vice
President for Programs
Elizabeth Cushing, Board Liaison
Lisa Rosenberg, Congressional Liaison
Eric Kleiman, Communications Director
Cynthia Schneider, Senior Program Counsel, Office of
Program Performance
Linda Perle, Senior Attorney/Legal Services, Center
for Law and Social Policy
Sarah Singleton, American Bar Association's Standing
Committee on Legal Aid and Indigent Defendants
Richard Zorza, Zorza Associates
Julie Strandlie, American Bar Association Grassroots
Outreach
Julie Clark, Vice President for Governmental Relations,
National Legal Aid and Defenders Association
Don Saunders, Director for Civil Legal Services,
National Legal Aid and Defenders Association
Elizabeth Arledge, Communications Director, National
Legal Aid and Defenders Association
Hulett H. Askew, Administrative Courts of Georgia
LaVeeda Morgan Battle, Gorham & Waldrep
Linda Clingan, Oregon's Campaign for Equal Justice

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P R O C E E D I N G S

1
2 CHAIRMAN STRICKLAND: I'll call to order the
3 September 15, 2003 meeting of the board of directors of
4 the Legal Services Corporation and welcome everybody
5 who's in attendance, both board members and members of
6 the public.

7 The first item is the approval of the agenda,
8 which appears on page 113 of your board books. Is
9 there a motion to approve the board books?

M O T I O N

10
11 MR. GARTEN: So move.

12 CHAIRMAN STRICKLAND: Second?

13 MS. MERCADO: Second.

14 CHAIRMAN STRICKLAND: Any discussion?

15 (No response.)

16 CHAIRMAN STRICKLAND: All those in favor,
17 please say aye.

18 (A chorus of ayes.)

19 CHAIRMAN STRICKLAND: Opposed?

20 (No response.)

21 CHAIRMAN STRICKLAND: The ayes have it and the
22 agenda is adopted.

1 Next is the approval of the minutes of the
2 board's meeting of June 27 and 28, 2003, which is --
3 those minutes appear on the pages beginning at 115.

4 I would entertain a motion to approve those
5 minutes.

6 M O T I O N

7 MS. BeVIER: So moved.

8 MR. HALL: Second.

9 CHAIRMAN STRICKLAND: Any discussion?

10 (No response.)

11 CHAIRMAN STRICKLAND: All those in favor,
12 please say aye.

13 (A chorus of ayes.)

14 CHAIRMAN STRICKLAND: Opposed?

15 (No response.)

16 CHAIRMAN STRICKLAND: Adopted.

17 Next is the approval of the minutes of the
18 executive session of the board's closed session on
19 June 28, 2003, found at page 125 in the board
20 materials.

21 Is there a motion to approve those minutes?

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M O T I O N

MR. MEITES: So moved.

CHAIRMAN STRICKLAND: Is there a second?

MR. GARTEN: Second.

CHAIRMAN STRICKLAND: Any objection to
unanimous approval of the minutes?

(No response.)

CHAIRMAN STRICKLAND: Hearing none, they are
approved unanimously.

And then the next, approval of the minutes of
the Annual Performance Review Committee. Let's see if
I can give you a page reference on that. Page 128 is
where those minutes appear.

Is there a motion to approve those minutes?

M O T I O N

MS. BeVIER: So moved.

CHAIRMAN STRICKLAND: Second?

MS. MERCADO: Second.

CHAIRMAN STRICKLAND: Without objection, the
Chair will declare the minutes approved unanimously.

Before proceeding to recognize some special
guests, I would -- I'm sure most of you are aware of

1 the sudden and untimely death of Joe Shine, chairman of
2 the South Carolina Centers for Equal Justice. I would
3 ask all of us in attendance to observe a moment of
4 silence in his memory.

5 (Moment of silence.)

6 CHAIRMAN STRICKLAND: Thank you. Now let me
7 recognize -- I'm not sure that any of these folks are
8 here. But I want to -- let me do it in a different
9 sequence. I want to recognize two former distinguished
10 members of the board of directors of LSC -- I know both
11 of them were here earlier; I hope they're here now --
12 LaVeeda Battle from Birmingham and Bucky Askew from
13 Atlanta.

14 We welcome both of you, if you're in the room.
15 I know that LaVeeda was at lunch. Bucky was here
16 earlier. And we welcome you to the meeting, and look
17 forward to seeing you at the reception this evening.

18 And speaking of the reception this evening, I
19 invite all of you who are in attendance now to join us
20 for that reception at LSC headquarters on K Street.
21 And we are hosting that jointly with the Friends of
22 Legal Services Corporation, and I want to recognize the

1 directors of that entity.

2 Tom Smegal, the chair from San Francisco, a
3 distinguished former member of this board, a long-
4 serving member, who was quite instrumental in obtaining
5 the grant which led to the purchase of that building;
6 Jack Martin, the vice chair of the board, a retired
7 general counsel of the Ford Motor Company; Alexander
8 Forger of the New York law firm of Milbank, Tweed,
9 Hadley & McCloy, a former president of LSC; Victor M.
10 Fortuno, our own vice president and general counsel;
11 Roberta Cooper Raymo of a distinguished law firm in
12 Albuquerque, New Mexico, and a past president of the
13 American Bar Association; and David Richardson of LSC
14 are the directors of Friends.

15 So we recognize them and thank them in advance
16 for their joint hospitality with us this evening.

17 Let me -- the next item on the agenda is a
18 chairman's report. And let me give you a brief report
19 on some of the things that I've been doing since our
20 last meeting.

21 In the middle of July, Mauricio Vivero and I
22 visited approximately 12 members of the House and

1 Senate. All these people, I think, would be labeled as
2 friends of Legal Services, as distinguished from this
3 entity that owns the building. I mean, they're friends
4 and supporters of LSC on Capitol Hill and in the
5 budgeting process.

6 In most instances, we saw the member himself
7 or herself, and we were very well received. And I
8 think in every instance, everybody we saw -- and when
9 we didn't see the member, we saw the chief of staff,
10 which Mauricio says is significant, that that doesn't
11 always happen. So I hope that's out of the respect
12 they have for the LSC program and support of our
13 mission.

14 Everybody we saw was well prepared, and some
15 of them extraordinarily so, and were ready to talk
16 about the things that we do. For example, at
17 Congressman Chris Cannon's office, who's the chair of
18 the authorizing subcommittee for LSC, we saw the chief
19 of staff and two other staff members and had an
20 extended conversation with them. And tentatively,
21 Mauricio and I plan to visit Congressman Cannon
22 tomorrow if that appointment holds.

1 We also saw the ranking member of the
2 authorizing committee, Congressman Mel Watt of North
3 Carolina, who is very supportive. And we had a great
4 visit with him. And I think it's fair to say, and
5 Mauricio can speak up if he disagrees, we found solid
6 support for LSC in the group that we visited.

7 Otherwise, I think I spent most of the time
8 since our last meeting working on the search process
9 and carrying out the mandate of the search committee to
10 interview several search firms, and then convening a
11 special meeting of the search committee, during which
12 we selected Heidrick & Struggles as the search
13 consultants for our presidential search process.

14 And as those of you who attended the meeting
15 of the search committee a while ago, you're aware that
16 we continue to develop an aspirational time schedule.
17 We've drafted an ad and a position description for the
18 search process.

19 And then this is a poignant moment, I think.
20 About two weeks ago I had just an unexpected and
21 unsolicited telephone call from Joe Shine, who
22 introduced himself on the telephone. And we had about

1 a half-hour, very pleasant conversation about his views
2 of things going on in the South Carolina program. And
3 we agreed to talk again. But now we're not going to
4 have that opportunity.

5 So I just wanted to note that although I never
6 met Joe in person, I certainly was impressed with what
7 he had to say during our brief conversation.

8 I think that concludes the chairman's report.
9 And let me ask if any members of the board have any
10 reports to make, other than your committee reports.

11 MR. DIETER: Just one point of information.
12 In late August, Mauricio and several members of the
13 Corporation came out to Colorado to announce a \$150,000
14 technology grant that was granted to Colorado Legal
15 Services to help fund kiosks that are going to be
16 placed in three counties in the state to facilitate
17 mandatory e-filing by pro se litigants.

18 Colorado is going to be the first state in the
19 nation to require mandatory e-filing in all civil
20 cases. It actually went into effect this summer, and
21 one of the problems has been how to figure out how to
22 enable pro se litigants to use this change.

1 So anyway, there was a press conference at the
2 chambers of the Colorado Supreme Court with Chief
3 Justice Mullarkey and one of the other justices, Hobbs,
4 who's on the Colorado Access to Justice Commission,
5 along with John Asher, who's the director of the
6 Colorado program, and several news media.

7 We had quite a bit of publicity and I think
8 press releases. There's an article from the Denver
9 Post that's posted on the website. And this is also
10 partnered with Lexis/Nexis, who's taking over the cost
11 of the pro se litigant filing fees as part of their
12 contribution to the e-filing program. So I just wanted
13 to point that out.

14 CHAIRMAN STRICKLAND: Any other members have
15 any reports? Herb?

16 MR. GARTEN: I just would like the board to
17 know that in conjunction with attending the ABA annual
18 meeting in San Francisco, where I am a delegate to the
19 House of Delegates, I also attended the meetings of the
20 National Association of IOLTA Programs in conjunction
21 with the ABA IOLTA Commission, a two-day conference
22 that preceded that meeting in the House of Delegates.

1 And there was celebration, of course, of the
2 success in the Supreme Court of the constitutionality
3 of the IOLTA programs, greatly relieved. Their big
4 problem now, as you've heard with our own situation, is
5 the small amount of interest being paid on IOLTA
6 accounts.

7 But they're addressing the issue. The
8 affiliation between NAIP, as it's called, and the ABA
9 IOLTA Commission is very strong. It's a joint program
10 that is a role model for lawyers working together with
11 the executive directors of each of the local programs.

12 And I was able to also visit during the same
13 time a local program in Oakland, California that we
14 support, and found it very interesting to make that
15 field visit. So I would suggest to members of the
16 board if they ever have the opportunity to do something
17 similar, they take advantage of it.

18 MR. FUENTES: Mr. Chairman, I'd like to add a
19 comment, if, I may.

20 CHAIRMAN STRICKLAND: Go ahead, Tom.
21 Certainly.

22 MR. FUENTES: Since last we met as a board, it

1 was our pleasure -- for the knowledge of the other
2 members of the board -- that our good chairman visited
3 California at a gathering of some 200 lawyers from
4 throughout the country that were in our community. And
5 our chairman spoke about the Legal Services
6 Corporation.

7 I think it was very informative to them, and I
8 think we can all be proud of the job you did, Frank.
9 And I'm sure you educated a lot of people who had
10 little knowledge of legal services on that occasion,
11 and did a fine job. And we thank you.

12 CHAIRMAN STRICKLAND: Well, I'll publicly
13 thank you for your hospitality. You need to try out
14 Orange County, California hospitality some time if
15 you're ever out that way, Tom Fuentes.

16 MR. MEITES: Well, there's this new evening
17 soap opera called O.C., which my spouse watches. And
18 we're learning all about the other side of Orange
19 County. So I'm glad you went to the appropriate side.

20 CHAIRMAN STRICKLAND: I forgot to note for the
21 record that board members Tom Fuentes and Ernestine
22 Watlington are attending by telephone. Can both of you

1 hear us okay?

2 MR. FUENTES: Very well.

3 CHAIRMAN STRICKLAND: Is Ernestine on?

4 MS. WATLINGTON: Yes. I'm listening.

5 CHAIRMAN STRICKLAND: Okay. Good.

6 Next we have a report from the acting
7 inspector general.

8 MR. KOCZUR: Thank you, Mr. Chairman. The
9 Office of Inspector General is continuing its program
10 integrity audits. We issued a draft report on Central
11 Minnesota Legal Services. The grantee comments on that
12 report are due next Friday, the 19th, and we expect the
13 report, final report, to be issued by the end of the
14 month.

15 We are completing our draft of the California
16 Rural Legal Assistance program. The draft report will
17 be issued next Friday, the 19th, no later than that.
18 The grantee then will have 30 days, or more if needed,
19 to comment on the report.

20 We're drafting a report on the Legal Services
21 of Northwest Ohio, and that report, draft report, will
22 be issued by the end of September.

1 We're planned to start two additional audits,
2 program integrity audits, in October. The grantees
3 have not been selected as yet.

4 We're also drafting a report, an annual report
5 that we do, summarizing the results of the reports,
6 financial reports, done by independent public
7 accountants of our grantees. And again, this report
8 will be issued by the end of the month.

9 We also started in August our private attorney
10 involvement audit. This project will be conducted in
11 two phases. The first phase will be to determine the
12 different ways that the PAI requirement is being met,
13 and will essentially cover all the grantees.

14 We started by reviewing the information that's
15 available at headquarters here, things like the grant
16 applications, which explains how the requirements are
17 going to be met, and other documents, the CSR reports
18 on the cases closed and that type thing.

19 We plan to visit two grantees next month. And
20 basically, this will be an information-gathering. We
21 pretty well understand the various ways that the
22 grantees say they're meeting the requirement. We want

1 to go out and see in a couple places just how this
2 works, how in operation they're meeting the PAI
3 requirements.

4 We're going to the Monroe County program in
5 New York and the Appalachian Research and Defense Fund
6 in Kentucky. The latter program particularly is
7 important to us because they're reporting that they use
8 virtually all the methods to meet the PAI requirement.
9 And so it's interesting for us to see just how this
10 works in the field in this case.

11 After we complete the first phase, we'll be
12 developing an audit program and moving on to the second
13 phase where we'll be doing audits of individual
14 grantees. I might say for this first phase we really
15 don't expect to issue reports. It's more of an
16 information-gathering type audit so we can find out
17 what's going on out there, how the programs are
18 operating.

19 When we move into the individual audits,
20 basically we will of course look at compliance with the
21 regulation as well as how well the program, the PAI
22 program, is working in the sense that are private

1 attorneys being involved? What kind of work are they
2 doing? By that, I mean are they doing cases? Are they
3 doing public education for the grantees? And all sorts
4 of those things, just to see how well that's working.
5 That second phase will begin some time after we
6 complete the first phase and have our audit program
7 developed.

8 We continue -- are continuing with our mapping
9 program. If you remember, the Georgia -- we ran an
10 evaluation project with the Georgia grantees to
11 evaluate mapping technology as a management tool. That
12 report is on my desk for review and will be issued in
13 early October.

14 We are working with five grantees in Southern
15 California on another continuation of the valuation
16 project. The grantees in Southern California cover a
17 wide variety -- wide area. They have a diverse
18 clientele. Some of it is urban. A lot of it is rural.

19 We're working with -- one of the grantees is
20 the Orange County program. So this program -- this
21 part of the evaluation will be -- well, it's starting
22 now. We've signed a contract and will be moving

1 forward with that.

2 We're also working with the Georgia program.
3 When we did the initial evaluation, it was based with
4 1990 census data. And everyone agreed that it would be
5 a good idea to see how the mapping works with the 2000
6 data, 2000 census data, to give the programs up-to-date
7 information.

8 We're moving forward with that. The
9 contract -- we're working with the -- working out the
10 details with the two programs on the data and how we'll
11 handle the data and how to be secure. And we expect
12 that project to move forward in early October also.

13 That completes the open part of my report. In
14 the executive session, we'll talk about the
15 investigations we're working on as well as the
16 litigation we're involved with.

17 CHAIRMAN STRICKLAND: Does any board member
18 have a question for Len at this point?

19 (No response.)

20 CHAIRMAN STRICKLAND: Okay, Len. Thank you
21 very much.

22 MR. KOCZUR: Thank you.

1 CHAIRMAN STRICKLAND: Next we'll have the
2 president's report from John Erlenborn.

3 MR. ERLBORN: Thank you, Mr. Chairman. I'm
4 pleased to report that management and staff have had a
5 very productive few months. I would like to highlight
6 a few items of interest.

7 Since the last board meeting, our chairman and
8 Mauricio had a number of successful visits with members
9 of Congress, as the chairman mentioned in his report.
10 Our government relations staff continued a full
11 schedule of Hill visits throughout the summer. The LSC
12 staff has always -- has also begun to develop LSC's
13 fiscal year 2005 budget request for Congress.

14 I expect the board will take action on the
15 budget later today. I'm proud of the progress that
16 we've made on the budget for over the years. But we
17 will once again have to be prepared for a challenging
18 effort in fiscal 2005.

19 This week, we also distributed the latest
20 edition of Equal Justice magazine to over 10,000
21 readers and subscribers. I encourage you to take a
22 look at it if you haven't already.

1 I also want to inform the board that we have
2 started a new technology advisory board. I'm very
3 pleased with the initiative. It's a great example of
4 partnerships with the private sector, and will help LSC
5 to continue to use technology to improve service to low
6 income people. You'll receive a full report on this
7 new project later today.

8 I might also note parenthetically that
9 Mauricio was the author of both the Equal Justice
10 magazine and the technology advisory board. And I
11 think both of them are going to be great successes.
12 Already the magazine has, and it will continue to grow.

13 This quarter, LSC management held two events
14 to show its support and appreciation for our excellent
15 staff. On August 1st, LSC had a very pleasant staff
16 picnic. Also, just last week, we held a very
17 successful Lunch and Learn program. The program was a
18 celebration of Hispanic heritage. This is one way that
19 we are honoring the cultural diversity within LSC.

20 On the program side, LSC recently published a
21 report on the outcomes of performance measures and
22 quality assessment summit. The report is in your board

1 books for the members of the board, and I encourage you
2 to read it. It addresses our most recent steps and
3 efforts to study and develop performance measures for
4 the delivery of legal notices.

5 I'd also like to announce that LSC recently
6 restructured our state planning team. As you all know,
7 the state planning initiative has been LSC's primary
8 programmatic effort for many years. This initiative
9 has resulted in the positive transformation of civil
10 justice systems in more than 35 states. To a large
11 degree, the planning work of this LSC staff group has
12 been concluded.

13 The materials in your board book set out OCE's
14 activities between June 26 and July 31st. I would like
15 to briefly report on the activities of OCE for the
16 period August 1st to August 31st.

17 During the month of August, OCE did CSR case
18 management reviews at Neighborhood Legal Services here
19 in D.C., Capitol Area Legal Services in Louisiana, and
20 a follow-up on a prior review of Utah Legal Services.

21 Additionally, OCE issued seven final reports
22 following onsite visits. Technical assistance letters

1 were sent to two programs. A total of nine audit
2 findings were referred to LSC management by the OIG for
3 follow-up.

4 Finally, I'd like to report that we are making
5 progress on revising LSC's administrative manual. We
6 have a private work group that has been meeting
7 regularly, and they are making much-needed changes and
8 updates to the manual. It will be a very useful
9 document when it is completed.

10 Finally, this concludes my report. And I
11 skipped some as we went through. If you want to read
12 the whole report, you can pick up some additional
13 interesting information.

14 CHAIRMAN STRICKLAND: Thank you, John.

15 Does any board member have any questions for
16 John at this point?

17 (No response.)

18 CHAIRMAN STRICKLAND: All right. We call now
19 on David Hall to present the report of the Provision
20 for the Delivery of Legal Services Committee, including
21 any motions that that committee may have.

22 MR. HALL: Mr. Chairman, I'm delighted to

1 share a report on the Provisions Committee, which met
2 yesterday morning at 10:30.

3 We had a very interesting session. We were
4 presented with reports and analysis from various
5 constituencies. I would first like to list those
6 individuals who came before us, and then I would try to
7 summarize some of the key points that were made.

8 Coming before the Provisions Committee
9 yesterday was: Alan Houseman from the Center for Law
10 and Social Policy; Don Saunders from the National Legal
11 Aid and Defenders Association; Lisa Oshiro from the
12 Native American Indian Legal Services; Wayne Moore from
13 the American Association of Retired Persons; Susan
14 Patnode from the Rural Network; Sarah Singleton
15 representing the ABA's Standing Committee on Legal Aid
16 and Indigent Defendants; Lillian Johnson and Wilhelm
17 Joseph representing that African American Project
18 Directors Association; Brian Logan representing the
19 National Association of IOLTA Providers; and, finally,
20 Luis Jaramillo from the Farm Workers Project Group.

21 It would be impossible to summarize all of the
22 points that were made by these individuals. They

1 certainly provided us with some excellent analysis and
2 understanding of various issues.

3 I will try to summarize some key points that
4 were presented before the committee. In no way do
5 these key points represent the views of each of the
6 individuals I just listed, but they are some of the
7 high points that were raised by different individuals
8 who came before us.

9 One theme was certainly the notion of funding
10 and the importance of funding for the field and how
11 critical it is for that issue to stay in front of us,
12 and more importantly, how the lack of increased funding
13 gets in the way of some of the work that is needed and
14 certainly the goal of providing access. And that point
15 was presented by a number of individuals.

16 The whole notion of -- the second theme was
17 that of developing a comprehensive quality agenda, the
18 belief that there needed to be a greater focus by LSC,
19 the Corporation and the board, on how one defines
20 quality and how that quality is delivered in the field,
21 and in addition to that, how that quality is measured.
22 So I think measurement was this third theme.

1 The point there was the notion of developing a
2 performance criteria and the role that LSC plays in the
3 development of that criteria. And certainly there are
4 different perspectives of how one goes about focusing
5 on measurement.

6 And I think those who came before us and spoke
7 on this issue was trying to make us sensitive to the
8 fact that there are some diversity of views in how you
9 do that, but that LSC certainly needs to play a role in
10 it. And definitely people in the field need to play a
11 role in it and understand that measuring outcomes is
12 something that has been official to them and is
13 something that they need to embrace.

14 We heard, as you could tell from the list of
15 people that I read, from what I would call different
16 specialty programs or programs that try to address the
17 needs of special constituencies, like Native Americans,
18 farm workers, the elderly, those who live in rural
19 areas.

20 And I think each one of the specialty groups
21 made us aware of particular challenges or barriers that
22 face those particular groups -- social and economic

1 barriers, cultural and language barriers.

2 I think we were given a very moving and
3 powerful presentation around what farm workers face.
4 There was a pictorial display of the living conditions
5 and some of the challenges that people who do this work
6 face, and I think it captured some of the ways in which
7 Legal Services helps to address some of those
8 challenges.

9 In the rural area, we were told the importance
10 of collaborative work not only among legal services
11 lawyers but also other agencies, become so critical in
12 addressing the needs that people in rural areas face,
13 the importance of developing relationships.

14 The presenter certainly was key on the fact
15 that technology can make a difference, but also
16 emphasized to us that having more people in the field
17 in the rural setting is just very, very critical to the
18 work that needs to be done.

19 A number of presenters raised the theme of
20 technology and how it could address some of the needs
21 that not only the special constituencies face but the
22 clients in general. The use of hotlines and how it can

1 help move us forward in addressing the needs of clients
2 was raised, especially by those representing the
3 elderly population.

4 We also had some comments about how technology
5 in general, if we better understood it and positioned
6 it, could move us further down the road of this goal of
7 total access, and that more attention needs to be given
8 to technology not as a marginal program but as
9 something that can create a platform for addressing the
10 issue of total access to justice.

11 A number of presenters raised with us the
12 importance of diversity to the work we do, and that is
13 not only having a diverse field, that is, lawyers in
14 the field who are doing the work, but the importance of
15 developing leadership groups who are diverse and
16 certainly having those who are running the various
17 programs to be diverse, and also that the boards that
18 are appointing and governing the programs need to also
19 be very sensitive to the issue of diversity, and made
20 us aware of the work that LSC has done in that regard,
21 and I think encouraged us to continue to do that work.

22 Some of the presenters raised with us the

1 importance of this board at least addressing or
2 revisiting the issue of the federal restrictions that
3 have been placed on Legal Services, and to at least see
4 what type of burdens or problems that may be creating.

5 In particular, one presenter raised the issue
6 of the impact that it is having on state and local
7 funding, categorizing it as the federalization of state
8 and local funds, and asked us to be sensitive to that
9 particular issue.

10 As was heard in the financial committee, we
11 were also presented with information about the loan
12 deferral and forgiveness programs and how important it
13 is to explore the implementation of these types of
14 programs, and that the -- we were presented with some
15 information about the burden that school loans have
16 placed on graduates and therefore affecting programs
17 and their ability to attract high-quality lawyers to do
18 the work that we are asking them to do. And therefore,
19 the Provisions Committee was made aware that this is
20 possibly one of the answers to be explored.

21 There was certainly a lot of other information
22 shared that I have not captured in this report. But I

1 do think that those were some of the major themes that
2 came before the Provisions Committee. We were very
3 thankful to the individuals who presented. I think
4 they were very thoughtful and persuasive presentations
5 that were given.

6 The Provisions Committee has not had an
7 opportunity to meet and talk about how some of these
8 issues will form our future agenda, but it's clear that
9 some of these issues are the things that we need to
10 begin to focus on and do some more in-depth work on.

11 So Mr. Chairman, there is no particular act to
12 be considered by the committee at this time. But at
13 least in my role as chairing this committee for the
14 first time, I thought this was a good way for us to
15 begin to get a good sense of what various individuals
16 feel that we need to be focusing on. And I thought
17 that first meeting was a very productive one.

18 CHAIRMAN STRICKLAND: I agree with you. I
19 heard all the presenters but one, and I thought they
20 were all very good presentations.

21 Does any board member have questions of David
22 Hall?

1 (No response.)

2 CHAIRMAN STRICKLAND: And no motions from that
3 committee.

4 Next we will consider and act on the report of
5 the board's Operations and Regulations Committee. Tom
6 Meites.

7 MR. MEITES: Thank you, Mr. Chairman.

8 Our committee met yesterday afternoon. We
9 began with a presentation by John Eidleman, which gave
10 us an overview of the activities of his office, the
11 Office of Compliance and Enforcement.

12 We thought that was a useful place to begin
13 since it gave us an idea of how the regulations that we
14 are responsible for actually interact with the people
15 in the field who function under the regulations.

16 We then turned to the status of a number of
17 rulemakings that our predecessors had undertaken. We
18 heard a report from Vic Fortuno and Mattie Condray on
19 that matter.

20 In particular, Mattie reviewed for us three
21 rulemakings, those dealing with outside practice of
22 law, financial eligibility, and alien eligibility. The

1 first two, outside practice of law and financial
2 eligibility, had under our predecessors reached the
3 stage where they had actually been published as draft
4 final rules.

5 We were informed by Mattie that the outside
6 practice of law regulation, in the view of the staff,
7 in fact is appropriate for final consideration by our
8 committee. There had been a question raised by a
9 congressman as to that rule, but she informed us that
10 that question had been, at least in the view of the
11 staff, resolved.

12 And it was the sense of our committee that at
13 our next meeting in November, we would substantively
14 review the proposed regulation to Part 1604, and we
15 would be prepared to make a recommendation to this
16 board as to 1604.

17 The other rule that had reached -- proposed
18 rule that had reached the publication stage was a
19 change to 1611, financial eligibility. A question had
20 been raised by the congressman as to that. And we
21 gathered from the staff presentation that there were
22 two important questions that consensus had not been

1 reached on with regard to that regulation. They dealt
2 with group representation and retainer agreements.

3 We determined at our next meeting and asked
4 the staff to make a presentation on just those two
5 aspects of the proposed financial eligibility rule. We
6 also heard about the status of the alien eligibility
7 rule, and learned that in fact the same two questions
8 were present with regard to that rule.

9 Now, the alien eligibility rule, 1626, has not
10 reached the point where it had been -- a draft final
11 rule had been published. Instead, in January of this
12 year the staff had submitted a memorandum to our
13 predecessors asking for the committee's views on a
14 number of questions.

15 Our committee determined not to proceed and
16 grapple with those questions as such, but instead to
17 examine at our November meeting the issues of group
18 representation and retainer agreements with regard to
19 alien eligibility since it was our sense that the
20 issues were, if not identical, closely linked to the
21 same issues, as I noted under 1611, financial
22 eligibility.

1 We then reviewed with staff other rules that
2 we may or should consider for revision. We were
3 informed by the staff that in January of 2002, a staff
4 task force completed a review of all the outstanding --
5 all the existing rules, made a recommendation of those
6 that they believed required attention for possible
7 revision, and then ranked those rules in terms of
8 priorities.

9 The January 2002 task force had identified six
10 rules as having the highest priority. At the present
11 time, that actually had been reduced to four. And when
12 I say rules, one of the so-called rules is actually
13 three different regulations. But there are four
14 substantive areas that the staff at this point -- the
15 staff report at this point would still indicate as
16 having a higher priority.

17 Those are what is called the lesser sanction
18 rule, which in fact is three separate rules that deal
19 with sanctions to grantees that in the view of the
20 board are not fulfilling their obligations. Second is
21 a regulation dealing with grievance procedures of
22 grantee clients.

1 The third is what we call -- what the staff
2 calls Rehabilitation Act regulation, which apparently
3 needs reconsideration in light of the Americans with
4 Disabilities Act. And the fourth is the regulation
5 dealing with governing bodies.

6 Of those four, in response to questions, staff
7 indicated that the two easier regulations to deal with
8 are grievance and governing bodies, and two more
9 difficult are the lesser sanctions and the
10 Rehabilitation Act.

11 A question was also raised as to matters that
12 are not the subject of existing regulations but may
13 need consideration. And the members of the committee
14 learned that there is no regulation presently about
15 access to -- specifically directed and solely directed
16 to access to recipient records.

17 And we received the opinion of the staff as to
18 whether it believed that that was required at this
19 time. The sense I think we got was that the access
20 protocol is working satisfactorily, and even though
21 that is not a regulation, in the present form it seems
22 to be adequate.

1 We then entertained public comments and
2 received a comment from Ms. Perle. She agreed with the
3 staff that the access protocol, at least in her view,
4 is sufficient. And she in general urged us to complete
5 work on the outstanding rulemakings.

6 The committee determined the following course
7 of action: At its November meeting, we will
8 substantively consider 1611, financial -- sorry, 1604,
9 outside practice of law, and be prepared to make a
10 recommendation to the board for approval or
11 disapproval.

12 We also will receive a presentation from the
13 staff on the issues of group representation and
14 retainer agreements, which arise, as I noted, under
15 1611 and 1626, though we do not anticipate at our
16 November meeting that despite this presentation, we
17 will be in a position to make a final decision on 1611,
18 financial eligibility.

19 None of the above that I've spoken of so far
20 requires any action by this board.

21 There are two other matters we heard about.
22 One is that there's an appendix to alien eligibility

1 which is a simple listing of the documents that are
2 sufficient to prove eligibility. We are informed that
3 the present appendix is woefully out of date, and the
4 staff urged us to endorse the updating of this appendix
5 with a new and current version.

6 We do endorse that course of action. I
7 believe that no formal board action is required, but we
8 wanted to report it to the board and get a sense of the
9 board that it too believes that is appropriate.

10 The last item that our committee heard is a
11 proposal by the president of the Corporation that we
12 include in the grant assurances for 2004 a provision
13 permitting the Corporation to recover attorneys' fees
14 if successful in property recovery actions.

15 In order to give both the committee and the
16 public a chance to further consider this matter, we
17 have decided to defer consideration until our November
18 meeting.

19 That completes my report, Mr. Chairman.

20 CHAIRMAN STRICKLAND: Thank you, sir. Any
21 board members have any questions for Tom Meters?

22 MR. MEITES: I would ask that the board -- if

1 not -- it doesn't improve, but I would like to get a
2 sense of the meeting that the board joins the committee
3 in endorsing the replacement of the appendix with the
4 current version as far as documents to establish
5 eligibility of aliens.

6 CHAIRMAN STRICKLAND: You don't think that
7 rises to the level of requiring a motion?

8 MR. MEITES: No. I just want a sense of the
9 board on that. If anyone objects to it, I'd like to
10 know.

11 CHAIRMAN STRICKLAND: Is there any objection?

12 (No response.)

13 MR. MEITES: Thank you very much.

14 CHAIRMAN STRICKLAND: All right. Next we will
15 consider and act on the report of the board's Finance
16 Committee.

17 MR. DIETER: Mr. Chairman, the Finance
18 Committee met this morning. I think most of the board
19 members were present. So for benefit of the public,
20 I'll try to briefly summarize the agenda items that we
21 discussed, and also note for the board that there are
22 three resolutions that appear in the board book, the

1 first one being at page 99. And I'll be going through
2 each of those as I run through the agenda.

3 The first -- David Richardson presented budget
4 information to the committee, the first presentation
5 regarding the consolidated operating budget through
6 July 31, 2003, which David reported in detail on the
7 items that are being internally transferred within
8 various departments of the Legal Services Corporation.

9 And the committee unanimously recommended that
10 the board be presented with the resolution that appears
11 at page 99 and asked the board to act on that
12 resolution.

13 I don't know if you want to take up the
14 resolutions as they appear or all at once.

15 CHAIRMAN STRICKLAND: So let me get back on
16 the track here. There's a resolution --

17 MR. DIETER: The resolution at page 99
18 concerns the consolidated operating budget. I think
19 I'll just --

20 CHAIRMAN STRICKLAND: I was ten pages off.

21 MS. MERCADO: Is that 2003-010?

22 MR. DIETER: Yes. 2003-010, consolidated

1 operating budget for fiscal year 2003.

2 The next item that we considered then
3 concerned the temporary operating budget. There's a
4 resolution that appears on page 103 of the board book.
5 Temporary operating budget for fiscal year 2004, which
6 is Resolution No. 2003-011.

7 And again, the committee, upon reviewing the
8 documentation that was provided to the board members
9 that were at the meeting in the form of a memorandum,
10 updated by David Richardson with current numbers that
11 supercede some of the information that's in the board
12 book, unanimously recommend to the board action on the
13 resolution to adopt a temporary operating budget for
14 fiscal year 2004 as detailed in the resolution and the
15 supporting documents.

16 Next we took public comment from Sarah
17 Singleton from the Standing Committee on Legal Aid and
18 Indigent Defendants from the ABA and Don Saunders from
19 the National Legal Aid and Defenders Association
20 regarding the budget mark for 2005. They provided the
21 board with written documentation in support of their
22 requests.

1 As a result of that discussion, there was
2 discussion among the committee and some of the board
3 members present that it might be useful for the board
4 as we proceed forward to obtain some information to be
5 presented at the January meeting, if it could be
6 compiled by then, regarding what retirement plans our
7 grantees provide and have in place at this particular
8 time for their employees, as well as any demographic
9 information that might enlighten the board as to the
10 turnover that might be resulting as a result of
11 financial pressures on the attorneys who have incurred
12 large debt through their law school education, and how
13 a loan repayment plan may impact or have no impact on
14 our ability to attract and retain the highest quality
15 attorneys we can hire through the grantee programs.

16 Next and -- I'm sorry. Then Mauricio Vivero
17 presented LSC's management recommendation to the board
18 regarding the 2005 budget mark, and recommended that
19 the committee present to the board a budget mark of
20 \$352,400,000, which represents -- is the same budget
21 mark that LSC made in its 2004 request, and contains a
22 request of 332 million for grants to the field programs

1 and \$4 million to technology initiatives, which
2 represents a \$600,000 increase in that line item,
3 bringing the total grants to programs to be \$336
4 million.

5 Direct to management and administration, the
6 management's recommendation was to fund that line item
7 at 13,800,000, and to fund the inspector general at
8 2,600,000. And that resolution -- the committee
9 unanimously adopted the management's recommended budget
10 mark of 352,400,000 to present to the board. And we've
11 now had a resolution distributed that reflects that.

12 Finally, there's one other resolution that
13 appears on page 104 regarding adjustment -- or fixing
14 the president's salary to Level IV (sic) of the
15 Executive Schedule.

16 MS. MERCADO: Level V.

17 MR. DIETER: Level V of the Executive
18 Schedule. And I think most members of the board were
19 present, so I'm not going to explain the rationale
20 behind that.

21 So Mr. Chairman, I'll turn it over to you for
22 action.

1 CHAIRMAN STRICKLAND: Is there any objection
2 to -- does any board member have any questions on any
3 of these resolutions individually?

4 (No response.)

5 CHAIRMAN STRICKLAND: All right. Hearing
6 none, is there any objection to proceeding to -- if I
7 just recite the resolutions that we're about to adopt,
8 and then entertain a motion to adopt all of these
9 resolutions? Some of them have numbers, and the one on
10 the budget mark does not have a number.

11 But I would entertain a motion to adopt
12 Resolutions Nos. 2003-010, 2003-011 -- let me note to
13 the staff my middle initial is printed wrong on that
14 particular resolution, V rather than S -- and then also
15 Resolution 2003-012, Resolution No. 2003-013. Have I
16 got them all? Is that it?

17 All right. I would entertain a motion,
18 perhaps from the chair of the Finance Committee, to
19 adopt those -- all those motions.

20 M O T I O N

21 MR. DIETER: Okay. that the board adopt the
22 motions as recited by the chairman.

1 CHAIRMAN STRICKLAND: Is there a second to
2 that motion?

3 MR. GARTEN: Second.

4 CHAIRMAN STRICKLAND: Any discussion? Yes?

5 MS. MERCADO: I have no problems with adopting
6 all the motions but the last one, the 2003-013. I
7 agree with all the other motions. On this one, on the
8 2003-013 on the budget mark, still just for the record
9 I would like us to be able to submit a budget mark that
10 was higher.

11 And I thought that the proposal presented by
12 SCLAID and by the ABA of doing a three-year incremental
13 to try and get us back to the 1995 funding level made
14 sense in that we're not going for the automatic funding
15 level to 1995, but that we're doing it in incremental
16 steps.

17 And so I thought that the 396.1 million was
18 perhaps the better route to go. So I just wanted to
19 formally, at least, voice my opinion on that particular
20 point. And the other resolutions I have no problems
21 with.

22 CHAIRMAN STRICKLAND: Are you moving to amend

1 the motion to that level or --

2 MS. MERCADO: Yes. Or just note my authority.
3 However you want to do it. I just can't do it all in
4 seriam because I'm only recalling that one.

5 CHAIRMAN STRICKLAND: Okay. We can take that
6 one up separately if you'd like to deal with it
7 separately.

8 MS. MERCADO: That would be fine.

9 CHAIRMAN STRICKLAND: All right. Why don't we
10 then -- any other discussion on the resolutions?

11 (No response.)

12 CHAIRMAN STRICKLAND: Let's proceed, then, to
13 a vote on Resolutions -- all of these begin with
14 2003 --

15 MR. ERLENBORN: Mr. Chairman?

16 CHAIRMAN STRICKLAND: Yes?

17 MR. ERLENBORN: Let me just for the record say
18 that this is not just a step to be taken without much
19 thought as to how we're going to address our position
20 with the President and the Administration, new
21 administration, at the present time.

22 We could either do as we have the last several

1 years, expect to reach a higher level with amounts that
2 we believe would have a possibility of being adopted in
3 the atmosphere that we have.

4 I don't think that the faster acquisition of
5 higher levels of appropriations should be just -- which
6 has been very successful, by the way, through the last
7 several years -- I don't think that that should be just
8 thrown out the window and say, we have an aspiration to
9 do it by adding millions more, when we have no real
10 reason, as far as I know, to expect to be successful.

11 And so we'd be just pretty much out of the
12 running without having thought about it very carefully.

13 MR. HALL: Mr. Chairman, I think we should go
14 ahead and vote on the ones that you were getting ready
15 to get us to. Because I do think before we vote on the
16 mark for 2005 that there should be -- I mean, I have
17 some further comment on that.

18 CHAIRMAN STRICKLAND: All right. Fine.

19 MR. HALL: So I would just suggest that we go
20 ahead and --

21 CHAIRMAN STRICKLAND: I accept that suggestion
22 and we will consider the motion amended so that we're

1 voting on 2003-010, pertaining to consolidated
2 operating budget for fiscal year 2003; 011 is the
3 temporary operating budget for fiscal year 2004; and
4 012 is fixing the president's salary at Level V of the
5 Executive Schedule.

6 All those in favor of the motion to adopt
7 those three resolutions, please signify by saying aye.

8 (A chorus of ayes.)

9 CHAIRMAN STRICKLAND: Those opposed?

10 (No response.)

11 CHAIRMAN STRICKLAND: Those are adopted
12 unanimously. Now let's proceed to further discussion,
13 then. I believe the posture we're in is we have a --
14 it's been moved and seconded that Resolution 2003-013.
15 And we're now in the discussion phase on that motion.

16 MR. HALL: I think that, you know, we are -- I
17 just personally feel that we're in a quandary where we
18 are making a decision on the budget for the future
19 where the full board, I don't think, has had enough
20 time to fully look at the two options that we have.

21 I mean, we have people in the field who are
22 saying that, you know, there is a greater need here and

1 are proposing a much more aggressive budget. And we
2 have management saying, well, we have to go slowly.

3 And I think, you know, based on the kind of
4 time pressure that we have right now, especially if we
5 have to do something right now, that we probably will,
6 you know, defer to management. I would have just felt
7 a little bit more comfortable if we had had a full
8 discussion about, you know, what are some other options
9 and could we present a much more aggressive budget, not
10 necessarily because we're just putting it out there
11 with no intent of it ever being funded, but we had some
12 presenters who came before the Provisions Committee who
13 was arguing that through a better use of technology, we
14 could come closer to this whole notion of full access.

15 I don't know if we've really had an
16 opportunity to look at if we put, you know, ten more
17 million, fifteen more million, in that area that it
18 could bring about such a difference that members on the
19 Hill would react very differently, who would maybe say
20 yes, this is being aggressive, but if it can bring
21 about this type of change, maybe we should look at it.

22 And so I think there's an issue here. I don't

1 have my head around it enough to say I'm going to vote
2 against this resolution. But I just think that going
3 forward as we are trying to grapple on what type of
4 proposal we are going to make, you know, to Congress
5 that we would have a little bit more time to explore
6 our options before we have to make a final decision on
7 it.

8 And so I guess it's more a suggestion for
9 going forward because if we -- and I think we were told
10 by management that if we -- that we have to make a
11 decision on this budget today or otherwise we're going
12 to create some problems down the road. And I don't
13 want to stand in the way of those problems.

14 But I would just urge us to try to have a
15 little bit more time in developing the budget and
16 exploring some of the issues that other members are
17 putting in front of us about how we can be a little bit
18 more aggressive in trying to reach the goals that we
19 are charged to try to reach.

20 CHAIRMAN STRICKLAND: Tom?

21 MR. MEITES: Yes. You know, I feel that
22 coming from Chicago, I really had very little

1 experience in Washington, that I have no way of judging
2 what "we can get out of Congress." I have no personal
3 experience. And so I have to at least until now go
4 along with the staff recommendations.

5 But Mr. Chair, I would hope during the next
6 year, as you get more familiar with the Congress, we
7 can have the benefit of your own views as to what is
8 doable for the board's assistance, which will help us
9 to gauge exactly the kind of things that David and
10 Maria are talking about.

11 I think we really have to count on you to
12 inform us. I have no independent means whatsoever of
13 learning about what is doable in Congress, and I hope
14 you can help us with that.

15 CHAIRMAN STRICKLAND: Well, I will undertake
16 to try to do that. But I certainly would say in all
17 candor today that I'm not in a position to do that at
18 the moment, and I doubt that any board member is.

19 MR. MEITES: Understood.

20 CHAIRMAN STRICKLAND: Maybe Maria Luisa is, so
21 let's hear from you.

22 MS. MERCADO: No, no, no. What I was saying

1 is that I think that we are -- that no one can deny
2 that the need is greater, whether it's that we're only
3 meeting 20 percent of the need or 30 percent of the
4 need. We certainly are not by any means meeting even
5 50 percent of the need. So the need is there.

6 And so the matter of because Congress is an
7 entity that requires data and numbers as to why it is
8 that we now need increased funding, although they
9 forgot they cut us 30 percent a few years ago, that I
10 think that we're taking that path in doing that by
11 doing the analysis of the data of how we can bring in a
12 loan repayment forgiveness program, of how we can deal
13 with pensions, of how we can deal with technology to
14 provide greater access.

15 But that provides us some data and some
16 numbers to say we need X amount of dollars to do this,
17 to represent X number of people. Because they do like
18 it in those categories. And our former congressman,
19 Mr. President Erlenborn, knows that better than anyone
20 else.

21 Regardless of the fact that they cut us
22 before, they still want to see how we're going to spend

1 it separately. And of course we're not at that level
2 because we didn't prepare for that. But I am hopeful
3 that this board, along with our staff and our
4 stakeholders out there in the field, will assist in
5 getting the necessary data and information to justify,
6 regardless of whether or not there was a cut back in
7 1995, the great need that exists for legal services for
8 poor people in this country.

9 And I think that we can do that, and we'll
10 have the information, and we're working toward that.
11 But I still felt that at a minimum, we ought to try the
12 three-tier level of the 396 million for this year. You
13 know, by no means I understand that we have to be
14 realistic with the Hill. But that's still my position.

15 MS. WATLINGTON: This is Ernestine. I feel
16 the issues and progress and that the things we had to
17 address last year, we may have to address it more this
18 year. I think those are things that the new directors
19 and the board should wait to realize and then look at
20 the -- and not to find yourselves in a position as we
21 open the deal.

22 CHAIRMAN STRICKLAND: All right. Thank you,

1 Ernestine.

2 Do you want to -- I'm not trying to paint you
3 into a corner, but do you want to amend the motion,
4 move to amend the motion?

5 MS. MERCADO: I mean, my motion is still -- I
6 mean, I would vote for the 396.1 million. And
7 obviously the full board is not of that opinion, and
8 that's fine. I'm just saying that's just what I would
9 vote for.

10 CHAIRMAN STRICKLAND: Okay. So you want to
11 note that for the record and not make an amendment.

12 MS. MERCADO: I would like to amend it, but I
13 don't know that I'd have a second. So I'm realistic
14 enough to note that.

15 CHAIRMAN STRICKLAND: All right. Yes?

16 MR. DIETER: I'd just note that, you know, and
17 management's recommendation does have a \$600,000
18 increase for -- you know, for technology in there. and
19 I know that they worked very hard. There's no --
20 there's a decrease on the management and administration
21 line in this budget.

22 We're requesting a 4 percent increase in the

1 appropriation that we receive, which is consistent with
2 the Administration's guidelines. And considering the
3 past history of the increases that we've received since
4 '96, you know, we've gone from 278 million to 338
5 million is sort of measurable increments. And so the
6 strategy of management, I think, has been -- you know,
7 has been successful.

8 In putting together next year's budget, we can
9 obviously, you know, look at things more in depth. And
10 I think trying to get the information regarding the
11 retirement, you know, is a step in that direction.

12 But, you know, I think it would be
13 precipitous, I think, to, you know, adopt a
14 management -- or adopt a budgetary request to Congress
15 without having the information and justification to
16 back up the numbers that we are going to request.

17 And I'm not convinced in any way at this time,
18 for example, that the loan repayment program is
19 necessarily a problem that legal services has to solve.
20 But -- you know, and I've read the ABA report very
21 carefully.

22 But I think it's important for us to get the

1 information and be sure, you know, in terms of our
2 responsibility to try to see that we can attract, you
3 know, well-qualified, competent, and professional staff
4 to the grantees to support and look at these and see
5 what our responsibility is.

6 Is that what you're talking about?

7 MS. MERCADO: Well, just before I forget my
8 thought, the flip side of that -- I mean, the key
9 reason that we're losing so many young lawyers that
10 don't stay in legal services is because they can't be
11 making \$2,000 payments a month on a salary that they're
12 bringing in probably at \$2,000 a month.

13 So the flip side is either you do it on the
14 front end of helping them in the loan repayment, or we
15 seriously look at restructuring the whole legal
16 services industry to where our salaries for our
17 attorneys in the field are comparable to, you know, the
18 district attorneys or the public defenders or whatever
19 that you have there, which they're not in most
20 jurisdictions.

21 So that's another way of looking at it. If
22 you're looking at funding so that you can actually

1 justify hiring someone that's coming out of law school
2 with that huge debt, if it's not doing a loan repayment
3 end, then you do it on the pay salary end.

4 I mean, there's a variety of different ways of
5 looking of doing that, and then we probably need to
6 look at restructuring. I know on our own M&A line, our
7 own office did a whole structure of salaries for our
8 local national headquarters of Legal Services, how they
9 compared with the area of Washington D.C. nonprofit
10 sector attorneys and staff.

11 And in some positions we were a lot lower, and
12 in others we were comparable. And people were raised
13 accordingly. In fact, we're paying some of that. When
14 we first got on the board, we looked at some of those.

15 But that hasn't happened nationwide with all
16 our grantees. And the fact remains that we're not
17 getting an influx of young attorneys that are coming in
18 to represent poor people, even though they would like
19 to. But they can't.

20 MR. ERLNBORN: Mr. Chairman?

21 CHAIRMAN STRICKLAND: Yes?

22 MR. ERLNBORN: Let me just say that I don't

1 think anyone here would deny the need. And that isn't
2 the issue. The issue is how can you address this in a
3 way that's going to be successful, so that we can get
4 the money to try to resolve the needs that face us.

5 It can't be done with big jumps, in our
6 estimation. We do it little by little. That has
7 worked and we have built, I think, a pretty good record
8 of the increase in the support of the Congress since
9 1995 and '96.

10 If you think we can solve it faster, I think
11 you ought to take the time between now and whenever
12 this comes up again to show how we are so loved on the
13 Hill that we can get whatever we think we should have.
14 And I don't think it would work that way.

15 MR. HALL: Well, I guess my final comment on
16 that -- and I concur. I mean, I don't know whether we
17 are loved on the Hill or hated on the Hill. But I do
18 think as board members, we have a responsibility to
19 look at whether there are creative ways in which we can
20 address a need that you just said. There is no doubt
21 in any of our minds that it exists.

22 And, you know, I'm willing to defer to

1 management that this is the best road to travel right
2 now, especially if we have to vote today. But I do say
3 that I think part of our responsibility as a board is
4 to look at the issue of funding in a much more critical
5 and thoughtful way over a longer period of time so that
6 we think collectively with management as to whether we
7 have been as creative as possible.

8 And if we have some good ideas, then I do
9 think it is the board's responsibility, and probably
10 maybe the chair moreso than the rest of us, to work
11 with Congress or to lobby, to talk about how to get
12 that involved.

13 I mean, I see the increase in technology. But
14 I think the issue that was put before us was not just
15 an incremental increase in the technology fund, but to
16 rethink altogether how you can use technology to solve
17 some of these problems in a dramatic way.

18 And I'm just saying that may not be doable,
19 but at least we have some experts who are saying to us,
20 it's worth looking at. And I just feel that as we
21 think about funding, we have to think about those sorts
22 of things.

1 And it is no way to question the wisdom and
2 experience of those who have been working more closely
3 than we have with the people on the Hill. But it is to
4 say that I think as board members, we do have an
5 independent responsibility to look at are we being as
6 creative as we can in trying to address a legitimate
7 need that we say we know exists.

8 CHAIRMAN STRICKLAND: Any other comments?
9 Questions? Yes?

10 MR. GARTEN: Just that we should start
11 thinking along those lines before we're faced with
12 making a discussion on the '06 budget. And there are
13 certainly several areas that should be addressed. We
14 heard the SCLAID recommendation. I think it was what
15 I'll call a catch-up program over a period of years.

16 I know from participation in the ABA Day in
17 Washington that just holding the line and getting to
18 the point where we are has taken a lot of effort on the
19 part of many lawyers from all over the country. It's
20 not easy.

21 But we should be thinking about it. And I am.
22 I don't like the idea of being handed something and the

1 same day making a decision on it. There are a couple
2 of areas that I don't quite understand, the inspector
3 general being one of them and the funds that are being
4 carried over and whether we're doing the right thing
5 there or whether we're allocating too much to that
6 particular office based upon what we see are the actual
7 expenses.

8 And I'm sure there's good reason. I've heard
9 them. But I don't quite understand it fully. But I
10 also know that I've been told it has to go in today.
11 So I'm in favor of the motion.

12 CHAIRMAN STRICKLAND: Any further questions?

13 (No response.)

14 CHAIRMAN STRICKLAND: All right. Then the
15 chair will presume that the board is ready to vote on
16 Resolution No. 2003-013, which is the budget mark for
17 fiscal year 2005 in the amount of \$352,400,000.

18 All those in favor of the motion, please say
19 aye.

20 (A chorus of ayes.)

21 CHAIRMAN STRICKLAND: Those opposed?

22 MS. MERCADO: Nay.

1 CHAIRMAN STRICKLAND: One nay vote. If the
2 reporter will note that.

3 All right. Next is a report on the board's --
4 consider and act on the report of the board's search
5 committee for LSC president. I think all the board
6 members were in attendance when we discussed the recent
7 activities and current status of the search process.

8 We announced -- we had previously announced
9 publicly the engagement of Heidrick & Struggles as
10 search consultants, the team consisting of Dale Jones,
11 the managing partner of the southeast region of
12 Heidrick & Struggles and Ellen Brown, a former
13 practicing lawyer in Atlanta, also a principal in
14 Heidrick & Struggles. They're both in the Atlanta
15 office of that firm.

16 They've already begun working on the
17 assignment, making contacts. We've drafted an ad and a
18 position description based on previous ads and position
19 descriptions published by LSC. These have been
20 approved as to content and form by our general counsel.

21 And we discussed an aspirational timeline, and
22 the notion of getting an ad in final form and published

1 as quickly as possible using a so-called blast or
2 broadcast e-mail to all the LSC grantees and other
3 groups.

4 We'll likely publish the ad in the ABA
5 Journal, the e-mail version of the ABA Journal, perhaps
6 the National Law Journal, the Legal Times. And our
7 consultants have advised us not to publish an ad
8 because of expense and we're not reaching the targeted
9 market by going into publications such as the
10 Washington Post, New York Times, or Wall Street
11 Journal, all of which are fine publications. But that
12 would not be a good expenditure of LSC funds.

13 In any event, we hope to receive resumes by
14 approximately October 15th, and again, the screening
15 and vetting process with, again, an aspirational target
16 date of perhaps having the board interview a group of
17 five candidates at our November meeting in New York
18 City.

19 So on the assumption that that might occur, I
20 would ask particularly the members of the search
21 committee to note -- I believe it's Thursday,
22 November 20th on your calendars as a possible date for

1 meeting to do that.

2 And of course, any other board members are
3 welcome to attend that as well. But remember that they
4 get that -- I'm sorry. That would be the entire board.
5 If we -- let me restate that.

6 If we before that time have had a meeting of
7 the search committee and completed what I'm calling the
8 vetting process whereby we narrow the field, say, to
9 five candidates and we're ready to present those to the
10 board so that the full board can interview those
11 candidates, the possible date for that, not just the
12 search committee but the full board, would be Thursday,
13 November 20th in New York.

14 So I don't know whether that will work, but I
15 just wanted to note that as a possibility so people can
16 put that on their calendars.

17 MR. GARTEN: Mr. Chairman?

18 CHAIRMAN STRICKLAND: Yes, sir.

19 MR. GARTEN: You don't see any possibility of
20 accomplishing that on the days we've scheduled, the
21 Friday and Saturday? Or even carry it over to Sunday,
22 rather than take up Thursday.

1 CHAIRMAN STRICKLAND: Well, okay. We might
2 consider doing that. But let's put it on -- if you
3 would, though, mark your calendars on either end of the
4 meeting. So we'll see what works out. That's a good
5 suggestion.

6 MR. FUENTES: Mr. Chairman?

7 CHAIRMAN STRICKLAND: Yes?

8 MR. FUENTES: May I lend my voice to that as
9 well. Because of obligations here in California and to
10 get across the country, my travel day will be Thursday.
11 So if there was any way to do that, however we need to
12 start a little late Friday or Saturday, it would sure
13 be helpful to me.

14 CHAIRMAN STRICKLAND: All right. And also
15 speaking of the November meeting, I've been told
16 informally that the association of the bar of the city
17 of New York -- correct me if I'm wrong in that -- might
18 host a reception for the board on Thursday evening. So
19 in making your travel plans, you should bear that in
20 mind so that if that is indeed something that occurs,
21 you'll be there in time to attend that reception. I'm
22 sure there will be more information on that

1 forthcoming. That's as much as I know today.

2 As to an action item from the search
3 committee, let me call on David Hall to make the same
4 motion that you made during the meeting of the search
5 committee relative to advisory members of the
6 committee.

7 M O T I O N

8 MR. HALL: The motion was that there would be
9 non-board members that would serve on the search
10 committee in a nonvoting capacity, and that those
11 individuals would work with the search committee and
12 would be able to attend our meetings.

13 However, one, that we would delegate to the
14 chairman of the board to -- in consultation with the
15 other search committee members to select those
16 individuals. And the board also reserves the right to
17 have an executive session to make its final decision
18 without those board members being present -- or those
19 nonvoting members being present.

20 CHAIRMAN STRICKLAND: All right. We'll accept
21 that as your motion. Is there a second to that motion?

22 MR. GARTEN: Second.

1 CHAIRMAN STRICKLAND: Any discussion on the
2 motion? Most or all of you were here when we had a
3 full discussion on the motion in the search committee
4 meeting.

5 MR. FUENTES: Mr. Chairman, I would just like
6 to have a word, if I may.

7 CHAIRMAN STRICKLAND: Yes.

8 MR. FUENTES: I think that this matter of
9 selection is potentially the most important thing that
10 we do, and presently in the business of the board. And
11 I want to commend the committee, the working committee,
12 your good self and all those who have accomplished, I
13 think, significant progress since the last time that we
14 met, and did so with a fine sensitivity to the
15 attitudes of the board expressed at the last meeting.
16 And I thank you for that.

17 CHAIRMAN STRICKLAND: And thank you for that
18 comment. Is there any further discussion before we
19 vote on that motion?

20 (No response.)

21 CHAIRMAN STRICKLAND: All right. All those in
22 favor of the motion made by David Hall, please say aye.

1 (A chorus of ayes.)

2 CHAIRMAN STRICKLAND: Those opposed, nay.

3 (No response.)

4 CHAIRMAN STRICKLAND: The ayes have it and the
5 motion is adopted. And that completes the report of
6 the search committee and any action necessary there.

7 We now call on Mauricio Vivero for his report
8 on item 14 on the agenda.

9 MR. VIVERO: Thank you, Mr. Chairman. Just
10 one note before I begin my presentation. You are
11 correct. We have confirmation from the city bar and
12 also the law firm of the chairman of the New York City
13 program that we fund that their law firm will be
14 hosting a reception for the board on that Thursday
15 evening in New York City. So that is -- please put
16 that on your calendars.

17 As the board is very aware, with the
18 leadership of Mr. Erlenborn and others in our
19 community, we've had a lot of success politically over
20 the last few years. One of the results of that new
21 political stability has been our ability to focus on
22 more proactive projects and expand our partnership and

1 really solidify what can be great support throughout
2 the country. Establishing the Equal Justice magazine
3 is one example of that, and reaching out more directly
4 to law firms and corporations.

5 The technology advisory board, which has
6 recently been established that I want to report to you
7 on, is another example of that. I'm very pleased to
8 announce today that LSC has established a technology
9 advisory board, whose members will include
10 representatives from leading high-tech companies,
11 nonprofit organizations, and the world of academics.

12 The mission of this newly constituted advisory
13 group will be to offer advice to LSC on a full range of
14 technology matters, generate new ideas on how grantees
15 can use technology to broaden access to justice, and to
16 provide financial direct support to LSC and our
17 grantees in making the best use of this technology.

18 Last week we convened the first meeting of
19 potential members. We had excellent turnout and very
20 positive feedback. I'm very happy to report that to
21 date, Microsoft, LexisNexis, and eBay have officially
22 agreed to join this new group.

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1 They will join other corporate sponsors that
2 we have, such as Coke and GM and General Electric, in
3 joining the LSC family, if you will. This new group
4 also will include the American Library Association and
5 the Committee for Democracy in Technology.

6 We're talking to other high-tech companies
7 such as Yahoo!, and there's a lot of interest, and I
8 think others will join shortly. So we're very pleased
9 with the effort.

10 The work of the new advisory board will be in
11 the following areas. First, there is the great
12 potential for direct donations. Microsoft and Lexis,
13 already working with us, will be providing our grantees
14 reduced software, free software, making cash
15 contributions, providing experts to help our programs
16 make the best use of technology.

17 The board will also be a rich source of
18 volunteers to help LSC staff and program staff research
19 ways to make better use of technology and in helping us
20 create the strongest possible partnerships with courts
21 and other technology companies.

22 The partnership that Mr. Dieter reported on

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1 from Colorado is a good example of this. There, we saw
2 a commitment from LexisNexis to assure that low income
3 clients would not be charged a fee when accessing the
4 new mandatory e-filing in the state of Colorado.

5 That's a huge victory for us in terms of
6 partnership, and obviously a huge victory for our
7 clients in Colorado. That's the kind of partnership
8 we're going to be looking for, and that's the kind of
9 projects we're going to be fostering with this new
10 group.

11 The group will also help us here in D.C. by,
12 when needed, becoming leaders for our technology
13 proposals, possibly even giving us guidance in future
14 years on how we can expand and enhance our proposals to
15 Congress. They possibly could be a group that would
16 testify before the board as you consider expanding or
17 researching the issues you mentioned recently about the
18 future budget requests.

19 So we're very proud of the project. We think
20 it has a lot of potential. And let me just -- before I
21 answer any questions you may have, I want to recognize
22 Lisa Rosenberg, who is here from my staff, who really

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1 was the lead staff person in making this happen. And
2 we're very grateful for her input.

3 Also, this project is a joint project between
4 my office and Randi Youells' office, Office of
5 Programs. And Joyce Raby, one of her two technology
6 specialists, will also be staffing this group, and
7 we're very grateful to her participation.

8 That's my report. I'm glad to answer any
9 questions you would have. And we will provide the
10 board regular updates as the advisory committee gets
11 going and begins its work.

12 CHAIRMAN STRICKLAND: Yes, David.

13 MR. HALL: Do you envision this committee or
14 advisory board meeting on a regular basis --

15 MR. VIVERO: Yes.

16 MR. HALL: -- so that some of the issues that
17 we talked about, that they could actually spend some
18 time grappling with?

19 MR. VIVERO: Yes. We expect they will meet
20 twice a year and that they will organize themselves
21 with subcommittees, but have at least two meetings a
22 year. And they are, I think, open to addressing issues

1 that we feel need that kind of expert outside advice.
2 So yes, it's a pool of experts ready to assist us.

3 CHAIRMAN STRICKLAND: Any other questions for
4 Mauricio?

5 (No response.)

6 CHAIRMAN STRICKLAND: Thank you. That sounds
7 like a great move for us.

8 MR. VIVERO: Thank you.

9 CHAIRMAN STRICKLAND: Congratulations to you
10 and Lisa and others who put that together.

11 Our next item here is No. 15 on the agenda, is
12 to consider and act on six-months contract extensions
13 for the three LSC vice presidents, Randi Youells,
14 Mauricio Vivero, and Victor Fortuno.

15 Just by way of information, we have done this
16 before when we've been in an area of uncertainty as to
17 the leadership of the Corporation, one, to provide some
18 stability for them, but also as well as stability for
19 the Corporation's operations.

20 So I would entertain a motion to extend those
21 contracts in the manner shown in the agenda item so we
22 can get that on the floor for discussion. Is there

1 such a motion?

2 M O T I O N

3 MS. MERCADO: So move.

4 CHAIRMAN STRICKLAND: Is there a second?

5 MR. HALL: Second.

6 CHAIRMAN STRICKLAND: All right. Any
7 discussion on the motion?

8 MR. GARTEN: Were these six months in the
9 past, or do I recall a one-year extension in the past?

10 CHAIRMAN STRICKLAND: No. They've been six
11 months, yes.

12 MS. WATLINGTON: Frank, this is Ernestine.
13 I'm getting a little tired now, and I just wanted to
14 let you know that I would like to extend my wish to --
15 desire to be with you at the open house and everyone
16 out there.

17 You do a good job of that for me because my
18 health just wasn't -- and I do want to try to help and
19 do whatever I can. And you are a wonderful president.
20 You're doing an excellent job. I want to commend you.
21 I think you're doing a good job for the clients.

22 CHAIRMAN STRICKLAND: Well, thank you so much

1 for your comments. Are you going to drop off the call
2 now?

3 MS. WATLINGTON: Yes.

4 CHAIRMAN STRICKLAND: All right. Well, thanks
5 for being with us.

6 MS. MERCADO: Goodbye, Ernestine.

7 CHAIRMAN STRICKLAND: Goodbye.

8 Any further discussion on that motion?

9 (No response.)

10 CHAIRMAN STRICKLAND: All right. All those in
11 favor of the motion, please say aye.

12 (A chorus of ayes.)

13 CHAIRMAN STRICKLAND: Those opposed, nay.

14 (No response.)

15 CHAIRMAN STRICKLAND: The ayes have it. It's
16 adopted unanimously.

17 Is there any other business to come before the
18 board today? Let me just note one thing, that I have
19 asked Rob Dieter to put together a working group of the
20 staff to review our LSC five-year strategic plan to
21 make sure that we've got that squared away with current
22 circumstances.

1 And it's sort of a moving document, if you
2 will. I mean, if you adopt something that runs through
3 2005, you either need to adopt a new plan or keep that
4 one moving. So Rob has agreed to undertake a review of
5 that, and will bring a report to the board at a future
6 date.

7 Is there any public comment?

8 MR. DIETER: Before we go to the public
9 comment, just so that the board is clear on this, I
10 know that there was some discussion in the Finance
11 Committee about the loan deferral and forgiveness
12 program and the notion of us doing some work on that.

13 As I said in my report, that issue was brought
14 before provisions. And so we have some interest in
15 that as well. So I would like the record to reflect
16 that I think we are trying to create a task force to
17 work on this issue and bring something back, as was
18 discussed in finance.

19 But I also would like the record to reflect
20 that provisions is interested in that issue and would
21 like to work with whatever group that the staff
22 convenes to investigate that particular issue.

1 CHAIRMAN STRICKLAND: We will certainly note
2 that.

3 Hearing no public comment, then at this
4 point -- we adopted this procedure at our last meeting
5 so that we entertain public comment now rather than
6 after our executive session.

7 So at this point we will entertain a motion
8 whether to authorize an executive session to receive a
9 briefing by the acting inspector general on the
10 activities of that office, and to consider and act on
11 the Office of Legal Affairs report on potential and
12 pending litigation involving LSC.

13 Is there such a motion?

14 M O T I O N

15 MR. MEITES: So moved.

16 CHAIRMAN STRICKLAND: Second?

17 MR. HALL: Second.

18 CHAIRMAN STRICKLAND: All those in favor,
19 please say aye.

20 (A chorus of ayes.)

21 CHAIRMAN STRICKLAND: The motion is adopted
22 and we're now going to move into closed session. And

1 we thank all of you for attending our meeting today,
2 and we hope you can join us at the reception this
3 evening at LSC headquarters.

4 (Whereupon, at 3:03 p.m., the board adjourned
5 to closed session.)

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