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LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

TELEPHONIC MEETING OF THE
BOARD OF DIRECTORS
OPEN SESSION

Saturday, January 26, 2008

1:11 p.m.

Legal Services Corporation
3333 K Street, N.W.
Washington, D.C.

BOARD MEMBERS PRESENT:

- Frank B. Strickland, Chairman
- Lillian R. BeVier, Vice Chairman
- Jonann Chiles
- Thomas A. Fuentes
- Herbert S. Garten
- Michael D. McKay
- Thomas R. Meites (by telephone)
- Bernice Phillips (by telephone)
- Sarah M. Singleton
- Helaine M. Barnett, ex officio

1 STAFF AND PUBLIC PRESENT:

2 Victor M. Fortuno, Vice President for Legal Affairs,
3 General Counsel, and Corporate Secretary

4 Patricia D. Batie, Manager of Board Operations
5 Karen Sarjeant, Vice President for Programs and
6 Compliance

7 Ronald "Dutch" Merryman, Acting Inspector General

8 John Constance, Director, Office of Government
9 Relations and Public Affairs

10 John C. Meyer, Director, Office of Information
11 Management

12 Mattie Cohan, Senior Assistant General Counsel

13 Joel Gallay, Special Counsel to the Inspector General,
14 Office of the Inspector General

15 Charles Jeffress, Chief Administrative Officer

16 Linda Perle, Center for Law & Social Policy (CLASP)

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

2 (1:11 p.m.)

3 CHAIRMAN STRICKLAND: I want to call to order
4 a meeting of the board of directors of the Legal
5 Services Corporation for January 26, 2008, called
6 pursuant to notice published in the Federal Register.
7 And we welcome everyone to the meeting.

8 The first item on the agenda of the open
9 session is approval of the agenda. Is there a motion
10 to approve the agenda?

11 M O T I O N

12 MR. FUENTES: So move.

13 CHAIRMAN STRICKLAND: A second?

14 MR. GARTEN: Second.

15 CHAIRMAN STRICKLAND: Any discussion?

16 (No response.)

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

19 (A chorus of ayes.)

20 CHAIRMAN STRICKLAND: Opposed, nay.

21 (No response.)

22 CHAIRMAN STRICKLAND: The ayes have it and the

1 agenda is approved.

2 Next we want to consider and act on whether to
3 authorize an executive session of the board to address
4 items listed below under the Closed Session.

5 Is there such a motion?

6 M O T I O N

7 MR. FUENTES: So move the recommended action.

8 CHAIRMAN STRICKLAND: A second?

9 MR. MCKAY: Second.

10 CHAIRMAN STRICKLAND: Any discussion?

11 (No response.)

12 CHAIRMAN STRICKLAND: Hearing none, all those
13 in favor please say aye.

14 (A chorus of ayes.)

15 CHAIRMAN STRICKLAND: Opposed, nay.

16 (No response.)

17 CHAIRMAN STRICKLAND: The ayes have it. That
18 item is adopted, and we will now move into a closed
19 session for the next several items on the agenda.

20 (Whereupon, at 1:13 p.m., the board adjourned
21 to executive session.)

22 CHAIRMAN STRICKLAND: Let me call to order the

1 open session portion of the board of directors meeting
2 of the Legal Services Corporation for January 26, 2008.

3 And the first item -- several items involve
4 the approval of minutes of prior meetings. I would
5 entertain a motion to approve those items 11 through 14
6 or whatever the right numbers is, but all of those
7 minutes, as a group. Is there such a motion?

8 M O T I O N

9 MR. MCKAY: Eleven through 14. So move.

10 MR. FUENTES: Second.

11 CHAIRMAN STRICKLAND: Any objection to
12 approving that by unanimous vote?

13 (No response.)

14 CHAIRMAN STRICKLAND: I'll declare those
15 minutes approved.

16 Before we move to item 15, consider and act on
17 nominations, I'd like to announce that the board in a
18 closed session has voted to extend an offer to Jeffrey
19 Schanz, S-c-h-a-n-z, to be inspector general of the
20 Legal Services Corporation. Mr. Schanz is presently
21 employed by the Department of Justice. I cannot recall
22 specifically the name of the part of the Department

1 where he works, but we'll have more information about
2 his background and experience available.

3 The next item is to consider and act on
4 nominations for chairman of the board of directors. If
5 there is no objection, I would preside during that
6 portion of the meeting.

7 MR. FUENTES: Mr. Chairman?

8 CHAIRMAN STRICKLAND: Hearing none, I would
9 entertain a motion.

10 MR. FUENTES: Mr. Chairman?

11 MR. GARTEN: Mr. Chairman?

12 CHAIRMAN STRICKLAND: Who's first?

13 Mr. Fuentes.

14 MR. FUENTES: Thank you.

15 CHAIRMAN STRICKLAND: Mr. Fuentes of
16 California.

17 M O T I O N

18 MR. FUENTES: I would like to incorporate the
19 two motions -- the two items on the agenda, and with
20 one motion move to renominate and elect our chairman
21 and vice chairman.

22 MR. GARTEN: Second.

1 CHAIRMAN STRICKLAND: All right. Is there any
2 discussion on that motion?

3 MR. GARTEN: I would like to convey my
4 personal feelings, I'm certain the sentiments of the
5 balance of the board, in thanking you, Helaine, and
6 you, Frank, for taking on this heavy responsibility.
7 It's been a great deal of work that you have put forth
8 over the years, and particularly in this last year.
9 And I'm delighted to be in an opportunity to be here to
10 second Tom's motion and wish you congratulations.

11 CHAIRMAN STRICKLAND: Thank you so much.
12 You're very kind, both of you.

13 Any objection to proceeding to a vote?

14 (No response.)

15 CHAIRMAN STRICKLAND: All those in favor of
16 the motion please say aye.

17 (A chorus of ayes.)

18 CHAIRMAN STRICKLAND: Opposed, nay.

19 (No response.)

20 CHAIRMAN STRICKLAND: And the ayes have it.
21 And those elections are completed.

22 I'll make a comment or two because the next

1 item is the chairman's report. And I usually ask
2 Helaine, and I had forgotten to ask her this time, to
3 remind me of what I have been doing since the last
4 meeting so I can give a chairman's report. So since I
5 didn't call on her, I will try to do it -- I'll try to
6 wing it.

7 But I know that you and I both attended the
8 NLADA meeting since our last meeting. And then most
9 recently, Helaine and I made some visits to Capitol
10 Hill on Thursday. And you all know about the reception
11 for Senators Domenici and Harkin on Thursday evening,
12 which we thought was a successful event.

13 But that's a very short chairman's report, but
14 I think that will be sufficient. And I'll now ask if
15 any members have reports they'd like to make.

16 MS. BeVIER: Mr. Chairman, just briefly, I
17 would like to report on a visit that Mike McKay had
18 pursuant to the board's desire to reach out to people
19 who have not typically been seen as our closest allies.
20 We went to the Heritage Foundation and we met with Ed
21 Meese and Ken Bolm.

22 And the meeting was productive. It was what

1 we hope the start of a conversation. We encouraged Ken
2 in particular to attend some of our meetings to become
3 more familiar with what we are doing at present. He
4 expressed concern over some of the things that had been
5 raised in the GAO report. We assured him that we were
6 every bit as concerned as he was, and that we knew the
7 board was, and that this would be something that we
8 would be attending to.

9 It was a cordial meeting. We hope that, as I
10 suggested, it would be the beginning of a conversation.
11 We think it's important that people from all parts of
12 the political spectrum, if you will, understand and can
13 be constructive in their offering of advice to the
14 Legal Services Corporation.

15 That was the purpose of the meeting, kind of
16 outreach, if you will. We thought it went well.

17 CHAIRMAN STRICKLAND: Thank you very much.

18 Jonann, any report?

19 MS. CHILES: On the subject of outreach, I had
20 a very nice meeting with Senator Grassley and two of
21 his staffers a couple of months ago. They were very
22 gracious and gave me a pretty good chunk of time. And

1 we discussed the GAO report, and Senator Grassley said
2 he's looking forward to seeing our efforts at
3 self-correction.

4 And also, on another note, I spoke to the
5 Little Rock Center for Arkansas Legal Services. I
6 spoke at their board meeting at their invitation. And
7 it was a very nice event.

8 CHAIRMAN STRICKLAND: Thank you. Mike, any
9 report?

10 MR. MCKAY: No.

11 CHAIRMAN STRICKLAND: Herb? Would you get the
12 mike closer to you, please, sir? Thank you.

13 MR. GARTEN: There's something happening all
14 around the country, and that is that IOLTA programs
15 throughout the states are now celebrating 20, 25 years
16 of service. And Maryland Legal Services Corporation
17 celebrated its 25th anniversary, and coincidental with
18 it, the Court of Appeals, the highest court in
19 Maryland, passed what's known as a comparability rule
20 that will have the effect of doubling the amount of
21 interest paid by banks to IOLTA, the IOLTA program in
22 Maryland, which is administered by Maryland Legal

1 Services Corporation.

2 Probably approximately 20 states have adopted
3 such rules. And instead of earning in Maryland, we had
4 a million dollar account of a particular law firm
5 getting 1/10th of 1 percent interest. And as a result
6 of this, of course, they're going to be forced to pay
7 the same rate they would pay to a favored customer.

8 And there was very little resistance to it in
9 the courts. The banks, however, in Maryland, at
10 least -- this was not true everywhere around the
11 country -- we had to negotiate heavily with them over
12 the period of a few months. But they finally were
13 forced to go along with it.

14 Their position was that the courts shouldn't
15 regulate this. This should be something that's done
16 through the legislature. But the court went ahead
17 thanks to our highest court and the Chief Judge.

18 There's been some interesting developments on
19 this -- we were talking about celebrating a National
20 Pro Bono Day and having an award similar to what we did
21 with Howard Dana in Portland. The ABA's pro bono
22 committee has come up with a very serious proposal,

1 ambitious proposal, to have a national celebration of
2 some sort involving state and city bars and county
3 bars.

4 And we had made a proposal that we would go
5 ahead, and the pro bono committee could, if they
6 wished, as they did in Maine, be a joint participant.
7 Their proposal, as we understand it, is something that
8 would take place over a year or two, perhaps, and that
9 we certainly could be one of the participants. Also,
10 it wouldn't be a joint award as we had proposed.

11 The latest word on this is -- I've spoken to
12 Helaine. One of the impetuses, I believe, to the ABA
13 making its committee coming up with a proposal was that
14 we made an inquiry as to whether we could get a
15 proclamation from the Senate or from the President.
16 And John made some inquiries for us, and he reported
17 that as far as the Senate was concerned, Senator Cardin
18 of Maryland was willing to sponsor such an event.

19 So our proposal is not as ambitious, anywhere
20 near as ambitious, as what the ABA wants to do. And it
21 would be -- for this award, we had hoped originally it
22 would be at this meeting. Then we talked in terms of

1 deferring it to our next board meeting. And
2 management, particularly Helaine, is going to come up
3 with -- as I understand it, with a proposal to have
4 this award and possibly a proclamation at a future
5 meeting of our board. If it isn't in Oklahoma City, it
6 would be at some future meeting.

7 And we will await further information from the
8 pro bono committee of the ABA to see to what extent we
9 are invited to participate and give consideration to
10 that at a future meeting.

11 CHAIRMAN STRICKLAND: Thank you, Herb.

12 Sarah?

13 MS. SINGLETON: No.

14 CHAIRMAN STRICKLAND: Just one more comment in
15 connection with the chairman's report. I want to say,
16 as I said at each previous annual meeting, it's a
17 privilege to be associated with all of you on the board
18 and many people -- and all the people in the room.

19 I don't think I would know any of you other
20 than by coincidence, but since we came together as a
21 group, most of us at least in 2003, I consider all of
22 you my good friends. And I've enjoyed working with

1 you, and look forward to doing so again this year.

2 All right. Helaine, we're ready for your
3 report.

4 MS. BARNETT: Well, since my report is
5 formally part of the record, and since there are extra
6 copies here, and since you have heard a lot of what is
7 in my report at the Friday morning presentation at the
8 committee meetings, I'm just going to highlight less
9 than a handful of matters that are included in it.

10 CHAIRMAN STRICKLAND: All right.

11 MS. BARNETT: Just the competitive grants
12 process this year, all the grants for 2008, we had 71
13 in competition, 70 in renewal. We are recompeting two
14 service areas because there was not an applicant that
15 we found acceptable. Four programs got less than one
16 year funding, and 21 programs got special grant
17 conditions.

18 We are revising our request for proposal,
19 which is the application process for our competitive
20 grants, and we will -- to more closely track the
21 performance criteria. And we will implement that this
22 April with the fiscal year '09 grants.

1 I wanted to highlight the training that our
2 staff did over the last six months on the CSR revised
3 handbook. You will note that we did 22 trainings,
4 trained more than -- close to 1600 staff, 118
5 LSC-funded programs.

6 And I have to tell you, I attended one of
7 these trainings. And to do three hours' worth of
8 rather dry material as to what constitutes a case in a
9 lively and entertaining way really required talent. So
10 I congratulate our staff, in particular Kamala
11 Srinavasagam and David de la Tour, for doing this
12 extensive in-person training for us.

13 You heard that we issued the program letter on
14 private attorney involvement and our guidance to
15 programs on leadership mentoring activities. We
16 believe both those documents will be of great help to
17 our grantees.

18 Our ninth annual TIG conference is next week.
19 It is January 30th through February 2nd in Austin,
20 Texas. And as you know, this is the only conference on
21 technology for legal services programs. And we're very
22 proud to be doing it for nine years.

1 And finally, please, members of the board,
2 mark your calendars for the meeting of all executive
3 directors this June 10 and 11 in Washington, D.C. We
4 are very excited. We have an advisory committee
5 working with our own in-house committee.

6 This program is designed to focus specifically
7 on the role of an executive director of an LSC-funded
8 program. We announced on January 15th that we
9 requested RSVPs, and I'm really pleased to report as of
10 today we have 84 executive directors coming to this
11 program.

12 So we think it will be a very productive
13 couple of days. The executive directors have asked
14 actually specifically, will we have an opportunity to
15 meet the board, and I have indicated that they will and
16 that we have invited all board members and hope that
17 you can adjust your schedules to join us.

18 Are there any questions?

19 MS. SINGLETON: It's a week?

20 MS. BARNETT: We're coming in on Monday night.

21 The conference is Tuesday and Wednesday, ending
22 Wednesday at noon.

1 CHAIRMAN STRICKLAND: Is that here at the LSC
2 headquarters?

3 MS. BARNETT: It will not be at the LSC
4 headquarters. We're at the Marriott over the bridge.

5 CHAIRMAN STRICKLAND: The Key Bridge?

6 MS. BARNETT: The Key Bridge, Key Bridge
7 Marriott. But we are having an open house at LSC on
8 the Monday evening around 4:00. So if the board is
9 here, the board of course would welcome them to the
10 open house.

11 We are going to have a reception on Tuesday
12 evening. John Constance is looking at possibilities,
13 and right now we have a hold on the National Archives
14 building, looking at the original LSC Act and other
15 documents of interest.

16 MS. SINGLETON: That's cool.

17 MS. BARNETT: We're looking at having a
18 prominent speaker from either the judiciary or Congress
19 on Tuesday for lunch. So any suggestions you have, we
20 welcome them. But most importantly, we really welcome
21 your presence if you're able to accommodate that visit
22 with your schedules.

1 CHAIRMAN STRICKLAND: Thank you. Do any board
2 members have questions for Helaine?

3 MS. PHILLIPS: Frank?

4 CHAIRMAN STRICKLAND: Yes?

5 MS. PHILLIPS: I don't have a question for
6 Helaine. But I forgot to mention that I attended --

7 CHAIRMAN STRICKLAND: Oh, I'm sorry. I meant
8 to call on the two of you for members' reports. I
9 apologize. Go ahead.

10 MS. PHILLIPS: Should I give it now?

11 CHAIRMAN STRICKLAND: Yes. Go ahead.

12 MS. PHILLIPS: I also attended the NLADA
13 conference. I believe it was in October. I met with
14 Ms. Rosita Stanley and the client population, which the
15 meeting was very educational and interesting. And I
16 look forward to working with this population in the
17 future.

18 CHAIRMAN STRICKLAND: Thank you for that
19 report. And Tom Meites, I'm sorry I overlooked you a
20 while ago. Did you have a member's report?

21 MR. JEFFRESS: Mr. Chairman, he's on the phone
22 with Karen Sarjeant at the moment.

1 CHAIRMAN STRICKLAND: Oh, all right. I'll ask
2 him again later when he comes back on the line.

3 Next is the acting inspector general's report.
4 Dutch?

5 MR. MERRYMAN: Thank you very much. For the
6 record, Ronald Merryman, acting inspector general. I'm
7 processing the selection right now, so I do have a very
8 short report and it won't take much time.

9 I do want to start off by saying that two
10 members of the staff -- Tom Coogan has been
11 hospitalized, and I've been trying to monitor exactly
12 the reasons for that. And I don't have any information
13 on that right now.

14 CHAIRMAN STRICKLAND: Since yesterday?

15 MR. MERRYMAN: Last night. And I'm trying to
16 track that. Also, Laurie will be going on extended
17 leave starting next week.

18 MS. SINGLETON: How come?

19 MR. MERRYMAN: I don't know. You know how
20 auditors are. It's obvious, but I don't know.

21 I was prepared to discuss a preliminary work
22 plan, or just to present a preliminary work plan. I

1 will keep that abbreviated because there are items that
2 I believe that a new leadership will want to look at
3 and make sure they're comfortable with.

4 We are going down all the previous work from
5 2007. We'll be having discussions with management on
6 the OIM, on funding shortly. We have just one more
7 interview to conduct, but we already have the drafts
8 ready to go and will be winding down any other open
9 items from the previous year.

10 This coming year, we are very much involved in
11 accepting the referral, very much staffing for that,
12 and devoting our resources to getting that done very
13 quickly on the GAO information.

14 I had set a deadline of visiting all -- before
15 this meeting, I had set a deadline for visiting all of
16 the recipients no later than June. We will move that
17 up to meet whatever schedule we have to. I've
18 appointed three teams to do that so we can do multiple
19 places. We can go to different places at the same time
20 to get the work done that was referred to us on the GAO
21 report.

22 Roles and responsibilities obviously will

1 impact anything in our performance plan that comes up.
2 And since that's going to be moving fairly quickly, we
3 will have the ability to respond to whatever new roles
4 and responsibilities or areas of interest that we have
5 to.

6 In the investigation area, we have several
7 fraud investigations currently ongoing, some that we
8 had talked about. One that we had talked about in the
9 past is still going on. There's been no action from
10 the standpoint of the courts on one of our bigger ones.
11 But we also have several other ones ongoing at this
12 time.

13 We do have fraud awareness and fraud reviews
14 going on, fraud indicator reviews, where we see some
15 information that may indicate a weakness, a specific
16 weakness, that was susceptible to fraud based on our
17 history of what we've noticed in LSC and LSC programs.
18 And we do plan five or six visits this year also in
19 that, with associated reports and fraud alerts as
20 necessary to the executive directors.

21 We are working on some complaints, compliance
22 complaints, that have come in. And we'll continue to

1 work those, and continue to work any other new
2 complaints that come in during the course of the year,
3 and operate the fraud hotline.

4 As far as subpoena enforcement, although we're
5 not actively doing anything right now other than
6 waiting for the courts, when we get the answer, then we
7 will have to be expending a significant amount of time,
8 probably, in that area also.

9 We have looked at our own system of internal
10 controls, and there will be a report coming out on that
11 for what we've found. And we'll post that on the
12 internet and make sure all board members get that as we
13 look at ourselves on internal controls.

14 And we are also updating our admin manual,
15 where it says "supplement to" as opposed to "competing
16 with" the LSC manual, to make sure that we take care of
17 any areas that we found weaknesses in.

18 And that's just a general overview. I'll call
19 it preliminary. And we'll work very quickly to get a
20 final document out after consultations with the newly
21 selected IG.

22 And that concludes my report.

1 CHAIRMAN STRICKLAND: Thank you, Dutch. Any
2 questions for Dutch?

3 (No response.)

4 CHAIRMAN STRICKLAND: All right.

5 MS. BeVIER: Excuse me. I actually do have a
6 question, Dutch. Forgive me for raising this.

7 You said that you'd gotten some complaints,
8 compliance complaints. Are these complaints about
9 failure to comply with the regs? The restrictions?

10 MR. MERRYMAN: Some of them would deal with
11 that to some degree. Some of them are fraud
12 complaints. Some of them are a combination of both.
13 Some were referred to OCE and are working with OCE.
14 Some we will be looking at ourselves based on the
15 possibility of fraud.

16 Some of them deal with time and attendance
17 fraud. Some of them deal with some more compliance
18 issues. But it's related.

19 MS. BeVIER: Thank you.

20 CHAIRMAN STRICKLAND: All right. The next
21 item is consider and act on the report of the provision
22 for the delivery of legal services committee. Who's

1 going to give that report?

2 MS. SINGLETON: Well, Mr. Chair, nobody told
3 me, but I assumed I was.

4 CHAIRMAN STRICKLAND: Oh, you presided at the
5 meeting. Yes. Please do that, if you would.

6 MS. SINGLETON: Thank you. And I will keep my
7 report brief because I believe most people were present
8 at the meeting.

9 We heard some very good presentations from
10 members of the LSC staff, Guy Lescault, Monica Evans,
11 Evora Thomas, and Bristow Hardin. Guy talked about the
12 pro bono initiative. Importantly, Program Letter 07-2
13 has been issued. As he described it, that letter
14 provides guidance, and it's nonprescriptive, which is
15 not always the case with program letters.

16 The program letter tracks the presentations
17 that we actually heard, and it talks about involvement
18 in pro bono by large firms, small firms, law firms,
19 access to justice community, bar associations, and then
20 gives specific examples.

21 And it's very convenient because there are
22 links in it to where you can go to get more information

1 about the specific proposals that are contained within
2 the program letter. And I thought it was very good
3 that he noted that the field is already using the
4 letter and has gotten ideas from the examples that are
5 contained in the letter.

6 You will recollect that we adopted a model
7 resolution concerning private attorney involvement in
8 pro bono efforts, and we sent that out to the various
9 grantees. To date, 74 programs have adopted a
10 resolution tailored to their individual programs. And
11 they have done some creative things in this area, and
12 hopefully that will continue.

13 Guy reported that they are considering -- or
14 there's an ongoing consideration of pro bono and
15 private attorney involvement in matters including
16 they're considering whether there should be a new kind
17 of PAI component in the grant application;
18 modifications to the CSR concerning private attorney
19 involvement; and they are still looking into the
20 faculty sabbatical issue that was suggested, as I
21 recollect, by the committee chairman, David Hall.

22 Ms. Thomas and Ms. Evans talked to us about

1 the mentoring program that we have heard so much about.
2 They gave us a report, a quite lengthy report, on that
3 in our books as a separate document, so I don't really
4 need to go into a lot of detail in what they told us.

5 However, they noted that in their mentoring
6 project, they used two different ways to present the
7 mentoring program group sessions that were held at
8 national conferences; and then one-on-one sessions that
9 they develop some important criteria for mentoring
10 programs, including the potential leaders must learn
11 through a program which officially or formally
12 integrates mentoring into it; that high quality,
13 diverse leadership will bring better -- and that
14 translates into quality -- representation to the client
15 community; and that there are certain core competencies
16 for a mentoring program.

17 And Monica told us that some of the things
18 that need to be included in such a program would be
19 that it must be flexible; there have to be ground rules
20 at the beginning that are discussed when you're
21 starting the mentoring relationship; and that it has to
22 be given a long enough duration to have a chance to

1 succeed, which so be no less than 18 months.

2 Various benefits were identified, and various
3 continuing work in the form of workshops, site visit,
4 protocol for mentoring, as well as developing a
5 national pool of mentors that LSC will continue to do.

6 The third report we heard was from Bristow on
7 the loan repayment program that we have, the pilot
8 project. Again, we got a very detailed report on that
9 program, and it's statistically oriented. So I'm not
10 going to go through all the statistics.

11 I think what was interesting to note was that
12 while it seemed to be a consensus that a loan repayment
13 assistance program would in fact help both to recruit
14 and retain lawyers, that there could also be other
15 reasons why lawyers are leaving legal aid practices or
16 careers.

17 And those include family reasons. They
18 include things like what kind of work are they getting
19 to do? What kind of supervision and training are they
20 getting? And probably, critically, how much salary are
21 entry level and then people who've been there a few
22 years getting?

1 And the comparison with the public defender,
2 who is not noted for being one of the wealthier or one
3 of the more high-paying types of careers that a young
4 or a new lawyer can start out with showed that we are
5 significantly below even the public defender
6 department, both for our entry level lawyers and for
7 lawyers who have some years of experience, so that
8 that's something that needs to be looked into.

9 And I think that's a very brief summary of
10 some very good reports that were given that show how
11 the management staff here is continuing with the
12 quality agenda that President Barnett has started.
13 Thank you.

14 CHAIRMAN STRICKLAND: Any questions for Sarah
15 on her report?

16 (No response.)

17 CHAIRMAN STRICKLAND: Thank you very much,
18 Sarah.

19 The next item is consider and act on the
20 report of the finance committee. Mike McKay.

21 MR. MCKAY: Thank you, Mr. Chairman. The
22 first item of substance was a presentation of the

1 fiscal year 2007 annual financial audit. We heard from
2 Dutch Merryman, our acting inspector general, and Nancy
3 Davis, who is our outside auditor.

4 Everyone received a copy of the report. It
5 was a good report. Our attention was invited to the
6 fact that some issues that had been raised in previous
7 reports had been satisfactorily addressed in this
8 intervening period of time, and it was reported to us
9 by Ms. Davis of that fact.

10 And there was a significant problem that was
11 identified. It was the fact that a \$450,000 receivable
12 was not properly booked. That was corrected once the
13 money did come in, and a procedure has been put in
14 place to make sure this doesn't happen again.

15 We received a report -- oh, we also heard from
16 Ms. Davis on new auditing standards and the increased
17 responsibilities that are imposed upon and expected
18 from the governing body, which in this case is us.

19 And Ms. Davis gave us a very helpful
20 presentation, indeed gave us a summary of SAS 114,
21 which has been revised consistent with these evolving
22 standards. And the bottom line for that is that

1 there's going to be more communication between us as a
2 board and/or designated representatives, one or two
3 individuals or an audit committee, and the audit team,
4 the independent auditors. And we look forward to
5 faithfully adhering to those new standards in the
6 upcoming years.

7 We next heard from John Constance. He gave us
8 a report on fiscal year 2008 appropriations. We're all
9 well aware of that .5 percent increase. John did
10 report to us that this was -- as disappointing as this
11 was, what happened to us was -- we are in much better
12 shape than a lot of the governmental entities.

13 It was his assessment that what happened to us
14 was not a function of any prejudice against LSC. But
15 it was just a function of the budgetary times that we
16 were facing. And we took the hit, but not necessarily
17 as hard as other entities.

18 We then considered and acted on locality pay
19 and looked at the congressional legislation. Felt very
20 comfortable with embracing that legislation. And I
21 invite your attention to Resolution 2008-003, which is
22 on page 197 of your board book.

1 budget for fiscal year 2008. We heard from
2 Mr. Richardson and Mr. Jeffress. We invite your
3 attention to the resolution at page 192.

4 A couple items. Number one, this resolution,
5 first, there was an error in the resolution that was
6 considered by the committee. It was caught by
7 Mr. Richardson. He's made the correction. There was a
8 number that was missing in the "Resolved" paragraph at
9 the bottom of the resolution on the first page.

10 And so I'm handing out a revised accurate
11 resolution. And this resolution calls for the adoption
12 of the consolidated operating budget that incorporates
13 the appropriation that has been now approved by
14 Congress and signed by the President. Mr. Richardson
15 explained the adjustments, and it was approved by the
16 finance committee. And we recommend it now to the full
17 board.

18 M O T I O N

19 MR. MCKAY: So I move the adoption of
20 Resolution No. 2008-002.

21 CHAIRMAN STRICKLAND: Is there a second to the
22 motion?

1 MS. BeVIER: Second.

2 CHAIRMAN STRICKLAND: Any discussion on the
3 motion?

4 (No response.)

5 CHAIRMAN STRICKLAND: Hearing none, let's
6 proceed to a vote. All those in favor of the motion
7 please say aye.

8 (A chorus of ayes.)

9 CHAIRMAN STRICKLAND: Opposed, nay.

10 (No response.)

11 CHAIRMAN STRICKLAND: The ayes have it and the
12 resolution is adopted.

13 MR. McKAY: Thank you. We then received a
14 presentation on LSC's financial reports for the first
15 three years (sic) of fiscal year 2008, a presentation
16 from Mr. Richardson and Mr. Jeffress. Mr. Richardson
17 reported we were well within our spending guidelines
18 and doing as we should.

19 The next item was an important topic addressed
20 in the GAO report on governance, the first report. And
21 it relates to the question of establishing an audit
22 committee or assigning audit committee functions to the

1 finance committee.

2 We heard from Nancy Davis, from Mr. Jeffress,
3 Mr. Fortuno, and Mr. Merryman. It was a good
4 discussion. The committee also began to -- and we also
5 received some wonderful materials from staff to give
6 not just what other entities, corporate governmental
7 entities, are doing, but also descriptions of the audit
8 functions and the different options that are available
9 to us, and proposed charters.

10 But in light of the fact that the ops and regs
11 committee, which we'll be shortly hearing from, is
12 going to be recommend to this full board that we create
13 an ad hoc committee to address all the GAO issues, we
14 did consider the good materials that were presented to
15 us.

16 This is a subject we began discussing two
17 meetings ago and have been working on. We decided to
18 defer decision until the ad hoc committee addressees
19 this very important issue as part of all the other
20 issues that's been raised by the two GAO reports.

21 And so we have no recommendation to the board
22 other than to say my sense was the committee at this

1 point seems to be leaning towards, for a series of
2 reasons, the creation of a separate audit committee, or
3 indeed even an audit and ethics committee. And of
4 course, we're a firm believer in the collective wisdom
5 of the board and of the work that will take place
6 presumably of the ad hoc committee.

7 We're particularly grateful to Nancy Davis for
8 her insight. She had some good observations, and they
9 were taken to heart.

10 I'd like to conclude the report of the finance
11 committee to really express, certainly speaking for
12 myself, my deep gratitude to Dutch Merryman for his
13 very good work as the acting inspector general. He
14 stepped in and served, I think, in a distinguished way
15 and a very helpful way, certainly to me personally as
16 chair of the finance committee, and I know I speak for
17 the entire board when I express my deep gratitude to
18 Dutch for his good work.

19 CHAIRMAN STRICKLAND: Thank you, Mike.

20 MR. MCKAY: And that's the end of my report.

21 Thank you.

22 CHAIRMAN STRICKLAND: Thank you, sir. Any

1 questions for Mike about his report?

2 (No response.)

3 CHAIRMAN STRICKLAND: All right. Let's move
4 to the next item, which is to consider and act on the
5 report of the operations and regulations committee.
6 And Lillian, are you going to give that report?

7 MS. BeVIER: I think so. The ops and regs
8 committee basically did two things of note. We spent
9 most of our time on two matters.

10 The first was a staff presentation on the
11 complaint investigation process, and Danilo Cardona
12 made a very informative presentation about the process
13 that OCE pursues to investigate complaints that come to
14 the board. He described what happens with respect to a
15 complaint from the day it is received until the day it
16 is closed.

17 He summarized for us -- gave us some
18 statistics about the total number of formal complaints,
19 and sort of how they play out, I mean, what kinds of
20 complaints we have the most of.

21 Fifty-three percent are for denial of
22 representation, about which little can be done by the

1 people in the national office.

2 Fourteen point three percent are for
3 inadequate legal assistance, either in terms of the
4 extent, perceived extent, or the quality. Often these
5 just amount to a client who believes that he or she
6 should have received more assistance or a longer
7 representation or a more substantial representation
8 than he or she received. OCE generally follows up and
9 recommends to the clients that their avenue of recourse
10 is usually the local grievance committee of the local
11 grantee, that there's really not very much that can be
12 done.

13 Four percent of the complaints are from
14 employees of grantees, about which Danilo was unable to
15 generalize. But he said they do a very thorough
16 investigation of each and every one of those.

17 And five percent of the complaints are from
18 opposing parties in litigation as to which an LSC
19 grantee has represented a client. And so it's the
20 opposing counsel. And often, sometimes, these are
21 opposing parties who say, well, the client is over the
22 income level or things like that. The complaint tries

1 to characterize the client as actually having been
2 ineligible for grantee service.

3 The issue that Danilo spent most of his time
4 talking about or most of the substance, I think I would
5 characterize it as, were the remedies. One of the
6 problems is that we don't have very much -- LSC does
7 not have very much remedial flexibility. There's not
8 really much that can be done when grantees do not abide
9 by the restrictions or the regulations or the proper
10 procedures.

11 The LSC does not, for example, have authority
12 to provide individual recourse to or redress to
13 aggrieved clients, although we can seek remediation and
14 corrective action. And we do that, but it's not much
15 of a deterrent.

16 He did then summarize nine complaints and the
17 sanctions that had been imposed on grantees in the last
18 six years. And it was interesting in the sense
19 that -- I won't repeat that summary for you because I
20 think you were all here and you heard.

21 But the upshot of it was that, again, the
22 sanctions in terms, for example, of being able to

1 impose monetary sanctions that are going to actually
2 represent a real hit, a real cost, to the grantee to
3 provide them with some incentive to change their
4 behavior, in Danilo's view are not adequate.

5 He suggested that the limited array of
6 sanctions that we have available work well for minor
7 violations but not for major ones. And he advocated
8 that we consider having intermediate sanctions. And
9 that is going to be -- it's something that the ops and
10 regs committee has been thinking about for some time.

11 And the reason we asked Danilo to make this
12 presentation at this board meeting was precisely to get
13 a handle on why we would need intermediate sanctions
14 and how intermediate sanctions would play out in the
15 context of the work of OCE generally.

16 We were not in a position to begin to consider
17 once again the revision of the regulations with respect
18 to intermediate sanctions, and thus we took under
19 advisement Danilo's report. And I believe we have
20 determined that at the next board meeting, we will have
21 a proposed reg brought before us. And we will then be
22 able to make a decision about whether to adopt the

1 intermediate sanctions that that office, at least,
2 thinks are needed.

3 That was the first thing upon which we spent
4 time. The second matter that we spent time on was the
5 proposed LSC code of conduct. And Charles Jeffress
6 made a presentation. We had a draft of the proposed
7 code of conduct, and the committee spent quite a good
8 bit of time going through that code section by section,
9 Roman numeral by Roman numeral.

10 We suggested a number of changes. I don't
11 think it makes sense for me to summarize what those
12 are. We ended up sending this back to the task force
13 that Charles had assembled with deep thanks for the
14 task force's work that they had put in already.

15 It's a very thorough job, and we just
16 basically did some tweaking of some issues that are not
17 trivial, by any means, but they were not the major
18 thrust of this code, which is to provide guidance to
19 employees, officers, and directors about the
20 expectations for their behavior that the Corporation
21 will hold in the future and to which the Corporation
22 will hold all of us accountable.

1 So we did make a couple of substantive
2 decisions that I think I can summarize fairly. One of
3 those is a substantive decision to change the name of
4 the code to a code of ethics and conduct, and to change
5 the designated enforcement person, the title of that
6 designated enforcement person, to ethics officer rather
7 than compliance officer.

8 In addition, another substantive suggestion
9 that I can summarize here has to do with the idea that
10 we need to have an enforcement mechanism in addition to
11 a code of conduct. And so we asked that that be
12 something that perhaps this task force can give its
13 attention to so that not only will we have this code of
14 conduct, but we will have specified how it is going to
15 be enforced within the organization.

16 The hour was late when we finished that work,
17 and we got a brief staff presentation on the continuity
18 of operations plan from Charles Jeffress, and briefly
19 adverted to the risk management plan that's in
20 development. But as to No. 5 and 6 on the agenda, we
21 recessed last night before finishing those and we took
22 them up first thing this morning.

1 And what the committee decided with respect to
2 those -- those are having reference to the GAO report
3 with respect to managing risk on the one hand, and
4 grants management on the other hand -- we consider
5 those matters to be extremely serious and important,
6 and we consider them to be board responsibilities.

7 M O T I O N

8 MS. BeVIER: And we come to you with a motion
9 that the board direct the chairman of the board to
10 appoint a subcommittee of the board, an ad hoc
11 committee of the board, so that that subcommittee can
12 work with management in the next two months,
13 perhaps -- maybe even less, the next six weeks -- to
14 work with staff to recommend and actually to devise
15 means of improving the coordination between the various
16 offices of the staff and the IG; to oversee the
17 responses, and to consider the changes that need to be
18 made; and to report to the board, this ad hoc
19 committee, probably before the next board meeting
20 because we consider -- the motion comes to the board
21 with some urgency behind it.

22 We hope that this ad hoc committee can be

1 appointed expeditiously and begin working with
2 management very quickly. We'd love to have this work
3 done by the end of March, if that proves at all
4 feasible.

5 So I bring that motion to you, Mr. Chairman.

6 CHAIRMAN STRICKLAND: Thank you very much.

7 Are there any questions for Lillian on her
8 report before we move on this motion?

9 (No response.)

10 CHAIRMAN STRICKLAND: May I suggest, on advice
11 of our general counsel, I'm making reference to the
12 Sunshine Act as it applies to LSC, and in particular,
13 Section 1622.3(d)(2), which says that the subject
14 matter of a meeting or a decision to open or close a
15 meeting or portions thereof may be changed by recorded
16 vote of a majority of the directors that Corporation
17 business so requires, and that no earlier announcement
18 of the change was possible.

19 I would suggest that this applies under the
20 circumstances because the board just determined during
21 this meeting to establish this committee, and that you
22 might want to consider -- well, first we should take a

1 vote on whether or not we shall change the agenda, by
2 majority vote, so as to take up this matter.

3 Is there a motion to that effect?

4 MS. BeVIER: I don't understand why it has to
5 be changed. You're working from the -- you're working
6 from a different agenda from me.

7 CHAIRMAN STRICKLAND: No. I'm saying
8 that -- and I asked Vic about this. In terms of
9 establishing -- there's nothing on the agenda about
10 establishing a committee, is what I'm talking about.
11 So since that's not on the published agenda, we need to
12 change the agenda to consider and act on the
13 establishment of an ad hoc committee for the purposes
14 that you just outlined.

15 M O T I O N

16 MS. BeVIER: Then I so move.

17 CHAIRMAN STRICKLAND: Is there a second to
18 that?

19 MR. GARTEN: Second.

20 CHAIRMAN STRICKLAND: Any discussion?

21 (No response.)

22 CHAIRMAN STRICKLAND: all those in favor

1 please say aye.

2 (A chorus of ayes.)

3 CHAIRMAN STRICKLAND: Opposed, nay.

4 (No response.)

5 CHAIRMAN STRICKLAND: The ayes have it. So
6 the agenda is modified in order to take up the matter
7 that you have proposed.

8 So my suggestion would be that the motion be
9 modified slightly to say that first you want the board
10 to establish the committee, and second, to delegate to
11 me the authority to make the appointments.

12 MS. BeVIER: I would certainly accept that --

13 CHAIRMAN STRICKLAND: Accept that amendment?

14 MS. BeVIER: -- amendment to the motion. Is
15 there a -- oh. It doesn't have a second yet, does it?

16 CHAIRMAN STRICKLAND: No. Let's see if we can
17 get one.

18 MR. GARTEN: Second.

19 CHAIRMAN STRICKLAND: All right. Is there any
20 discussion on the motion?

21 (No response.)

22 CHAIRMAN STRICKLAND: I think everybody

1 understands the motion, and so if so, let's proceed to
2 a vote.

3 All those in favor please say aye.

4 (A chorus of ayes.)

5 CHAIRMAN STRICKLAND: Opposed, nay.

6 (No response.)

7 CHAIRMAN STRICKLAND: The ayes have it and
8 that motion is adopted. And I can assure the board
9 that we will move expeditiously on the appointments.

10 Anything else from your committee?

11 MS. BeVIER: No. That concludes my report,
12 Mr. Chairman. Thank you.

13 CHAIRMAN STRICKLAND: Okay. The next item is
14 consider and act on charters for board committees. Is
15 there --

16 MS. SINGLETON: What happened to --

17 MR. FORTUNO: The only charters that were
18 provided to the board were the charters relating to the
19 establishment of an audit committee. Other charters
20 had not yet been prepared, although they'll be
21 available for the task force to work on. The idea was
22 to see how the board wished to proceed with respect to

1 charters.

2 MR. MEITES: Mr. Chairman, this is Tom. Can I
3 speak? Hello?

4 CHAIRMAN STRICKLAND: Tom. Did you have a
5 question?

6 MR. MEITES: Yes. I don't understand what the
7 word "charter" means. A charter is not a legal term
8 with which I am familiar. I did take corporate law at
9 one point.

10 MR. FORTUNO: I think, if I may --

11 CHAIRMAN STRICKLAND: Please go ahead, Vic.

12 MR. FORTUNO: The GAO --

13 MR. MEITES: Yes. But translate it into legal
14 terms, not accounting terms. What do they want us to
15 do? I really -- I'm sincerely baffled at the use of
16 the word charter. Virginia has a charter.

17 MR. FORTUNO: I think the GAO suggested that
18 the jurisdiction of the various committee be more
19 clearly spelled out. And the idea here was to take
20 what currently exists, which is resolutions of the
21 board that spell out the jurisdiction of the various
22 standing committees, and to examine those with an eye

1 towards improving upon them, having more extensive,
2 more detailed descriptions of what the jurisdiction of
3 the various committees are.

4 And it's those documents, the statement of
5 jurisdiction of the committee, that has been referred
6 to as a charter, and I think was referred to by the
7 GAO, as well, as charter. And that's what we're
8 talking about here, is having those statements of
9 jurisdictions of committee.

10 You have, I think, been provided two drafts
11 with respect to audit and audit and finance. We were
12 hoping to see how the board felt about charters of that
13 nature. And if that approach was acceptable, then we
14 would have charters as to the other standing committees
15 made available in draft form for your consideration
16 before the next meeting.

17 Now, since there will be a --

18 MR. MEITES: Hold on. Hold on. But you say
19 that there is existing documents --

20 MR. FORTUNO: Yes.

21 MR. MEITES: -- which define the scope of
22 responsibilities of the existing committees. Is that

1 correct?

2 MR. FORTUNO: Yes.

3 MR. MEITES: And are you working from those or
4 are you starting on a clean sheet basis?

5 MR. FORTUNO: We are starting with those. The
6 GAO asked for and was provided the existing charters,
7 if I may. And they determined that at least with
8 respect to audit, and possibly with respect to all,
9 there should be a more detailed explanation as to
10 jurisdiction.

11 And so we will be starting with the ones that
12 exist and working from that, and then coming back to
13 the board with some proposals for board consideration.

14 MR. MEITES: Thank you very much.

15 MS. BeVIER: Mr. -- I'm sorry.

16 CHAIRMAN STRICKLAND: Herb, I think, had his
17 hand up first. Herb, go ahead.

18 MR. GARTEN: Isn't this an elaboration? We
19 have bylaws that describe the responsibilities and set
20 up the committees.

21 MR. FORTUNO: The bylaws provide for
22 establishment of committees, and I think the bylaws may

1 even identify the standing committees. But they don't
2 provide any explanation of jurisdiction.

3 MR. GARTEN: So this is an elaboration of
4 what's in the bylaws?

5 MR. FORTUNO: Yes.

6 MR. GARTEN: That's the point? And the word
7 charter, I presume, comes from a charter, articles of
8 incorporation.

9 MR. FORTUNO: Yes.

10 MR. GARTEN: And that's where this term that
11 they've developed comes from. But basically, it's just
12 an elaboration of the responsibilities and duties of
13 the respective committees.

14 MR. FORTUNO: Yes.

15 CHAIRMAN STRICKLAND: Lillian?

16 MS. BeVIER: Mr. Chairman, this sounds to me
17 like something that ops and regs out to have under its
18 jurisdiction and come to the board. It
19 shouldn't -- the drafting done by staff, and then taken
20 to ops and regs. And I trust that since Mr. Meites
21 isn't here, he's not going to object to that, I hope.

22 CHAIRMAN STRICKLAND: Well, he's here by

1 telephone. He can speak up if he does want to object.

2 MR. MEITES: I have no objection, though the
3 word "charters" is not going to survive.

4 (Laughter)

5 MR. McKAY: It should not be entirely -- as
6 excited as I am to give a responsibility to ops and
7 regs, it is something that should be on the radar for
8 the ad hoc committee because one of the issues, of
9 course, is the audit committee and where it is.

10 And so at the very least, there should be
11 coordination, if not have it start with the ad hoc
12 committee, then finally send it to ops and regs.

13 MS. BeVIER: That might be a better plan.

14 MR. MEITES: That makes sense to me.

15 MS. SINGLETON: I also think that it makes
16 more sense for each existing committee's charter to go
17 to that committee. I mean, I don't know why ops and
18 regs would know what the charter for provisions should
19 be, for example. Or I don't -- so I guess I am opposed
20 to the idea of sending all of the charters to ops and
21 regs.

22 MR. MEITES: Why don't I suggest this. Why

1 doesn't each committee get the draft, and then ops and
2 regs is willing to offer to coordinate when all of them
3 are ready and ship them off to the board, make sure
4 they're uniform, et cetera, and there's no overlaps
5 between them.

6 CHAIRMAN STRICKLAND: It seems to me whoever
7 suggested the logic of having each of our standing
8 committees work on individual charters for those
9 committees, it sounds sensible to me.

10 MS. BeVIER: Yes. Me, too.

11 MR. MEITES: Yes.

12 CHAIRMAN STRICKLAND: And then if we do, and
13 Tom's suggestion -- Tom Meites' suggestion is that ops
14 and regs might take those under consideration for
15 review and helpful suggestions. And if the ad hoc
16 committee has some suggestions, it will do so also, I'm
17 sure.

18 MS. SINGLETON: Well, particularly ad hoc
19 needs to look at audit.

20 CHAIRMAN STRICKLAND: Yes. All right.

21 MR. FUENTES: Mr. Chairman?

22 CHAIRMAN STRICKLAND: Yes, sir?

1 MR. FUENTES: May I go back, jump back
2 completely one item? You intended to make a motion to
3 approve the ad hoc, the creation of the ad hoc
4 committee.

5 MS. BEVIER: To recommend to the board, yes.

6 MR. FUENTES: And at some point there, you
7 asked --

8 CHAIRMAN STRICKLAND: Did we miss a link?

9 MR. FUENTES: Yes. You asked for
10 clarification as to should we not adjust the agenda in
11 order to place that matter and take care of it.

12 CHAIRMAN STRICKLAND: Yes.

13 MR. FUENTES: She said, I so move.

14 CHAIRMAN STRICKLAND: And we took a vote on
15 that.

16 MR. FUENTES: Which we took a vote on that.
17 But I don't think we ever voted on the matter of --

18 CHAIRMAN STRICKLAND: The creation of the
19 committee and the delegation of the authority?

20 MR. FUENTES: Yes. What the main motion was.
21 I don't think there ever was a main motion --

22 MS. SINGLETON: Well, I thought -- well, maybe

1 we ought to do it again just in case. But I thought
2 then the chairman said, would you amend your main -- he
3 didn't call it main, but it would be the main motion to
4 say the board creates the committee and the chair fills
5 or appoints people to that ad hoc committee.

6 And at that point then I thought we voted on
7 that motion as amended. Because that's when we got the
8 second to the motion from Mr. Garten and then we voted,
9 I believe.

10 MR. FUENTES: I thought we had only voted on
11 the matter of amending the agenda, and we never took up
12 the main motion.

13 MS. SINGLETON: I thought we did both.

14 CHAIRMAN STRICKLAND: I think that we did
15 both. But in the abundance of caution, let's say,
16 Lillian, would you make your motion again? And we will
17 vote on it.

18 M O T I O N

19 MS. BeVIER: I move that the board establish
20 an ad hoc committee, to which the chairman will appoint
21 the members, to work with management in the next two
22 months to develop policies, procedures with respect to

1 coordination of the tasks of the OCE, the OIG, and
2 OPP --

3 MS. SINGLETON: OCE.

4 MS. BeVIER: With the various offices in LSC
5 whose work needs to be coordinated. I think the sense
6 of my motion is pretty clear to the board at this
7 point. It's a very, very important task in response to
8 the issues that were identified and brought to our
9 attention by the GAO report. That's the motion.

10 MR. McKAY: Reports plural.

11 MS. SINGLETON: Mr. Chair?

12 MS. BeVIER: Plural.

13 MS. SINGLETON: The motion said that the ad
14 hoc committee was to work with management. I think it
15 should also work with the inspector general.

16 MS. BeVIER: Definitely. It's certainly meant
17 to include that.

18 CHAIRMAN STRICKLAND: All right. And included
19 in that is the delegation of the authority to the
20 chairman to make appointments to the --

21 MS. BeVIER: Yes, indeed.

22 CHAIRMAN STRICKLAND: All right.

1 MS. BeVIER: Is there a second? Sorry.

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

4 MR. GARTEN: Second for the second time.

5 CHAIRMAN STRICKLAND: And any further
6 discussion?

7 (No response.)

8 CHAIRMAN STRICKLAND: All right. Hearing
9 none, let's proceed to a vote. All those in favor
10 please say aye.

11 (A chorus of ayes.)

12 CHAIRMAN STRICKLAND: Opposed, nay.

13 (No response.)

14 CHAIRMAN STRICKLAND: And that motion is
15 adopted.

16 I'm sorry, I skipped an agenda item a moment
17 ago. At least on mine, it's No. 24, consider and act
18 on board follow-up on recommendations to the board
19 contained in the report issued by the GAO on LSC
20 governance.

21 Who's the presenter on that? Is that you,
22 Vic?

1 MR. FORTUNO: No. Not that I'm aware of.

2 MS. BeVIER: That's the ad hoc committee,
3 isn't it?

4 CHAIRMAN STRICKLAND: Is that the ad hoc
5 committee?

6 MR. FUENTES: Yes.

7 MS. BeVIER: That's what Sarah was saying. I
8 see.

9 MS. SINGLETON: That's what I was trying to
10 say. I didn't think we needed another
11 motion -- another agenda item.

12 CHAIRMAN STRICKLAND: I thought you were
13 saying that was -- I thought you meant that that was a
14 different agenda item. I apologize.

15 MS. SINGLETON: I meant I thought we'd already
16 complied with the Sunshine Act.

17 CHAIRMAN STRICKLAND: All right.

18 MS. BeVIER: We did and then some.

19 CHAIRMAN STRICKLAND: Item 26 on the agenda
20 that I'm using, consider and act on proposed protocol
21 for board member access to Corporation records, the
22 proponent of that, I believe, originally was Bernice

1 Phillips. And she asked a while ago that we postpone
2 that item. So unless there's objection, we will
3 postpone that item to our next meeting. And I think
4 the reason was that she was not going to be available
5 to participate in the discussion when it came up on the
6 agenda.

7 The next item is staff report on selected LSC
8 performance measures. Charles, are you the presenter?

9 MR. JEFFRESS: Yes, sir.

10 CHAIRMAN STRICKLAND: All right.

11 MR. JEFFRESS: As the board will recall, in
12 early 2006, in the January meeting there, we adopted
13 strategic directions for the Corporation for the next
14 five years. In the strategic directions document, we
15 identified performance measures, 21 performance
16 measures, that we thought might be useful in monitoring
17 and measuring the progress of LSC towards our goals.

18 In identifying those 21 measures, however, the
19 board was very careful to lay out that these were
20 preliminary. As a matter of fact, I'd like to read for
21 the record and for the audience what we said at the
22 time in terms of those performance measures.

1 The document says, and I quote, "Measuring
2 LSC's progress in attaining the goals set forth in this
3 strategic directions document will be a challenge.
4 Most of the measures identified here are, at best,
5 indirect measures of the impact of LSC activity. For
6 many measures, baselines have yet to be established.
7 Some of the measures need further refinement before
8 being useful as performance measures. And in some
9 areas, performance measures have yet to be developed."

10 Well, I'm happy to report to you we've made
11 some progress. But also, realistically, there's still
12 a lot of work that needs to be done on some of these
13 measures before they are in fact useful.

14 After collecting, and we continue to collect,
15 information on all of the measures that we can get
16 information on, at this point we have nine measures,
17 three measures for each of our three goals, where we
18 feel like the data is useful and consistent enough that
19 we can provide it to you for reporting purposes on our
20 progress for strategic directions. And those measures
21 are found in your book beginning at page 239.

22 Of the other 12 measures other than these

1 nine, data is not yet available for some of them. For
2 some, we can't produce comparable data because our
3 bases for classifying the data or recording the data
4 are changing. For others, we have some incomplete data
5 or we haven't yet defined useful methods for reporting
6 the data. And this year, 2008, we'll continue to work
7 on refining those measures and producing reports for
8 you.

9 Of the nine measures, Mr. Chairman, I'll be
10 happy to go briefly over each of the nine. I didn't
11 get a sense of your time focus at this point. The goal
12 reach of them might take ten to fifteen minutes.

13 CHAIRMAN STRICKLAND: Well, let me inquire of
14 the board. I know I have one person who has already
15 spoken to me about an adjournment time, and I won't
16 identify that person. But does anybody else have a
17 tight time schedule this afternoon?

18 (No response.)

19 CHAIRMAN STRICKLAND: Why don't you see if you
20 can do it in ten minutes.

21 MR. JEFFRESS: All right. That's a minute and
22 ten seconds per. We'll try.

1 On page 239, the first one, public awareness
2 and support. As a way to measure that, we said we
3 would count the appearance in the media of articles
4 about LSC and about LSC grantees.

5 You see the numbers there for the appearance
6 in the media for LSC and LSC grantees. We are still
7 improving our collection of this data, so I can't say
8 right now that 2006 and 2007 are comparable. But 2006,
9 with the extensive coverage of the congressional
10 investigation, there were many more articles about LSC
11 that year than there were in 2007.

12 In 2007, we contracted with Meltwater News to
13 collect this data for us. So they identified many more
14 articles about our grantees than we had identified the
15 previous year. I think these numbers are likely to
16 even out and be more consistent year to year in the
17 future now that we are using Meltwater News.

18 The one thing that we have done with respect
19 to these is our GRPA staff is reviewing each article
20 that appears and classifying it as to whether it has a
21 positive reference or a balanced reference to Legal
22 Services Corporation or whether it's a negative

1 reference to Legal Services Corporation. We are not
2 doing that for the -- we only did that for 2007. We'll
3 do it for future years.

4 I'm happy to report to you that a majority of
5 the articles about LSC are positive. Sixty-two percent
6 are positive. Thirty-eight percent, though, were
7 negative. Obviously, it's something we would like to
8 see improve. Our grantees do much better. Ninety-nine
9 percent have positive impression articles, and only
10 1 percent are negative.

11 Comments? Questions? Given my ten-minute
12 time frame, I hope there's not a lot. But I'm happy to
13 take them.

14 The second measure is in terms of public
15 awareness. Remember, the goal is to increase public
16 awareness about legal services. The second measure we
17 chose was visits to websites, where we select page
18 views, which is a little more consistent, a little
19 better measure of website usage than simple hits.

20 And you see in the chart before you on page
21 240 the use of websites to get information about legal
22 services, both through grantee websites, statewide

1 websites, and our corporate websites. And you can see
2 that the usage from 2005 to 2006 went up by 2 million
3 page views.

4 I just got the 2007 numbers for the LSC
5 websites, which went up over a million hits for LSC in
6 2007. I expect the grantees will go up significantly
7 as well. the use of the websites to educate the public
8 about legal services is -- it's going well and
9 continues to improve.

10 The final measure for increasing public
11 awareness and support we chose was funding and a
12 measurement of funding. You've had much discussion
13 here today about the funding that's coming from
14 Congress, and you know there was a significant increase
15 in 2007. Not so much for 2008.

16 But the real significant increase here is the
17 LSC grantee funding from non-LSC sources. If you look
18 at that from 2005 to 2006, there was a \$55 million
19 increase from non-LSC sources that our grantees were
20 able to secure. Indications are that 2007 -- that data
21 will come in in March -- is going to be another
22 significant increase. So in terms of closing the

1 justice gap, it very much appears that state and local
2 governments and private sector folks are in fact
3 stepping up their commitment. And we certainly hope to
4 see Congress do the same in the future.

5 The second measure -- the second goal -- was
6 to improve the quality and compliance for our grantees.
7 And we have three measures here for measuring the
8 quality and compliance.

9 The first step of the analysis is the case
10 service report data that we get from our grantees. I
11 guess to jump to the bottom line of the first bullet on
12 page 241, there was a slight decrease in the number of
13 cases closed by our grantees from 2005 to 2006. There
14 was also a slight decrease in federal money available,
15 and some grantees are quick to point out that the money
16 does make a difference in terms of the number of
17 services and amount of services we can provide.

18 At the same time, while the CSR data shows a
19 slight drop in the number of cases closed, in terms of
20 other services that are provided by our grantees to the
21 public, there was an increase there of about a million
22 additional services.

1 You can also see in that data from 2005 to
2 2006 there has been a shift in the non-case services
3 from delivering them in person to delivering them over
4 the web, and the web access services are jumping up
5 significantly in terms of the way that these other
6 services are being delivered.

7 MS. SINGLETON: I'm sorry to cut into your
8 time. But to me, what could potentially be significant
9 is extended service cases versus limited service cases.
10 And if one's talking about quality, I really think that
11 the extended service cases have to go up as a percent
12 of what's done by LSC providers.

13 So in fact, I mean, unless you consider 1/10th
14 of 1 percent going up, it doesn't look like it is going
15 up. Are you doing anything to refine that measurement?

16 MR. JEFFRESS: We have not addressed -- I
17 mean, this data will be available. The difference
18 between extended services and limited service will
19 continue to be available each year. We haven't talked
20 about refinements, really. Particularly the kind of
21 refinements you're interested in there is what type of
22 extended service cases are changing?

1 MS. SINGLETON: Or what -- and maybe I should
2 know this -- but how is limited service defined?

3 MS. BeVIER: It's in the --

4 MS. SINGLETON: Yes. I know it is defined in
5 those.

6 MR. JEFFRESS: In that handbook. I'm hoping
7 someone who is more conversant with that definition
8 will come forward and assist this poor CAO on this
9 question.

10 MS. BeVIER: It's in the handbook.

11 MS. SINGLETON: Well, all right. I've
12 just -- I've made my observation. You don't have
13 to -- you can't respond to it. I'm just pointing that
14 out as something.

15 MR. JEFFRESS: We can explore how we can
16 further refine that and report so you have a better
17 idea of what's happening with those extended service
18 cases in the future.

19 Moving on, for the other two measures of
20 quality and compliance on page 242, the first one is
21 retention of experienced attorneys. And the provisions
22 committee and the board, of course, have been looking

1 at this through the LRAP focus. And you'll see from
2 2005 to 2006, unfortunately, the turnover rate
3 increased amongst our grantee attorneys, the turnover
4 rate in 2005 being 13.4 percent and in 2006 15.4
5 percent. Perhaps with additional money, higher
6 salaries, more LRAPs, that can be reversed. But at the
7 moment, it's headed the wrong direction.

8 MR. MEITES: Can I ask a question at this
9 point? A very short question?

10 CHAIRMAN STRICKLAND: Yes, sir. Go ahead.

11 MR. MEITES: I divided 10 million, which is
12 the amount of appropriation under the education bill,
13 by 6,000, which is the maximum amount, and I got
14 roughly the number 1500. If I'm right, then there will
15 be as many as 1500 I'll call them loan grants available
16 to our grantees.

17 Shouldn't that be a substantial number of our
18 attorneys with our grantees will thus be able to
19 alleviate somewhat their loan situations?

20 MR. JEFFRESS: That's certainly our hope, that
21 the action by Congress will fund a method of doing loan
22 repayment so that LSC's pilot program will have served

1 its usefulness and can disband. But I would point out,
2 Tom, that that is for all legal aid attorneys, not just
3 our grantees. And there are a lot of folks who are not
4 in LSC programs.

5 MS. SINGLETON: I think it's for public
6 defenders also, isn't it? The Harkin amendment added
7 legal services attorneys to a program that already
8 covered public defenders, I believe.

9 MR. JEFFRESS: I believe you're exactly right.

10 MR. MEITES: I knew it was not just our
11 grantees. I didn't understand it was the public
12 defenders as well. Okay.

13 MR. JEFFRESS: Right. The final measure,
14 then, under the quality and compliance section was the
15 percentage of in-compliance findings from our OCE
16 visits. During the course of a full CSM/CSR visit by
17 OCE, the monitors check on that program's compliance
18 with each of the -- I think it's 16 different
19 regulations that we check on when we go and monitor
20 compliance.

21 Looking at those, each regulation and at each
22 site, in 2006 the reports are 96 percent in compliance

1 rate. Only 4 percent of the time were they found to be
2 not in compliance and have to have some corrective
3 action taken.

4 That's the 2006 number. The 2007 number we
5 hope to have shortly. But while you all, of course,
6 hear about the complaints that get high attention, lots
7 of visibility, I think it's important also to recognize
8 that in fact, 96 percent of the time, the programs are
9 found to be in compliance with the regulations we check
10 on.

11 MS. SINGLETON: Am I correct in thinking,
12 however, that we should add a grain of salt to that
13 statistic in light of the GAO report? No? Explain why
14 not. I mean, it's --

15 MR. JEFFRESS: I'll ask whoever said no to
16 explain it.

17 MS. SARJEANT: Karen Sarjeant. For the items
18 that are included in this measurement, those are things
19 we have checked. And our CSR/CMS reviews are fairly
20 thorough. And we are very confident that that
21 percentage is a true representation of the programs we
22 visit.

1 MR. JEFFRESS: But it does reflect that we do
2 a limited fiscal review.

3 MS. SARJEANT: But this is 16 programs that we
4 visited and a list of certain things that we reviewed.
5 And we do not hold ourselves out as doing the full,
6 more complete internal controls reviews. But for the
7 things we looked at, we're confident they're in
8 compliance.

9 MS. SINGLETON: The people who had lobbying?

10 MS. SARJEANT: We have not visited them.
11 They're actually on the schedule for a visit in May or
12 June.

13 MS. SINGLETON: Okay. So that was not
14 anywhere you had visited?

15 MS. SARJEANT: No.

16 MR. JEFFRESS: But we will continue reporting
17 this number. Like many of these numbers, one year's
18 information probably isn't even enough to analyze. I
19 think only after we get three or four years' data will
20 we really feel comfortable, probably, drawing
21 conclusions about progress here.

22 The final goal under strategic directions is,

1 of course, for us to operate efficiently and
2 effectively. We chose three measures here for
3 measurements of progress.

4 First is administrative costs. Our goal is
5 keep our administrative costs less than 4 percent.
6 They have been running 3.8, 3.9, 3.8 the last few
7 years, so we are successful at keeping our costs less
8 than 4 percent.

9 In addition to keeping them less than 4
10 percent, we've been looking for ways to reduce costs
11 and to save money. In 2007, we reduced operating costs
12 through the use of less expensive communications.
13 Technology is bringing the price of communications
14 down.

15 We obtained pro bono counsel in our insurance
16 coverage case, which we expect will save us money not
17 only in terms of legal fees for handling that case, but
18 hopefully we'll get reimbursement for money we spent
19 the previous year.

20 Our internet travel program saves us about
21 \$50,000 a year over what we would be spending if we had
22 continued to use the government rate in terms of

1 travel.

2 And what is not in here but perhaps is worthy
3 of note is that also we have reduced the administrative
4 staff by two positions in the last couple of years,
5 which adds further to the savings over the last two
6 years.

7 The final measure that we have is we felt we
8 should report on, which is diversity of the Corporation
9 employees. And on page 243 is a full chart that shows
10 you our diversity numbers as of December 31, 2006
11 compared to December 31, 2007, what that change is in
12 terms of percent and what the difference is between the
13 two years.

14 And then the last column is a chart -- it's
15 2005 data. The EEOC has stopped published this data at
16 the moment; I think they're trying to find a better way
17 to report it. But the 2005 data for the percentage in
18 the government workforce, we couldn't -- we worked hard
19 to try to find a compatible workforce to compare
20 ourselves to. And I welcome suggestions from you all
21 if there are other workforces you'd like to compare us
22 to. We could compare us to the metropolitan Washington

1 workforce, but we felt like the government workforce is
2 perhaps a better comparison.

3 But we can keep reporting this. We'll also
4 look for and accept suggestions from others for ways to
5 compare ourselves.

6 MS. SINGLETON: I have a definitional
7 question.

8 MR. JEFFRESS: All right.

9 MS. SINGLETON: What happens if you're an
10 officer and a professional? Which category do you go
11 into?

12 MR. JEFFRESS: I'm hoping all our officers are
13 professionals. But that first category is intended to
14 include managers, supervisors, a senior level of
15 management, whereas the professional -- basically, the
16 professionals here are attorneys, program counsel,
17 program analysts, which is the bulk of our people.

18 MS. SINGLETON: What about like vice president
19 and president, who are attorneys? Where are they?

20 MS. SINGLETON: Officers? Okay.

21 MR. JEFFRESS: Yes. Officers and managers
22 include our office directors and your officers of the

1 Corporation. And we have two managers who are down
2 below the office director level. And the professionals
3 are the professional staff.

4 So those are the nine measures we are
5 collecting information on that we feel comfortable
6 reporting. I hope next year to have additional
7 measures for you, as well as updated information on
8 these measures.

9 CHAIRMAN STRICKLAND: Okay, Charles. Thank
10 you very much. Any questions for Charles?

11 (No response.)

12 CHAIRMAN STRICKLAND: Okay. The next item is
13 public comment. Is there any public comment?

14 (No response.)

15 CHAIRMAN STRICKLAND: Next is consider and act
16 on other business. Is there any other business?

17 (No response.)

18 CHAIRMAN STRICKLAND: I would then entertain a
19 motion to adjourn. Is there a motion?

20 M O T I O N

21 MR. MCKAY: So move.

22 CHAIRMAN STRICKLAND: Second?

1 MR. FUENTES: Second.

2 CHAIRMAN STRICKLAND: I take that to be a
3 unanimous vote, so we're adjourned. Thank you very
4 much, everybody.

5 (Whereupon, at 4:20 p.m., the board meeting
6 was adjourned.)

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