LEGAL SERVICES CORPORATION

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MEETING OF THE BOARD OF DIRECTORS

- - -

George Washington University
Marvin Center
Room 410
800 21st Street, N. W.
Washington, D. C.

Friday,
September 7, 1979

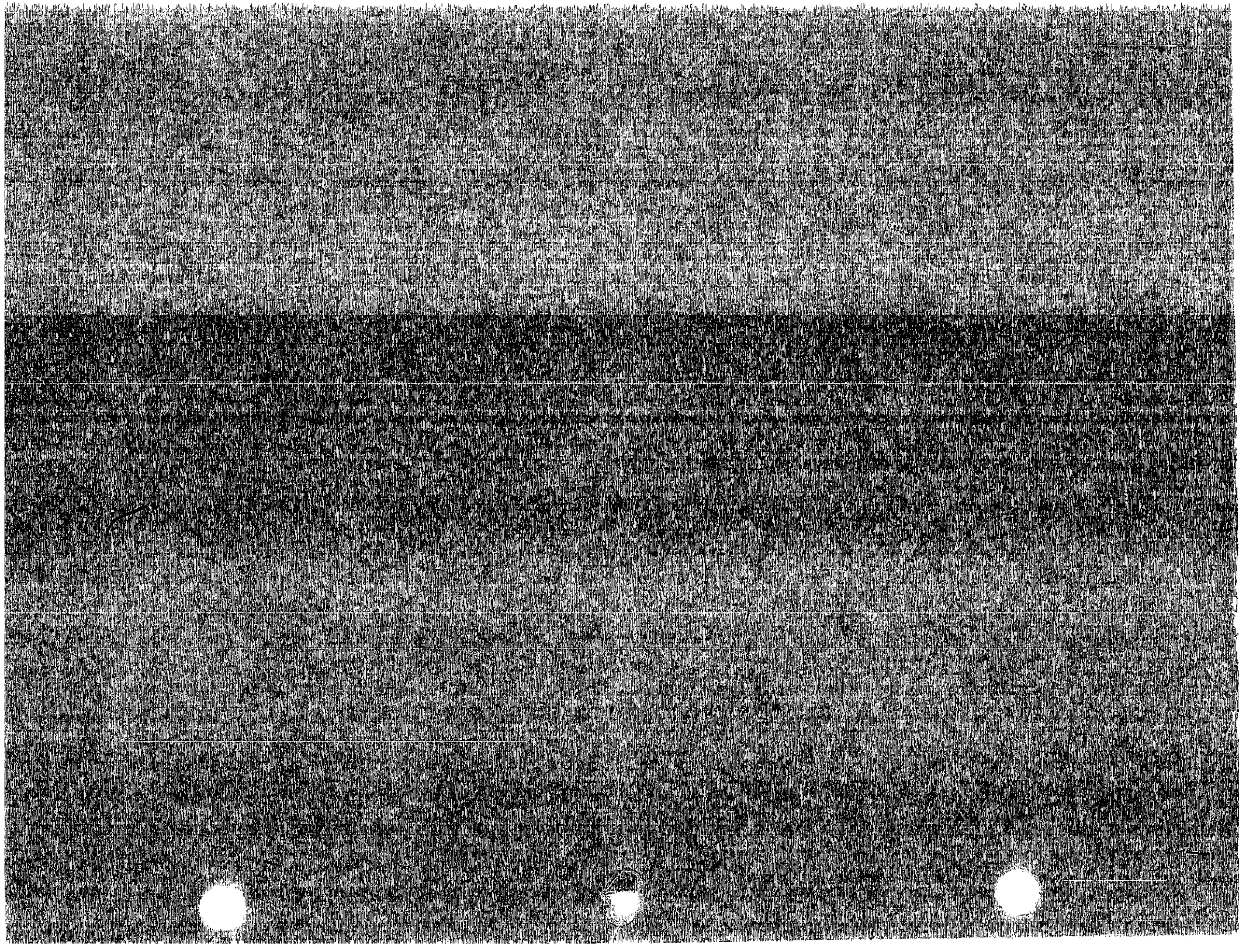
The above-entitled meeting was convened, pursuant to notice, at 9:26 a.m., Ms. Hillary Rodham, Chairperson presiding.

MEMBERS PRESENT:

MS. HILLARY RODHAM (CHAIRPERSON)
MR. WILLIAM McCALPIN
MR. DAN J. BEADLEY
MR. HOWARD SACKS
MS. JOSEPHINE WORTHY
MR. REVIUS ORTIQUE
MS. RAMONA SHUMP
MR. RICHARD TRUDELL
MS. CECELIA ESQUER
MR. STEVEN ENGELBERG
MR. ROBERT KUTAK

STAFF PRESENT:

MS. MARY BAURDETTE
MR. CLINT LYONS
MR. ALAN HAUSEMAN
MR. JUDY RIGGS
MR. BUCK HENNIGEN



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MR. WILLIAM McCALPIN
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MR. HOWARD BACKS
MS. JOSEPHINE WORTHY
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MS. RAMONA SHUMP
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MS. CECELIA ZOQUER
MR. STEVEN ENGELBERG
MR. ROBERT KUTAK

STAFF PRESENT:

MS. MARY BAUBERTTE
MR. CLINT LYONS
MR. ALAN HAUSENAL
MR. JUDY RIGGS
MR. HUCK HENNIGEN

OTHERS PRESENT:

MR. GERRY SINGSEN
MR. BERNEY VENEY
MR. DEAN BRANTON

AUDIENCE

MR. RANDY KRAMER
MR. WILLIE COOK
MS. ESTER LARDENT
MR. DENNISON RAY
MS. MARIANNE ISIKOFF
MR. BRUCE MORRISON

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P R O C E E D I N G S

9:26 a.m.

MS. RODHAM: We're going to try to get started. If anyone sees Director Engelberg wandering around the building, flag him in here.

MR. BRADLEY: He's charging time.

MS. RODHAM: Is your equipment ready for us?

Welcome to our board meeting. The first item on the agenda is the adoption of the agenda and I believe, Mr. Kutak, you had a motion?

MR. KUTAK: I do, Madame Chairman. I would move the adoption of the agenda with one change and that is a request that Item Seven listed on the agenda, which is the selection of the chairperson for the board, be moved to follow Item Two, the approval of the minutes, and the subsequent items be renumbered appropriately.

MS. RODHAM: Is there a second?

MR. McCAPLIN: Second.

MR. TRUDELL: I'd like to really amend Bob's motion to suggest that Item Number Five be inserted to follow Item Number Three because I anticipate our committee meeting report taking that long and we might as well dispense with it before we get into discussion of the fiscal year '80 budget.

MS. RODHAM: Is that acceptable?

MR. McCAPLIN: Sure.

P R O C E E D I N G S

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MS. RODHAM: Is that acceptable?

MR. McCAPLIN: Sure.

MS. RODHAM: So that the agenda would then be the adoption of the agenda, number one; approval of minutes, number two; selection of chairperson, number three; report from the Committee on Provision of Legal Services, number four; and then the report from the Committee on Operations; is that --

MR. BRADLEY: We would follow the Committee on Operations.

MS. RODHAM: Okay. Fine, so we'll put the -- reverse the order of the Committee on Appropriations and the Committee on Provision of Legal Services.

Is there a second to that?

MR. McCALPIN: Second.

MS. RODHAM: Any further discussion?

(No response.)

MS. RODHAM: All those in favor of the amended motion, please signify by saying "aye".

(Ayes.)

MS. RODHAM: All opposed?

(No response.)

MS. RODHAM: The next item is the approval of the minutes of the June 1-2 meeting. I just have a few comments -- at least in the copy that I received -- on Page Six, Line Six, "lengthy" is misspelled.

In the beginning of the second full paragraph there is a white space which -- the second sentence: ". . . reported on

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Is there a second to that?

MR. McCALPIN: Second.

MS. RODHAM: Any further discussion?

(No response.)

MS. RODHAM: All those in favor of the amended motion, please signify by saying "aye".

(Ayes.)

MS. RODHAM: All opposed?

(No response.)

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the status of the report of the study", blank; the next line starts: "quired". I don't know whether it was just my copy or whether it was all the copies.

The other point is that having conferred with the legendary grammarian, Mr. Kutak, he and I agreed that it should be "a unanimous vote" rather than "an unanimous vote".

MS. ESQUER: Thank you very much.

MS. RODHAM: Mr. Sacks?

MR. SACKS: On Page Four, the report of the Committee on Operations, at the bottom of that page the statement is made that, "Ms. Worthy then moved the adoption of the general principles to guide the staff in the reauthorization process.", and it was passed, but the principles are not set forth in the minutes and -- nor are they -- I just think they're important enough that they ought to be in there or attached as an appendix or something.

MS. RODHAM: So we can attach them as an appendix.

MR. SACKS: Well, for example, there is a referral to Attachment A, but Attachment A doesn't appear anywhere.

MS. RODHAM: Well, we usually don't put the attachments on because they've already been before the board or the committee for approval and there's an assumption that you remember what it is, but for the minutes of the corporation the attachment is made. We can certainly do that with the --

MR. SACKS: Okay. If the attachment appears in the

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MR. SACKS: Well, for example, there is a referral to Attachment A, but Attachment A doesn't appear anywhere.

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MR. SACKS: Okay. If the attachment appears in the

minute book, that satisfies me.

MS. RODHAM: I assume that's correct. Is that right, Mr. Secretary?

MR. KUTAK: That's right.

MS. RODHAM: So we will do that also. Then if we can make an insertion to Attachment B and append the reauthorization principles. That we can change. And in future minutes. Those are the only changes that I have. Any other changes?

(No response.)

MS. RODHAM: Is there a motion that we approve the minutes as amended or changed?

MR. SACKS: So moved.

MS. McCALPIN: Second.

MS. RODHAM: All in favor, signify by saying "aye".

(Ayes.)

MS. RODHAM: All opposed?

(No response.)

MS. RODHAM: Okay, then we move to new Item Three which is the selection of chairperson of the board and --

MR. SACKS: Is that item three?

MS. RODHAM: Yes, sir.

Does that mean I leave?

(Laughter.)

MR. ORTIQUE: And concurrent with that motion is that

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MS. RODHAM: I assume that's correct. Is that right, Mr. Secretary?

MR. KUTAK: That's right.

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(No response.)

MS. RODHAM: Is there a motion that we approve the minutes as amended or changed?

MR. SACKS: So moved.

MS. MCCLIFFIN: Second.

MS. RODHAM: All in favor, signify by saying "aye".

(Ayes.)

MS. RODHAM: All opposed?

(No response.)

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he'll assume the chair.

MR. McCALPIN: My God, this is the first meeting I ever attended.

(Laughter.)

MR. McCALPIN: This has gone to my head. What do I do now?

MS. RODHAM: Adjourn.

MR. McCALPIN: The item before us is the selection of the new chairperson of the board. Mr. Kutak?

MR. KUTAK: Mr. Chairman, I would like to put in nomination the name of Hillary Rodham for chairperson of the board with a brief explanation, if I may.

MR. McCALPIN: You may.

MR. KUTAK: The -- certainly the record of our chairperson speaks for itself and is quite eloquent and I know that I speak for not only her colleagues and mine, but the community at large which this corporation serves, in recognizing that performance and service.

I recall for the consideration of the board discussion we had a year ago. At that time we elected for the first time our chairperson and in the spirit of our association we talked in candor about the feeling that each of us should have, that one should never be hesitant or reluctant at any time to feel that the office is not to be bound by the precedent of reelection or that the action should be that if we should feel at

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any time hesitant to say -- without reflecting on the encumbent -- that the chair could well, in the interest of the corporation, be rotated. I applaud that and I endorse that and believe that that is the attitude of true freedom with respect to the selection of our chairperson at each annual meeting is the right course to take and one that is in keeping with the spirit of our association.

Notwithstanding, we have, in my judgment, an unusual circumstance -- the carry-over of the terms of office of last year, the lack of opportunity to really confect the -- her own boss, so to speak, for the full term -- the need for a strong and good continuity, particularly as working with our chairperson is a brand new, albeit very capable, president and the -- certainly the point I have already referred to, recognition of the competence and commitment that our chairperson has made for -- and the possessives -- for all these reasons. And I am sure there's more that my colleagues could rely on to speak more adequately than I on behalf of her nomination.

I do move that her nomination -- that she be nominated for reappointment -- re-election to the office of chairperson of the board.

MR. McCALPIN: Is there anyone else who cares to address the present -- Mr. Ortique?

MR. ORTIQUE: I move that the nomination be closed.

MS. WORTHY: Second.

MS. MOZZIX: Second.

MR. CHRISTOPH: I move that the nomination be closed.

Does the present -- Mr. Christ?

MR. MCCARTHY: I'm sure anyone that who comes to address the person of the Board.

I do have that for nomination -- that the nomination for chairman -- reconsideration -- reconsideration to the office on chairman adequately than I on behalf of her nomination.

There's none that by colleagues could **very** -- to my -- and the nomination -- for all those reasons. And I do also confidently the point I have already articulated to, *recommendation* of personal -- I'm a friend now, might very capable, remember and the -- and your community, particularly we working with our chairman, because, so to speak, for the 3rd term -- the need for a strong -- chairman -- the candidacy of the person of a fresh -- fresh opportunity to really conduct the -- her own -- like last of opportunity to really conduct the -- her own -- and I'm sure that's the ultimate of the -- Executive with respect to the selection of our chairperson as each annual meeting is the right person to take our that is in keeping with the needs of our association.

Notwithstanding, we have, in my judgment, an unusual -- circumstance -- the centerpiece of the issues of either -- I just don't see that there is any way -- without -- Executive, on the recommendation -- that this should well, in the interest of the -- recommendation -- and I endorse that and I endorse that and hopefully, for reasons of -- I applaud that and I endorse that and hopefully, for reasons of -- that this should well, in the interest of the -- recommendation --

MR. McCALPIN: It has been moved and seconded that the nomination be closed and I understood that motion to include that the secretary be instructed to cast unanimous ballots for the nomination.

All those in favor, signify by saying "aye".

(Ayes.)

MR. McCALPIN: Any opposed?

(No response.)

MR. McCALPIN: It is so ordered. Madame Chairman.

MS. RODHAM: Thank you. You don't want that too long, do you?

(Laughter.)

MS. RODHAM: Thank you, Mr. Kutak and thanks to everybody else.

The next item on the agenda is the report from the Committee on Operations. Ms. Worthy?

MS. WORTHY: Congratulations again.

MS. RODHAM: Thank you.

MS. WORTHY: I hope Linda and Mary are here.

We had a couple of good meetings where we've gone through the authorizations. At one of our earlier meetings I think the staff had needed our principles in order to continue the work that they were doing and we kind of like in a sense gave them the authority to use the principles that they had presented to us in order to continue their job.

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All those in favor, signify by saying "ayes."

(Ayes.)

MR. McCALPIN: Any opposed?

(No response.)

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MS. RODHAM: Thank you. You don't want that too long do you?

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MS. RODHAM: Thank you, Mr. Antak and thanks to everybody else.

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The Committee is coming to the board now for them to adopt the principles that we have set out for them to work by with some added principles and I think Linda and Mary would probably talk about that.

There were also some recommendations that some changes be made within the -- within your book here on the regs. I think that was just some wording that should have been changed and Linda was going to let us know about the recommendations and those changes and how she's going to do that.

MS. RODHAM: Shall we take the reauthorization first or do you want to take the regulation first?

MS. WORTHY: I think we should take the reauthorization first.

MS. RODHAM: Okay. Mary, are you addressing the reauthorization?

MS. BOURDETTE: Yes. You should have before you a memo from me indicating various moves that we have made over the past few months with respect to reauthorization. You will recall at the March board meeting we passed a resolution requesting from Congress a three-year extension of our authorization for such sums as may be necessary.

By letter to the speaker and to the president of the Senate we formally made that request on April 30th.

At the June board meeting we presented six principles that had, in fact, been drafted in 19 -- the last reauthoriza-

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tion, that we thought you would provide guidance for us through the reauthorization process. Those are again before you, although you did document that time.

At the July Committee on Operations meeting we suggested and the Committee recommended a seventh principle that was designed to more specifically address the issue that had come up most recently with respect to restrictions on the type of client who may be provided legal services and, of course, the restrictions on the type of civil representation that may be provided. So we drafted and the Committee recommended another principle, which the full board has not yet adopted.

At the meeting last night, the National Clients Counsel presented another principle that is Number Eight on the second page of your September 7th memo and if Bernie would want to talk to that or whoever.

The first hearing on our reauthorization has been scheduled for September 20th before the House Judiciary Subcommittee. Another day of hearing is scheduled for September 27th where the field people, ADA, MCC, NLAVA and TAG will be presenting testimony.

MS. RODHAM: Is it the Committee's recommendation that we act first on Number Seven about which official avenues taken by the Committee and then move on to Number Eight? Is there a motion that we accept Number Seven from the Committee?

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MS. BOURDETTE: Yes.

MR. McCALPIN: There is, Madame Chairman.

MR. SACKS: Second.

MS. RODHAM: Number Seven appears on Page Two of the reauthorization memo. Is there any discussion on this principle?

(No response.)

MS. RODHAM: If there isn't, all those in favor that it be added to our reauthorization principles, please signify by saying "aye".

(Ayes.)

MS. RODHAM: Those opposed?

(No response.)

MS. RODHAM: Does the Committee have a recommendation on Principle Number Eight or are we going to discuss it and reach a resolution of it today?

MS. WORTHY: We -- the Committee had recommended that NCC come in with this -- with Number Eight and I think they -- it's done very well. If anyone would like to discuss that, then let us respond. If you have any questions --

MS. RODHAM: Okay. Are you making a motion that the board accept Number Eight as written?

MS. WORTHY: Yes, I am.

MS. RODHAM: Why don't we make that motion and then see if there's a second and then we can discuss it. Is there a second?

MR. McCALPIN: There is, Madame Chairman.

MR. SACKS: Second.

MS. RODHAM: Number Seven appears on Page Two of the reauthorization memo. Is there any discussion on this principle?

(No response.)

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MS. WORTHY: I'm making a motion that we accept it.

MS. RODHAM: Is there any discussion on Principle Number Eight?

MR. SACKS: I have a little problem with part of it because if you will read it, you'll notice it says: "The values and principles expressed in the preamble to the Legal Services Corporation Act of 1974, as amended, and the purposes of Economic Opportunity Act of 1964, as amended, have proven to be of vital importance and must continue to be pursued."

So what we're doing in skipping over the central part of it is we're really endorsing all the purposes of the Economic Opportunity Act of 1964 as amended. Mary pointed out to me this morning that she hasn't looked at that act recently and I don't think I've ever looked at it, and without looking at it I'm a little reluctant to endorse it for fear that somebody will say well now, do you really need to endorse "X", and we haven't thought about it.

So what I would like to suggest is that we re-endorse something that's in our act. We can't get into trouble on that. And so I have a re-wording which I would like to read and see if it is at all acceptable.

It would go as follows: The values and principles expressed in the preamble to the Legal Services Corporation of 1974, as amended -- I haven't changed anything up to the end of the second line -- and then I would strike "and the purposes of

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So what I would like to suggest is that we re-endorse something that's in our act. We can't get into trouble on that. And so I have a re-wording which I would like to read and see if it is at all acceptable.

It would go as follows: The values and principles expressed in the preamble to the Legal Services Corporation of 1974, as amended -- I haven't changed anything up to the end of the second line -- and then I would strike "and the purposes of

the Economic Opportunity Act of 1964, as amended" -- take that out. And then the next clause really picks up what's in our act. It talks about low-income people and I would just track that, following that language, so that the next clause beginning with "particularly" would read as follows: "Particularly as they relate to the improvement of opportunities for low-income persons" -- that's the exact language of our act -- particularly as they relate to the improvement of opportunities for low-income persons -- and then swing into the end -- "have proven to be of vital importance and must continue to be pursued."

Now, my reason for leaving out the emphasis on self-sufficiency is that rightly or wrongly that's not in our act and I just think that we're borrowing trouble if we start putting in things that may be understood, but would not be spelled out. I just -- I hope that this would be acceptable to the draftsman of the original proposal.

So, to repeat, my suggestion would be as follows: "The values and principles expressed in the preamble to the Legal Services Corporation Act of 1974, as amended, particularly as they relate to the improvement of opportunities for low-income persons have proven to be of vital importance and must continue to be pursued."

MS. RODHAM: Are you making that as an amendment to Ms. Worthy's motion?

MR. SACKS: Well, let's float it and see what happens

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MS. ROBIAM: Are you making them as an amendment to Ms. Worthy's motion?

MR. SACKS: Well, let's float it and see what happens

to it.

MS. RODHAM: Mr. Kutak?

MR. KUTAK: Madame Chairman, I think perhaps for the benefit of a refresher for some of my colleagues, and likewise those in the audience, would be to recall what the function of these principles is. As you remember, or some will remember, when we were going through the cycle the last time inspecting the amendments to the act, we thought it would be best to have a set of principles to guide not only the officers of the corporation and its directors, but indeed its senior staff as they negotiated with members not only of Congress, but staff with respect to what would be the propitious direction and scope of the substantive amendments to the act.

It proved not to be a productive course of action to follow and instead of trying to simply adopt some principles that would give our colleagues guidance, we -- last time we reverted to the examination of specific amendments and indeed adopted -- recommended those for adoption instead.

We are in a different posture in 1979. As we come up for reauthorization, I believe it is the better part of valor and certainly it is also the wiser course of action to approach our reauthorization with the notion that we would accept the act as it stands today; not saying that we are content with the act as it stands today, nor that we ever should be; and that we would encourage, of course, improvements. But if we were to

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write our own ticket now, we would proceed with simple reauthorization of date and amount.

However, there's bound to be some need for guidance when others, I am sure, will advocate amendments to the act and, therefore, there is even a more special need today than ever before to have guidance with respect to what kind of amendments we could speak up for as saying -- without the board having to ratify or examine them themselves -- for our leadership to say, yes, this is consistent with the thinking of the corporation because it's within the framework of the principles adopted by the board.

The language which has been proposed by Mr. Sacks certainly gives that kind of direction, gives that kind of support, and certainly recognizes the most important principle that we discussed at our meeting last night and indeed our meeting last July and that is this act is not designed for lawyers; this act is designed for clients. And that we, therefore, have to recognize however and wherever we can that the whole motivation is the deliverance of legal services for the improvement not only of the status, but of the opportunities of low-income persons.

Within that spirit and to that end, I think that the amendment that Mr. Sacks has offered would be quite sufficient and would be most helpful.

MS. RODHAM: Thank you. Mr. Sacks?

MR. SACKS: I must back up. I'm glad I didn't make

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a formal amendment because my colleague, Mr. McCaplin, points out that it really duplicates the language of Principle Number One, which talks about values and principles expressed in the preamble have proven to be of vital importance and so forth. So let me try a different idea.

Let me suggest the possibility that we could amend Number One to put in a clause, an additional clause saying, "Improvement of opportunities for low-income persons", so that we would endorse that particular principle as well as the principle of the need for high-quality professional legal services.

It makes the sentence a little long, but --

MR. KUTAK: It virtually tracks it then, doesn't it?

MR. SACKS: Yes.

MR. ORTIQUE: Why are you going to put that clause in? I'm sorry.

MR. McCALPIN: We have the preamble handy so that we could track it?

MR. SACKS: Yes. Well, my language on improvement of opportunities is -- does come from the act.

MR. McCALPIN: But what I was thinking about is where is it coming from? What's the sequence of principles in the preamble and that you might want to make your resolution track the sequence of the preamble.

MR. SACKS: Well, Number -- Subparagraph Two is high-quality legal assistance and we've got that first. An efficient

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MR. SACKS: Well, Number -- Subparagraph Two is high-quality legal assistance and we've got that first. An efficient

and effective basis -- but independent of partisan politics, that's Number Five; the one on improving opportunities is Number Three. But I don't think we have to follow the exact order.

In other words, what I'm suggesting is that we put in after independence of -- independent partisan politics, the clause, "and the improvement of opportunities for low-income persons".

MS. RODHAM: Can we make the end amendment?

MR. SACKS: Well, I don't want -- I'm afraid to now. But I'll try it.

You see what happens? It doesn't even get a second on it?

(Laughter.)

MR. McCALPIN: Oh, yes, I'll second it.

MR. KUTAK: Wait a minute. What Mr. Sacks has done is preserve the entirety of proposed Principle Eight without the duplication of the precise language; caught the uniqueness of it and put it as another identified goal in Clause One -- in Principle One.

MR. VENEY: Madame Chairperson, congratulations in your re-election and our support of you -- and appreciation and support of what Mr. Kutak said in nominating you. Secondly, our support of the amendment of Mr. Sacks, particularly with the legislative history that Bob Kutak has given us because I think that engenders what, in fact, you were after -- a continuing of

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the corporation and recognition of the corporation, of its role in helping clients to self-sufficiency, helping clients to something more than just legal representation.

I must confess as a drafter of that Eighth Principle, I was more than a little concerned about including the Economic Opportunity Act. Also, I think the point has been well made that we are an independent body separate and apart from those programs established under the Economic Opportunity Act and need to remain so, but need to constantly remind ourselves that as part of what we are about is the business of making sure that the client community is not only served, but the client community benefits not just from legal representation, but the client community benefits from every action that we take. I would remind us that the predecessor board had problems understanding why the corporation's money should be invested in minority banks. That kind of action is not reflective of legal representation, but is reflective of a commitment on the part of the corporation to help the minority community.

So that given Mr. Sacks' amendment and given Mr. Kutak's legislative history on this issue, we certainly would accept the amendment as offered now.

MS. RODHAM: Thank you. As I understand it then, we will be adding after partisan politics and for the improvement of opportunities for low-income persons, according to you?

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So I'd like to, with the consent of my second, add that -- to delete the "and" before "independent".

MR. McCAPLIN: No comment.

MR. SACKS: You don't even need a comment. Delivered on an efficient and effective basis independent of partisan politics.

MS. RODHAM: Ms. Worthy, is this satisfactory with you as well?

MS. WORTHY: Very much so, Madame Chairperson.

MS. RODHAM: Are we ready to vote on Mr. Sacks' amendment? All those in favor, please signify by saying "aye".

(Ayes.)

MS. RODHAM: All those opposed?

(No response.)

MS. RODHAM: Thank you for all your drafting help.

Ms. Esquer?

MS. ESQUER: I have a question that has to do somewhat with the reauthorization --

MR. SACKS: Excuse me just one minute. We haven't -- we adopted my amendment, but we didn't adopt the principle.

MR. McCALPIN: They accepted the amendments and we adopted the principle.

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(No response.)

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MS. RODHAM: We programmed them into the minutes.

MR. SACKS: In other words, it's done officially?

MS. RODHAM: Yes. Yes, it is.

MR. SACKS: Okay, thank you.

MS. RODHAM: So we now have seven reauthorization principles.

MS. ESQUER: Seven.

MS. RODHAM: Which incorporate the values set forth in the proposed Number Eight.

MS. ESQUER: My concern has to do with access to migrant camps and I saw in Alan's report that -- it's in the Operations book on Page 41, Item Number Five, which says the corporation should recommend that Congress enact legislation to ensure legal services that have access to migrant camps. And Alan knows that this recommendation does not need any further action; that some type of action is being considered and I would like, you know, just kind of a summary of the discussion on that issue.

I'm very glad to see that there is some action in that regard. I think -- Mary, was there a suggestion possibly that that might be included as a suggestion for some changes in legislation sometime back, I think, in the June board meeting? And I would just like a report on what has happened and what the recommendations are.

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MS. RODHAM: Mr. President?

MR. BRADLEY: Yes, we -- one of the discussions, we have made that as a recommendation already to Congress. I suppose the question that you're asking is whether or not it could possibly also be invited in the principles that we have articulated --

MS. ESQUER: No, I really do not have that suggestion. I just would like to know where this is now; what the response has been; and if there is feeling that it's not sufficient or is there something else that we should be doing because I would like to say, you know, talk about that now.

MR. BRADLEY: Alan?

MR. HOUSEMAN: That recommendation was put in the 1007-H report to Congress at the request of members of the migrant working group that we had set up. Their concern was that we go on record supporting the efforts that they did and a number of organizations like the Mexican-American Legal Defense Fund, other Chicano organizations, farm workers organizations -- who we support in a formal way, the efforts of those organizations to get federal legislation to deal with this issue and we agreed to do that.

I don't think there was any desire on the part of the Legal Services advocates and clients who are involved in the migrant community for us to take the lead on this, but merely to go on record supporting their and giving them some additional ammunition when they were dealing with Congress by saying the

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Legal Services Corporation formally supports this kind of legislation. And that's why we haven't proposed doing anything further other than in this report stating out a position. Obviously we could follow up at some time if it became necessary with a formal letter when this was seriously being considered by a committee in Congress.

That was what -- that was why we did it and that's the context in which it was put in and I don't think that situation has changed any.

MS. ESQUER: Fine. I would just hate to think that our only involvement would be just mentioning it in 1007-H. I don't know how many congressmen will read every word in the study and I really would like, you know, really commonly known that that is a strong concern of the corporation.

MR.ORTIQUE: Madame Chairman, Ms. Esquer, would it satisfy you if we were to make it an action today that the staff is authorized at a time appropriate to disseminate the position of the board with reference to that in some type of letter because I think that at some point we may want to show up our position with a formal communication to somebody, particularly since it was one of our workers that was attacked, and we would be remiss if we didn't have that position so that the minutes reflect that we had authorized the staff, meaning the president, of course, to direct such communication of our concern at the time appropriate, then I think that --

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MS. ESQUER: That would be satisfactory. I think this was the most relevant area that I could find to bring it up in and it really was not my intent to add another principle, but just to make sure that that was followed up.

MS. RODHAM: Well, I think that by the adoption of the 1007-H recommendations we have authorized the staff to do whatever they possibly can to implement those recommendations and I think that the staff is certainly now aware, if not before, and from what Alan says I think they were before, that that is one that we take very seriously and want them to pursue very vigorously so that we can get some action on it.

MS. ESQUER: Probably so. I think that's the intent, but the wording is different. A problem is being considered and I think that we should express that it is supported by the board.

MS. RODHAM: Right. I think that's a good idea.

Yes, Mr. McCalpin?

MR. McCALPIN: I am reluctant to descend from the principles that we have before us, which are really the whole reason for our existence, and the very important point raised by Cecelia, to a more mundane pedestrian consideration, and I certainly don't want to move to amend anything; but I would like to suggest to the staff that as they talk to the congressional staffs and the members of the Congress that they not be oblivious to what I see as the problem regarding the composition

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and the operation of this board.

It is a fact that 27 percent of my term had expired before I was confirmed by the Congress. I don't -- I just think that that affects the operation of the board. I certainly don't make any judgment about it. It's part of the normal process. Of more concern, it seems to me, is that the way that the act sets up the composition of this board, it is not only possible, but has, in fact, happened that a majority of the board are lame ducks for a period of time with the necessary effect that that has on the operation of the board and the reluctance in some instances on the part of persons whose status is uncertain to make hard and difficult decisions of the kind that lie ahead. I guess it comes with poor grace or a board member attending his first meeting to raise these considerations, but it does seem to me that this is a problem which may and perhaps even has affected the operation of this board and one that at least if the openings occur during the reauthorization process, the staff ought to think about it. There is some obvious solutions, of course -- the lengths of the terms may be changed; the idea of having fixed terms expire one year and five another and none in the third year is another possible way of doing something about it. But we may not have this opportunity again for three years. I can't tell what the problems may be with respect to the operation of this board within the next three years.

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aware of my concern about this problem and open to consideration of it if the opportunity arises.

MS. RODHAM: I think all of us share those feelings, particularly with the length of delay that occurs between our nomination and our being able to actually take part in board activities.

Mary, I saw you taking some notes, so I assume that there is an opportunity that that might very well be raised.

MS. BOURDETTE: It certainly will be something that we can raise with the committee, the problem that has been experienced with it.

MS. RODHAM: Are we ready to move on to the regulations?

(No response.)

MS. RODHAM: Linda, is that --

MS. PURLE: Last night we went through briefly the revised regulation and comment. The Committee made three, I believe, suggestions for changes in the document you have before you. I can go through those briefly and then if anybody has any additional questions, we'd be glad to hear them.

It was suggested that on the first page of the regulation, which is on Page 27 of the book, that the Section 1624.1, the purpose, be strengthened somewhat to sort of set the tone for the regulation; not just stating the provisions of the Legal Services Corporation Act and Section 504 on which this would be

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based, but state more positively that the purpose of the Act is to try to remove whatever barriers may exist or provision of services to the handicapped.

I hope I haven't misstated those two. Also, there was a suggestion on Page 31 of your board book that -- not in the regulation itself, but in the comment that we give some examples of those methods -- those alternative methods which would be available for meeting the requirements of that section, which are that a legal services program shall conduct its programs and activities so that, when viewed in their entirety, they are readily accessible to and usable by handicapped persons.

We have some examples which were in an earlier instruction that was issued last year and we can include those in the commentary.

Finally, on Page 23 of your board book, there was some confusion in the language of a comment which -- the middle -- the paragraph in the middle of the page -- confusion as to what that meant and really all I had intended to mean by that paragraph was to say that well, we were following the spirit of the section in the HEW guidelines. We changed the language to clarify them somewhat and I would clarify that language in that comment, as well.

Those are the only changes that the Committee suggested last night, but I'm willing to answer any questions or to -- we can certainly discuss any additional changes that people

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Those are the only changes that the Committee suggested last night, but I'm willing to answer any questions or to -- we can certainly discuss any additional changes that people

may have.

MS. RODHAM: Does the Committee have a recommendation for the board?

MS. WORTHY: We were recommending that -- to the board that they accept what the staff has put in, with changes that Linda will be making -- the two or three changes that Linda will be making. Linda will have those changes in writing because last night it was very late; I was hoping to have them for the board today, in writing, but everybody was very tired and it was very late and I talked with Linda about that. She would present them vocally, but then she will be sending them to the board in writing, so we are recommending we accept the regulation with changes.

MS. RODHAM: Mr. Kutak, let me ask you a question on precedential value, going back to your years on the Regulations Committee. Can the board adopt a regulation that is not yet completed in terms of changes that are to be made?

MR. KUTAK: It can delegate to an appropriate officer, I think, and in that instance our chairperson, Ms. Worthy, would be an appropriate one because the matters are not matters here of substance, but matters of commentary for the purposes of explication and further elaboration.

I'm comfortable and confident that the text as it is, and by the way, add to our chairperson's remarks my appreciation -- which, by the way, as some know, didn't start out that

may have.

MS. BOPHAM: Does the Committee have a recommendation for the board?

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way -- my appreciation for the enormous amount of difficulty in the drafting. I thought its length was flowing against my general stream of consciousness about the spirit of regulations, but the further I got into it, the further I realized the subtlety and complexity of it and also the need for the kind of length. And certainly anyone -- and I hope all of you have -- anyone who has read the -- not only the text itself, but the comments that were preceeded as legislative history, must applaud the clarity and persuasiveness of the text. It's a superbly written regulation and I join those who have already applauded our professional staff for its drafting.

MS. RODHAM: Any further discussion of the regulation?

MS. PURLE: I would just like to mention one thing which I forgot to mention and I did mention at the meeting last night. There has been some discussion on -- at HEW in regard to our regulation. They had at first maintained the position that we were subject to the HEW guidelines. We just received, I believe, last week a letter from HEW saying that they now agree with our position, that we were not subject to the guidelines of HEW; however, they appreciated our efforts to conform our regulations to their guidelines as much as possible.

MS. RODHAM: Any further discussion?

MS. WORTHY: Madame Chairman, I would just like to thank Linda and the staff. I think the reason why this was completed and so clear is that they worked very closely with me

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MS. WORTHY: Madame Chairman, I would just like to thank Linda and the staff. I think the reason why this was completed and so clear is that they worked very closely with me

constantly and making me aware and keeping me abreast of how they were proceeding. It was just really great.

MS. RODHAM: We're ready for a vote on the motion to accept the regulation and to publish it. Is it 30-day comments?

MR. KUTAK: No, no. Not the publication --

MS. RODHAM: We're ready for final action on the regulation and based on what both Ms. Worthy and Mr. Kutak have said, I assume that Linda will forward the changes to the members of the Committee for their final approval prior to publication for the final regulation.

MS. PURLE: Certainly.

MS. RODHAM: All those in favor of the regulation, please signify by saying "aye".

(Ayes.)

MS. RODHAM: Those opposed?

(No response.)

MS. RODHAM: Ms. Worthy, is there any further business?

MS. WORTHY: I don't have any further business as far as our committee is concerned.

MS. RODHAM: Okay. We move now to the report from the Committee on the Provision of Legal Services. Bill?

MR. TRUDELL: The Provisions Committee met twice since the last board meeting. We met in Los Angeles on July 20th and we met yesterday in Washington.

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MS. PURDY: Certainly.

MS. RODHAM: All those in favor of the regulation, please signify by saying "aye".

(Ayes.)

MS. RODHAM: Those opposed?

(No response.)

MS. RODHAM: Ms. Worthy, is there any further business?

MS. WORTHY: I don't have any further business as far as our committee is concerned.

MS. RODHAM: Okay. We move now to the report from the Committee on the Provision of Legal Services. Bill?

MR. TRUDELL: The Provisions Committee met twice since the last board meeting. We met in Los Angeles on July 20th and we met yesterday in Washington.

The two items listed on the agenda for today's board meeting agenda received the bulk of the discussion at both meetings.

At the L.A. Committee meeting, the committee recommended the motion that the Appropriations and Audit Committee -- recommendation made to the Appropriations and Audit Committee that child care expenses be paid, and yesterday the motion was again made by Committee Member Ortique. Rather than trying to restate it, I'll read it as it was presented to me by Christin Ennis at the meeting yesterday. "Pending the approval of board of directors of the corporation, client board training presented this year through a lot of demonstrations will become a corporation activity in 1980, to be conducted under the contract -- under contract with the National Clients Council."

As I pointed out, the topic of discussion has been a topic of discussion for, I guess, the past year and I think the motion that Revius made yesterday reflects, you know, the recommendation of the Committee that if necessary, if the board could re-enforce them by making the motion that we have the National Clients Council conduct the training under contract for client board members.

MS. RODHAM: Mr. Trudell, the president informs me that the corporation staff has already agreed to do so and that we do not need board action on that.

MR. TRUDELL: Okay, fine. The second item on the

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MR. TRUDELL: Okay, fine. The second item on the

board meeting agenda is the review and approval of the Reginald Heber-Smith contract. At the Los Angeles meeting the committee recommended that Clint Lyons negotiate the contract with the -- with Howard and to make a report which he did yesterday on the status of this contract. I think you have before you or you should have received a copy of the contract, while it is the work plan that was made available to us upon arrival at D.C.

The committee would like to recommend that the contract be executed by the corporation. It is my understanding it hasn't been signed off on yet. But prior to doing that, I guess, if any of the board members have any comments or concerns regarding the content of the contract, the proposed contract, then we should discuss it now, before, I guess, directing Dan and them to execute the contract for the next three years.

MS. RODHAM: Mr. Kutak?

MR. KUTAK: I have read the contract and I have no objection to it. In fact, I hope as all of my colleagues know, I am very proud of the program that we are undertaking and glad that we are at last on our way. I, however, do want to register a concern that is uppermost in my mind with respect to the contract. Maybe because of the orientation that I bring to this board I'm a great believer in how people relate to each other rather than how papers read by one another.

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I am -- I must express my constinations with respect to a series of memoranda that have been distributed, I imagine somewhat publicly, at least widely, to members of an advisory committee with respect to the Reginald Heber-Smith program.

I, for one, am distraut at the tone, not because I completely understand their meaning. I assure you that I don't. But because I think that the success of the program will lie not in words of a contract, but in relationships among people and particularly, in my judgment, the relationship of the administrator of this program and the director of -- and Clint Lyons, our representative.

I do acknowledge what I believe has been an extremely gracious apology communicated by the Dean of the Law School and I think it was difficult -- a difficult thing to do, a noble thing to do, and certainly it was accepted with all of the spirit in which it was intended.

But I don't think, Madame Chairman, that an apology is sufficient to clarify or to remove at least from the doubts of my mind the capacity of our corporation's working with the personnel that are apparently presently designated by the law school to administer the program. It's not for me. I don't know if it's even for this board to resolve that difficulty.

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to do is -- that is appropriate and permissible to do, is simply to invite the president of our corporation to have further contact with the Dean of Howard University Law School to be totally satisfied and completely assured that not only will we have a good contract with Howard, but that we will have the kind of working rapport and mutual respect and total -- a good will between the persons charged by the board specifically to oversee this program and those who have to undertake its execution.

I believe in the program. I believe we have placed it where it ought to be for now. I do believe, however, there are still some difficulties, regretably raised, but nevertheless that continue to exist, notwithstanding the gracious apology and that I am concerned that we do not go forward without at least that ambiguity,if not deep doubt, corrected and totally -- the relationship totally rehabilitated between Messrs. Bradley and Lyons and the law school.

MS. RODHAM: Cecilia?

MS. ESQUER: Madame Chairman, Mr. Kutak, I was at the Provisions Committee meeting yesterday and expressed many of the same concerns that you have and I was gratified to hear both from my president and from Dean Branton that, in fact, they are proceeding along the lines that you are suggesting and I have every confidence that we will be able to continue to go forward with this very fine program.

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MS. RODHAM: Any further -- Mr. Trudell?

MR. TRUDELL: Clint Lyons is here to more or less in summary form, I guess, discuss the contract if you feel it's necessary.

There's one item that I think should be discussed or section of the contract and that relates to future direction. I have some concerns about once again allocating a certain amount of money to conduct another study, although I think that all of us have strongly urged the program and the corporation to give as much consideration as necessary to more or less charting out future directions of the Reggie program.

At the July 20th meeting in Los Angeles one of the issues that was highly discussed was the concern about the use or carry-over of unexpended monies and I think that's been addressed, I guess, by the senior staff. But I don't know if it's necessary to -- and we discussed it yesterday in terms of having to set aside, if we're going to, at least a certain amount of money with a ceiling, to conduct the study. I don't know if $100,000 is a reasonable amount.

I think that all of us have been extremely supportive of the Reggie program. I think we've grappled with it; we've tried to make sure that we heard everybody out and I think the comments that Mr. Kutak made I wasn't about to make, but I think my feelings are much the same as his. I feel that this committee has done everything possible to do justice to the

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Reggie program and for me to come to D.C. and to be informed at that time that the correspondence that had been going back and forth between, I guess, some of the senior staff and the people administering the Reggie Program was very troublesome to me. I did not hear of it until, I guess it was Tuesday of this week, and I pointed out yesterday that the booklets for the meetings were not received -- at least I did not receive them until Tuesday of this week and the contract itself, I think Clint did the best he could to get it to us as quickly as he could and I don't fault him for, you know, for anybody receiving it the day before they leave to attend a meeting.

But to get back to the need for a study that requires $100,000, I think that should be discussed. In light of all the other concerns about need for money for client training, for training for lawyers or management people or whoever, I just have certain reservations and I thought that I'd best register them rather than to harbour them and to express them to certain people outside this meeting.

MR. BRADLEY: If I may address that point because I haven't had a chance to speak with you on this issue since the committee meeting yesterday, but it's our intention to meet immediately, meaning on Monday, with the Dean on some of these issues that Bob and Cecilia and other board members have raised; but specifically on this point, to clarify the provisions of the future directions because literally the literal

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construction of the contract as drafted authorizes them to go forward with a study as long as the cost does not exceed $100,000. What we're going to propose is that before any study is undertaken they present to the corporation which we would then discuss with your committee what the purpose of the study is, what the dimensions of the study are, what the proposal is and what it will cost prior to our authorizing the program to go forward with the expenditures of these monies.

MR. LYONS: And that is indeed a provision in the terms of the contract. My concern was it was my sense that this board wanted to look into those particular issues. I don't know what it costs, but I took the necessary steps. I wanted to make sure that there was money available for such a study and to make sure that in the terms of the contract that we would be able to make the judgments about whether the costs were reasonable and whether or not the process and the direction that the study would be taking would be reasonable and designed to accomplish what we wanted it to accomplish. So in terms of the contract, I think we are protected.

There's one other matter that I would like to clarify in relation to an exchange of memorandum between the Reggie program and myself. There has been no exchange of memorandum in the sense that I have ever sent out a written document other than addressing the terms and conditions of this contract. I have sent out no documents from my office or anyone on my staff

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MR. TRUDELL: Well let me, -- I think I should clarify myself. I guess I was really addressing the correspondence that the corporation received; not sent out. I realize, Clint, that prople have done everything we've asked and then some, but I think the concerns have been registered to the Dean in terms of the -- for this board and this committee doing everything it can to resolve some of the concerns that the Reggie program has been saddled with for quite some time.

I know that there are a number of groups that have registered many concerns about how the Reggie program is being conducted -- has been conducted in the past and would like to see it administered better than it has been, although a lot of those comments and concerns have not been registered in the context of either committee meetings or board meetings. So I think, you know, trying to accommodate a lot of people that wouldn't speak up in public, we've done the best we could.

MS. RODHAM: Judge Ortique?

MR. ORTIQUE: Madame Chairman, there are two points that I'd like to make. One is to underscore what Bob Kutak has said. I think coming from the discipline that I come from as well as the one that you come from, Bob, means that the

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And so I'm grateful for the expression of confidence that has come. I am sure that our staff will always insist that its integrity is supported by this board and I'm sure that the staff realizes that its integrity is supported by this board. There's been sufficient expressions on that score.

I'm equally confident that Dean Branton, having known him since Littlerock days, that he recognizes the significance of integrity as it flows between these two. What we've got on paper is not nearly so important as what we have in our minds and in our hearts.

Having said that, it was my understanding that Clint had made it clear to Howard University that before a dime was spent of this "$100,000" or any other amount relating to a study, that we would have an exchange -- we would have in our hands the proposal and -- in detail -- and what it would cost and that the staff would have an opportunity to look at that substantively.

MR. LYONS: On Page 18, Paragraph Roman Numeral 19,

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MR. LYONS: On Page 13, Paragraph Roman Numeral 19,

Subcontracts. The requirement is that all subcontracts or consulting agreements in excess of $1,000 be submitted to the corporation for prior approval. So I think that we're adequately -- that provision adequately ensures that we will know what is being spent now, proposed to be spent, and what is spent for it. We'll, indeed, approve or disapprove that expenditure.

MR. ORTIQUE: I think, Clint, that the point ought to be made, and Dick expressed it yesterday, and I agree with him, that if it were found that someone at Howard -- one of the faculty people because we've always talked about the involvement of faculty -- if it were found that a faculty member was in a position to evaluate or contribute, make comment or whatever, that would parallel our devise or if the Dean himself were to submit to us substance with reference to future directions and this board or our staff after having looked at it determined that this gave to us the information that we needed from the study, it was my appreciation, based on the remarks that were made yesterday, that we wouldn't spend a dime on a study. What we, this board, wants to know is where do you head? Is this money being well spent? And whether that's answered with a paper study or pro bono study or whatever, I think that we are in a position to protect the corporation no matter what and that's the spirit with which I accept the proposal with reference to money.

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MR. ORSINO: I think, Clint, that the point ought to be made, and Dick expressed it yesterday, and I agree with him, that if it were found that someone at Howard -- one of the faculty people because we've always talked about the involvement of faculty -- if it were found that a faculty member was in a position to evaluate or contribute, take consent or whatever, that would parallel our device or if the Dean himself were to submit to us substance with reference to future disclose and this board or our staff after having looked at it determined that this gave to us the information that we needed from the study, it was my appreciation, based on the remarks that were made yesterday, that we would repeal a line or a study. That we, this board, wants to know is where do you need? Is this money being well spent? And whether that's answered with a paper study or pro bono study or whatever, I think that we are in a position to protect the corporation no matter what and that's the spirit with which I accept the proposal with reference to money.

MR. RODHAM: Mr. Engleberg and then Mr. Sacks.

MR. ENGELBERG: I have not been formally involved in this whole contract, but I am very concerned about the whole study provision and this in no way reflects on Howard or any other institution. My own feeling is what it reflects, I think, is the fact that we're all aware sort of the very tight budget under which this entire program is operating. I'm talking about the entire corporation.

Frankly, my own experience is that if you put into the contract a study not to exceed $100,000 and somebody wants to do a study, we'll have a study that will be about $100,000. That's not to acuse anyone of anything. It's just a natural way that studies get done.

I must say I'm not really even clear at this point -- I mean there's been, I know, enormous discussion over the last year or so about the future directions of the program. I certainly believe that any discussions and any proposals to this board, obviously Howard has to be intimately involved and very heavily involved, given their experience in this program in the past.

I really do question, though -- and my concern about is this provision of the contract -- because I frankly think no matter what the safeguards are and no matter how much prior approval there has to be, there will be a certain momentum which will kind of, you know, -- it's a self-filling prophecy.

MR. RODHAM: Mr. Engleberg and then Mr. Gaetz.

MR. ENGLEBERG: I have not been formally involved in this whole contract, but I am very concerned about the whole study provision and this in no way reflects on Howard or any other institution. My own feeling is what it reflects, I think, is the fact that we're all aware sort of the very tight budget under which this entire program is operating. I'm talking about the entire corporation.

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I frankly think that, you know, we have a staff -- the corporation has a staff that -- well, our president has been very efficient at cutting that operation back. We still have a fairly substantial staff and I would much prefer that the office of field services -- you know, as I say, a very close involvement with Howard and other institutions, try to do whatever analysis they're going to do in-house and present to the board at the appropriate time proposals as to the future direction of the Reggie program. And again, I want to emphasize I'm not suggesting what those directions should be. I don't know.

I really am very, though, concerned about the need for any kind of study because I think we all agree that we have got to assure as much as possible getting money into the delivery of services, and certainly more of the money that's going to come out of this budget -- if it does, for a study -- is going to, as I understand it, mean less Reggies and, therefore, less service in the field. I'm very concerned about that.

I would strongly suggest -- and I don't know whether it's appropriate to move it to some kind of vote -- that we just delete this provision.

MS. RODHAM: You want to move that we delete the provision?

MR. ENGELBERG: Well, I'd like to hear from Clint -- you know, again, I'd like to hear from Clint and from Dean

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MR. ROBHAM: You want to move that we delete the provision?

MR. ENGELBERG: Well, I'd like to hear from Clint -- you know, again, I'd like to hear from Clint and from Dean

Branton if he'd like to comment.

MR. LYONS: There are a couple of points. The first one is I hope you understand that this is not new money.

MR. ENGELBERG: I understand that.

MR. LYONS: This is money that is being carried forward from under spending last year.

MR. ENGELBERG: I understand that.

MR. LYONS: Secondly, as I came on board and inherited the concerns that this board had about the Reggie program, there were charges and counter charges that the sort of total objectivity that you desire in assessing this program and looking into some of the new directions was not there.

Now the staff perhaps did not have total objectivity and that perhaps Howard did not have total objectivity in looking at some new directions in a new way. And certainly I got the distinct impression that you wanted something that could be supported by the kind of information that you felt was credible.

Now, I've written a number of papers about the direction of this program and all through the year, you know, there was questions. My sole goal was to try to provide for an independent analysis of future directions so that we would at least have the benefit of an unbiased observer of the facts and a review of what the program has been and to make some recommendation and then we would not be at the point where -- or back at

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the point where, you know, those of us who were involved would be sort of looked at in terms of maybe we weren't being totally objective. That costs money.

I think that I have the judgment to look at a contract and see whether or not the cost involved in those contracts are reasonable and whether or not the program was designed to meet the goals that, you know, we're seeking to meet. I don't know. It's just very difficult for me to understand what it is I should do. I mean, should I go back and write a paper myself and do some analysis myself, working with Howard, or do you want an independent study? I would like some clarification of that before you make the judgment that we aren't going to obligate any money at all for any type of study.

MR. TRUDELL: I think that's the purpose of raising it now, Clint, so that you know, Howard knows, once and for all what the board's expecting in terms of the future directions of the program, so that we can put this thing to rest. But I think that it's a section of the contract that needed some ventilation.

MR. ENGELBERG: I'd like to -- well, I'd like hear Dean Branton if he'd care to comment.

MR. BRANTON: Of course, Howard University is going to have to be involved in any such study because we're running the Reggio program. I don't believe that you can get the objectivity on that kind of report from Howard University or

the point where, you know, those of us who were involved would be sent or looked at in terms of maybe we weren't being totally objective. What counts more?

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MR. ENGELBERG: I'd like to -- well, I'd like more Dean Branson if he'd care to comment.

MR. HAMMON: Of course, Howard University is going to have to be involved in any such study because we're running the Regis program. I don't believe that you can get the objectivity on that kind of report from Howard University or

from the Legal Services staff. Our people would have a vested interest and Legal Services Corporation would have a vested interest. You need somebody sitting off here on the side taking a look at what they're doing and what we're doing and how the program is operating to make these kinds of recommendations, despite the input from both staffs. As to what it will cost, nobody knows.

Now, I remind you this is not something that's being advocated by Howard University.

MR. ENGELBERG: I understand.

MR. BRANTON: It is in response to a directive from this board. The money that will be used, in effect, is really less funds and less insofar as the Reggie program is concerned, but not as far as Legal Services is concerned.

If you have the upper limits there and you don't need the money, then there's no reason why Legal Services Corporation could not use the money for other purposes after it's determined the exact cost of any such report.

It would seem to me that whether you have the upper limits or not that you'd want to leave some money in there for an objective study.

MR. ENGELBERG: Well, may I just kind of --

MS. RODHAM: Yes.

MR. ENGELBERG: My own feeling, you know -- I don't distrust anybody and I do appreciate your view about what you

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MS. RODHAM: Yes.

MR. ENGELBERG: My own feeling, you know -- I don't distrust anybody and I do appreciate your view about what you

say about vested interest. We're all -- you know, and I think you're right. That maybe the staff has a certain vested interest as certainly as probably Howard does, too.

My feeling is I guess it's not an issue that I think really requires, you know, any kind of outside consultants or studies. And, Clint, again I understand you might feel in a cross-fire. My own feeling is that there's been a lot of discussion and hopefully there'll be continued discussion. You know, I don't know how you come up with a magic formula for how to do what we all think is necessary, you know, with the various purposes of a program like the Reggie program.

My own feeling would be that if we could make sure that that money is spent through the Reggie program on more fellows -- I don't know how many more it would be -- maybe it's two, two or three. I don't know what the cost factors are. I just -- to me, it's a more appropriate use of the money. I understand that nobody knows what a study would cost. I guess I just question the need at this point for, you know, some kind of fancy study, outside study of any kind.

MR. BRADLEY: Steve, it seems to me that if I could address that point, that we have in terms of the provision that's in the contract now on Page 10, Provision 9, we have two options. We can, you know, move and vote to delete it or I think the representation that I would like to make to this board is that it's my intention and it has always been my

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intention that we would not do anything pursuant to that provision until we, the staff, meeting with the representatives from Howard, sat down and understood exactly what the dimensions of that study and what it would cost -- and it may be that there won't be a study -- but we would not do anything until we further reviewed it with the Provisions Committee.

God knows the Provisions Committee, I think, probably is as familiar with the Reggie issues and the terms of this contract as anyone else in this room. And, fine, we can delete it --

MR. ENGELBERG: Dan, let me just say one other thing. Maybe I'm wrong and I'm missing something. I don't think the issues here -- I think the problem with what you do with this program is really basic philosophical questions. You know, do you want to retain experienced attorneys? Do you want to use the program for that as opposed to, you know, bringing on new attorneys? They're sort of basic issues which this board and the committee has debated for a long time.

I guess I'm just puzzled as to what a study -- what light a study is going to shed on these issues. We really have fundamental policy questions which a future board is going to have to determine about the direction of the program. This -- as I understand it, this is not an evaluation. This is not where you're going to pay someone to come in like the Robertson Report and do an outside evaluation of the program. This is a

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conceptual study and I guess I -- something in my gut just --

MR. LYONS: I don't view it as a conceputal study. The staff, based on prior to my coming on board, made the decision that an experienced component to the Reggie program would be a good idea. They went out and did it. Robertson came in and said it's not a good idea. So they dropped it. Now we're talking about an experienced component again. So, I mean, how are we going to resolve those kinds of issues unless we -- see, there is supporting data there to support just about anything, you know, -- to help us answer the questions we want to ask. We don't bother in many instances to go out there and try to get that data and fit the data to the kind of questions that are being asked. Always conceptually somebody sits down in an office and says this is a good idea or I think this is the way people want to go.

And then a year later, everybody in the world just disagrees with that and we're back where we started. So, you know, my sense is that let's do it once and for all if it costs $50,000; if it costs $20,000; hopefully, it won't cost anywhere near that, but let's go out and be able to retrieve some data, record some experiences and make some judgments based on experiences and whatever data is available to help us answer those questions and get the thing over with.

MS. RODHAM: Well, I think that the questions that have been raised about whether or not we need a contract to

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MS. RODHAM: Well, I think that the questions that have been raised about whether or not we need a contract to

study future directions, and if we do, what kind of contract, are ones that I assume are going to be answered in part by the staff and in part by the board through the Committee.

My only comment is that one of the points that I think strikes all of us is that at least from my perspective, the program, in a sense, has been born again and I think it's a little hard to talk about future directions until we know how it's doing currently and how it's producing results by anyone's standards however those standards may differ.

I would urge the staff if we retain the contract provision to have a heavy presumption against doing such a study on future directions because I think that in a sense after all this turmoil and trouble that we've gone through in the last several years, what we've done is take the Robertson Report and with the assistance of the new administration of the law school, try to come up with a better Reggie program based principally on the value that it was already operating under, only better administered and better done, and without changing very much in the way that it was designed.

We don't know yet whether or not that's going to satisfy us because we haven't had a chance to see it work. So I think that if we retain this provision that it would be my opinion and it would be my recommendation to the Provision Committee of Legal Services that we not have any kind of study on future directions until some evidence is in on how we're doing.

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MR. ENGELBERG: Well, I'm going to move, you know, maybe unsuccessfully -- I'm going to move that we delete Section 9 of the contract -- I don't want to mess things up legally -- but I want to move that we delete that provision and I want as part of the motion to make it clear that obviously we're not precluding the staff at any time from proposing to the Committee some type of study. But frankly, I guess I'm trying to eliminate what I consider to be an inevitable momentum toward a study. If Clint later feels that he wants the contract to do this kind of thing, fine. I think the Committee should be perfectly open to it, but my motion would be to delete the provision so as not to move us down that road and not to get into all this sort of cautionary stuff. Let's -- you know, my feeling is that we don't need to kind of highlight it at this point and that's my motion.

MS. RODHAM: Is there a second?

MS. WORTHY: Second.

MS. RODHAM: Any further discussion on the motion? Cecilia?

MS. ESQUER: I would like to speak against the motion. As a former member of the Provisions Committee I think that I was one of the members of the Committee that did not really push for a study, but that pushed for a discussion of some possible -- some possibly new and creative ideas to really enhance the Reggie program and to improve the program as an ultimate

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I would like to defer to Clint Lyons' recommendation in including this particular contractual provision and would really think that if he feels that a formal study, you know -- I would not really -- I would hope that it would not take $100,000, but I really would not want to limit the possibility that it might be necessary to bring in some individuals that are not tied to either Howard or to the corporation for a discussion.

I don't think that I have ever pushed for a scientifically validative study, as I think it was suggested in the committee meeting yesterday, but I really have pushed for a strong discussion between Howard and the corporation and then some people that -- in the form of consultants, I would imagine -- and that it would be, I guess, clear that this option is still available to Clint without the contractual provision, I think that I would support that.

But the way that I feel right now, I think that we again create some type of nebulous direction to Clint that

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perhaps that's not necessary and he would then have to come back to the board and all those discussions that have taken place year after year would surface again.

If someone would like to cut the amount of the funding down further, I would not oppose that, but what I would prefer is that we leave that figure until, as Clint has suggested, that there be further consideration of that issue and when a proposal is put together on how they are going to conduct this discussion, which I would prefer to use the term "discussion" rather than "study", then at that time, we may want to move to look at that figure again.

But I think that deleting this provision will just re-create and raise all the confusion that has been raised in the past.

MS. RODHAM: Ted?

MR. SACKS: I agree fully with what Cecilia said and I think the motion ought not to be passed. I think the staff is fully aware of our concerns about whether we need a study or whether the study should be done by insiders or outsiders or some combination and of our concern about money and I think that the staff can be depended upon to reflect those concerns and make sound decisions.

MS. RODHAM: Mr. Kutak?

MR. KUTAK: I think Mr. Sacks has probably caught the spirit of the board, and certainly, I know, has communicated

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MS. RADHAM: [illegible]

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MS. ROBHAM: Mr. Kutak?

MR. KUTAK: I think Mr. Sacks has probably caught the spirit of the board, and certainly, I know, has communicated

its concerns. I must, however, in defense of Mr. Engelberg's motion, point out that under Section 3 there seems to be an inevitability that there would be such a study done because it says for the year August 1, 1981 to July 1982, the law school shall prepare a comprehensive work plan that describes in detail the activities that the law school shall undertake in pursuit of overall objectives of -- skipping one -- two, studying and analyzing potential new directions for the Reginald Heber-Smith program.

I scarcely think that you could extradite yourself from that situation if you didn't have the study. So there's kind of an impliedness that a study will be done in order to achieve those objectives for a comprehensive work plan beyond '82.

I must say that the bias, if you will, is weighted toward such a study and therefore I think Steve's hunches are going to materialize lest we delete the language now and await developments later. I would therefore urge the support of the motion that Mr. Engelberg made with, however, an addendum that Section 3 be worked out as well or revised as well so as to take out the implicitness that a study be done as envisioned by Subparagraph Two.

MS. RODHAM: Mr. Ortique?

MR. ORTIQUE: Madame Chairman, I want to speak in support of Ms. Esquer's suggestion that we do not support the

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MS. HOUSAM: Mr. Ortique?

MR. ORTIQUE: Madame Chairman, I want to speak in support of Ms. Esquer's suggestion that we do not support the

motion to delete. In the spirit of what we're all trying to accomplish, it seems to me that the deliberations, the negotiations, the exchanges between our staff and Howard University have gone on for weeks and months and that on the basis of those careful deliberations, they have concluded that there is the possibility that at least some of the answers to questions raised by this very board need to be -- at least the possibility to answer them need to be in the contract.

When you raise those questions -- I recall clearly that questions about -- not only about the points that have been made with reference to future directions -- the matter of regionalization, for example. When I was in California a number of persons spoke about the possibility of cooperation between Howard and other universities that may be appropriate.

But getting at the principle that I have shared with this board over and over again, and that is the increase of minority -- blacks, Mexican-Americans, what have you -- into our program -- any examination, a cursory examination of our records in terms of the numbers of minorities in our program is a pitiful record and I think that anything that we can do to say to the staff, "Look, look at this thing. Look at it objectively and come back with some answers that we need"-- would indicate confidence and I would add that in the spirit of confidence that we said has to flow between parties to any contract ought to be the confidence that Howard University and

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our staff will work closely together and will not spend the money; that we ought not to conclude that when we talk about the possibilities of a study that that means that there will be -- that they will spend the money, but rather that we have confidence that you're going to do what's, number one, in the best interest of the corporation and the clients that we serve as opposed to spending money that ought not be spent.

I think that to renegotiate that clause would merely say to the staff and to Howard, "Look, there's some areas that we still don't want you to go into," and I don't think that that's in the spirit of what we're trying to accomplish.

MS. RODHAM: Also, don't forget we've got old skinflint Bradley as president of the corporation.

Yes, Mr. Engelberg?

MR. ENGELBERG: Again, I think that what's happening here is that the board is somehow -- just doesn't want to grapple with the kind of policies -- this is not -- we've got some basic policy issues about this program. We've made the decision to continue the program and that's fine; that's the present situation.

Frankly, if the board wants to go to a different kind of program, then go to a different kind of program. I don't think $5 million worth of studies is going to tell you the right answer. If you want to reuse a program to retain lawyers, fine. Let's use it to retain lawyers. These are debates

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which have occurred in the past; they will continue to occur. And frankly, you know, the strength of this corporation and the Legal Services program has been an absence of the normal, social scientists approach to solving problems. You know, we have a problem -- let's have a study.

This is a policy question. This board is appointed by the president to ultimately make policy decisions and, you know, at some point -- a year from now, two years from now or whenever, some other board is going to have to make some -- re-look at the Reggie program and make some policy decisions. Frankly, I just -- you know, I just think this debate has gone on long enough. I'm perfectly supportive of the extention of the contract with the Reggie program, but my experience in this town has been that if you leave this provision in, as you probably will vote to do, that believe me, the bureaucratic momentum -- I'm not, you know, accusing anybody of anything -- will be to have a study. I don't think we need any more studies about the Reggie program. You know, when it comes to a time to make a decision, make the decision and let's quit passing the buck to consultants or other people.

MS. RODHAM: Mr. Trudell?

MR. TRUDELL: I agree with both Steve and Bob in terms of -- I guess in terms of the money. I would almost like to see that particular section of the contract, see the last two sentences deleted if you want it, you know, so that it jumps

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MS. BOGNAN: Mr. Trudell?

MR. TRUDELL: I agree with both Steve and Bob in terms of -- I guess in terms of the money. I would almost like to see that particular section of the contract, see the last two sentences deleted if you want it, you know, so that it jumps

up in front of you in terms of we have to have, you know, some new directions for the program. I think when we did suggest to the corporation with a certain amount of reluctance we did hear from a group of people last March -- I believe it was last March -- who came in and expressed some concerns about the program and I think not to just consider that an exercise that we're not going to take advantage of, something has to be done.

But I just am reluctant to see a certain amount of money quantified when we can't even resolve some other areas such as expansion which we'll be getting to when we discuss the '80 budget.

But once again, you know, we're quick to put in place and lock in or whatever it is, and I agree, if it's there in black and white, then you can bet your bottom dollar it will be spent.

MS. SHUMP: Madame Chairman?

MS. RODHAM: Yes?

MS. SHUMP: I've been sitting here very quietly trying to listen and trying to observe. I'm not a lawyer and so consequently even though I've read the contract and I'm sure that I don't fully understand everything that it says, I have a question, though, to Clint and that would be: can that money, if it is deleted from the contract, be held in reserve for an appropriate time, not necessarily this year or next, but the year that the contract is due to end? Can it then, at that

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time, if necessary, be used to have a study, a discussion, what have you, in order to look at alternative methods of handling or operating the Reggie program?

MR. LYONS: If I understand your question correctly as to whether or not we could hold that money in reserve until the end of the contract period and then use the money at that time to make some judgments about --

MS. SHUMP: If it's necessary.

MR. LYONS: Yes, the board can, in fact, I believe, hold the reserve of monies in any amounts that it desires and that money does come to the corporation. You know, it's in the corporation's corpus so it can be held in reserve. The only issue is, you know, whether or not you want to hold back, you know, $100,000 for two years.

Let me just say that I am not wedded to $100,000; I am not wedded to this provision of the contract, but I am wedded to your confidence and the need that the very tough judgments that have to be made about some of these issues are good judgments and that you believe that we have the support in order to make those judgments.

I have a penchant for making tough decisions and they are not always supportive. I can tell you right now that the issue of experience attorney component, the issue of regionalization is going to be a tough issue and there is going to be a lot of dissatisfaction among this board if it is not done

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MS. RODHAM: Cecilia?

MS. ESQUER: I think that the last points that Clint made are very valid and I think that Steve may be over estimating the type of effort that at least has been contemplated in this regard. I think that I, for one, am ready to make the hard decisions that are required and I am not supporting during this discussion of the means of avoiding making a decision.

I think that in talking with Clint and in listening to the committee deliberations that one of the things that this discussion, this study would be designed to do would be to point out how much it would cost to -- is one of the alternatives that Clint himself has pointed out -- and are these things feasible.

I think the issues and some of the alternatives are pretty well spelled out, but that will not take a lot of time. That will not take a lot of paper. But one thing I, as a board member, cannot do is I cannot estimate what the cost would be; what the budget ramifications would be; and when we are allocating $5 million a year for a program as important as the Reggie, I think that we can spend some amount of money, as small as it may be or as much as it may be, to answer what I

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think are some very important questions that will face this board in future decisions. Let's say that there is some recommendation that the funding for the Reggie be increased or decreased. And I would hope that the type of discussion, the type of interaction takes place and I think that Clint has assured the Committee that these are the types of approaches that will be used in conducting this unfortunately termed decision-making process called a "study".

MS. RODHAM: Mr. McCalpin?

MR. McCALPIN: Madame Chairman, I've sat here like Ms. Shump and I must confess that even though I am a lawyer I share your confusion and it may be because I did not receive a copy of this contract. I didn't see it before this discussion started and obviously I tread on dangerous ground to try to talk about a contract that I've only seen little parts of.

But my confusion stems from the fact that in the provision that Mr. Kutak pointed to on Page Four, Roman Numeral III-A, the very top of Page Five is the figure talking about studying and analyzing potential new directions for the program and implementing new directions, and the preamble to that says that that's to be done in the year August 1, 1981 to July 31, 1982.

The particular provision on Page 11 says that it'll be funded by $100,000 carried over from the year ending July 31, 1979 and retrieved by the corporation. So you're talking

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about doing in 1981-82 a study with 1979 funds so it seems to me automatically, Ms. Shump, we're talking about setting aside that money. Yet, as I look over on the first page of the contract, it says -- and I'm talking about I-A-3, -- "During the 12-month period from August 1, 1981 to July 31, 1982, such sums as the corporation's board of directors shall determine in its sole judgment to be necessary to operate the RHS program during that period in accordance with the provisions of this contract.

So it seems to me that we don't have a $5 million budget for the particular fiscal period involving this project. It's whatever sums the corporation decides is necessary. We've already got built in here a provision that says in that third year of this contract, we'll provide whatever sums are necessary And yet, I think it's kind of redundant to have this $100,000 from '79 funds set aside to do something in 81-82 where you already have a contract for a budgetary provision.

I don't -- and I apologize for the fact that I haven't had the opportunity to read the whole contract, but it does seem to me there is kind of an overlapping confusion that I share with Ms. Shump.

MR. LYONS: There is confusion if you don't read the contract in its entirety.

MR. McCALPIN: I expected that.

MR. LYONS: I attempted in this contract to set out in very clear terms what the board would be obligating itself

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to in 1979 and 1980. The funds that are built-in for this study, carry-over funds, that study would be conducted during the course of this year, presented to the board as part of a work plan at its June meeting, and the board then would decide whether or not the conclusions reached by that study are to be implemented in future years. That is the intent of those contractual provisions.

But again, you know, I don't -- I'm not wedded to $100,000 or any amount for a particular study. The fact of the matter is that whatever -- Howard University cannot do a study without coming to the corporation saying this is what we propose to do. This is the kind of contract we propose to let. If we find that unreasonable, we may say well, don't do -- you know, don't do a study; don't do anything but just tell us in your work plan how you propose to answer these issues about new directions and regionalization.

What that means is they don't have any money to do it so they'll have to do it on a staff basis.

MS. RODHAM: Are there any further comments before I call the question?

(No response.)

MS. RODHAM: All those in favor of deleting that provision, Number Nine, of the contract, please signify by saying "aye".

(Ayes.)

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(No response.)

MS. RODHAM: All those in favor of deleting that provision, Number Nine, of the contract, please signify by saying "aye".

(Ayes.)

MS. RODHAM: All those opposed?

(Nays.)

MS. RODHAM: All those in favor, please signify by raising your right hand.

(Hands were raised.)

MS. RODHAM: Ms. Shump, Mr. McCalpin, Ms. Rodham, Mr. Trudell, Mr. Engelberg, Mr. Kutak.

All those opposed?

(Hands were raised.)

MS. RODHAM: Mr. Ortique, Ms. Worthy, Mr. Sacks, Ms. Esquer.

The motion carries.

MS. ESQUER: Point of information. Did that motion include Bob's recommended amendment to delete the words "study and analysis"?

MS. RODHAM: No, it did not.

MS. ESQUER: Okay, I just wanted to make sure.

MS. RODHAM: I think that we still look forward and, as I understand it, subcontracts and other contracts are certainly possible under this contract as it's written and the point that Mr. McCalpin made that in the future there may be a need for that -- but as the contract is written, having read it in the entirety, I think much of the information that would be put forward as to any future directions will be part of the information that Howard shares with us in its data collection

MS. RODHAM: All those opposed?

(Nays.)

MS. RODHAM: All those in favor, please signify by raising your right hand.

(Hands were raised.)

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and its advice to us.

Mr. Engelberg?

MR. ENGELBERG: Clint, what now happens, if anything, to $100,000 that you were sort of reserving? Does that then go back into the program?

MR. LYONS: No, that is in the corporation's corpus for the president to make recommendations as to what should be done.

MR. ENGELBERG: Is that within -- what is the status? Is it carry-over '79 funds?

MR. BRADLEY: $775,000.

MR. ENGELBERG: Unexpended '79 funds?

MR. BRADLEY: Yes.

MS. RODHAM: Mr. Trudell, is there a motion from the committee to accept the contract?

MR. TRUDELL: Yes, the committee would recommend that the contract be approved. Let me add one thing. I think in my estimation this is probably the last stumbling block. I think that the Provisions Committee is more than happy to move to other matters.

I think without us going through this last exercise, at least registering all the concerns, to the best of my knowledge there are no more outstanding concerns that haven't been addressed.

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MS. RODHAM: Okay. The motion has been made by the

committee. Is there a second?

MR. BRADLEY: I'll second it.

MS. RODHAM: All -- any further discussion?

(No response.)

MS. RODHAM: All those in favor, please signify by saying "aye".

(Ayes.)

MS. RODHAM: Those opposed?

(No response.)

MS. RODHAM: Dean Branton and Mr. Lyons, we want to thank you on behalf of the board for having worked out these difficult problems that all of us -- the present board, to some extent, as well as Howard and certainly the Office of Field Services, and as Mr. Trudell stated, we look forward to a very fruitful and productive relationship and one that's going to mean a lot to the corporation and Howard as well as to the attorneys who participate in this program and the clients they serve.

We are very well aware of the patience and effort that both of you have put into this and have a lot of confidence in each of you and are certainly pleased that we're going to be going forward at this point.

MR. LYONS: Thank you.

MR. BRANTON: Thank you.

MS. RODHAM: Thank you.

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MR. BRADLEY: I'll second it.

MS. RODHAM: All -- any further discussion?

(No response.)

MS. RODHAM: All those in favor, please signify by saying "aye".

(Ayes.)

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(No response.)

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MR. LYONS: Thank you.

MR. BRANTON: Thank you.

MS. RODHAM: Thank you.

MS. SHUMP: Clint, I just want to say I really can appreciate the tremendous amount of work that you've put forth on this contract. I think you've done a really wonderful job.

MR. LYONS: Thank you.

MS. RODHAM: Just because you're our favorite whipping boy doesn't mean we don't love you, Mr. Lyons.

(Laughter.)

MS. RODHAM: Everything we have to say has some kind of effect on Field Services. That's the problem. But I suppose we should ask the rest of your staff to come in for some thanks as well because they receive all of the blame and confusion and the criticism that is deflected off of you by our efforts to try to understand and work through these difficult problems that you bring to us. But there certainly is never any question of confidence in you and I think that that's been reiterated numerous times and again today by the board.

Thank you.

The next item on the agenda -- the Committee on the Provision of Legal Services is completed -- is to move on to the report from the Committee on Appropriations and Audit. We need our staff people for that. Do you want to take a five-minute stretch? Why don't we do that while we find our budget people.

(Whereupon, a short break was taken at 11:05 a.m.)

MS. SHUMP: Clint, I just want to say I really can appreciate the tremendous amount of work that you've put forth on this contract. I think you've done a really wonderful job.

MR. LYONS: Thank you.

MS. RODHAM: Just because you're our favorite whipping boy doesn't mean we don't love you, Mr. Lyons.

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MS. RODHAM: The board will be breaking for lunch at 12:30 and will be reconvening hopefully by 2:00 o'clock.

Mr. Engelberg, do you want to begin your report?

MR. ENGELBERG: Yes. I want to report total anarchy.

(Laughter.)

MR. ENGELBERG: No, I don't think it's the --

MR. McCALPIN: You got a motion to adjourn.

MR. ENGELBERG: That's true. That's about the only thing we got a motion for.

On the theory of deferring arguments until the time when it really counts, we did not make any final motions yesterday simply because I couldn't get the committee to agree to anything.

On the status of the --

MS. RODHAM: You are just an excellent chairman, Mr. Engelberg.

MR. ENGELBERG: On the status of the fiscal year 1980 budget, you know, obviously you all should respond, but I think basically, based on the discussion yesterday, there was one major issue that was raised concerning the staff recommendations concerning the allocation of the $300 million which we suspect will be appropriated for 1980. That involves potential additional expansion funds for Native American programs and, as I understand it, Ms. Esquer may have some further discussion on that and perhaps even a motion.

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Beyond that, I did not -- there were some other questions raised about continuation of DSS programs, but I didn't sense any other really hard problems about the budget. I think that my own feeling is that I'm very supportive of the staff recommendations. I think that without unduly praising our president I think they have done a really -- the staff has done an enormously good job of putting together a budget which is about as fair as it can be under the circumstances. The difficulty we have, of course, is I think everybody that's involved in Legal Services knows, is there simply is not enough money in fiscal year 1980. The field programs are obviously going to suffer greatly. Everybody is going to suffer and the problem that we've got, the board's got, is to try to make the fairest possible allocation we can.

I sensed starting with the committee meeting in July and continuing yesterday that the staff through a lot of consultation and a lot of discussion with a lot of different people have come about as close as you humanly can to getting some general feeling, you know, that the budget is about as far as it can be. Again, I realize there are still lingering issues.

I'm going to let Cecilia or whoever has any motions to raise obviously to make them. The only other major item that I think I should report is there was a discussion at some length about the Legal Services Institute and we requested the staff to ensure certain information that would be forthcoming

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and my understanding is that that would be more properly reported to the Committee on Provision of Legal Services.

We talked about potential extra income from either the QUIP or the loan repayment program and I think we concluded, as I sensed the discussion, that there really is simply no extra money there, although, you know, we had hoped that there might be some.

In terms of the impact of the 1980 budget I think the only really remaining basic issue has to do with expansion. Of course, there may be some others that I didn't really detect.

I don't know if you want me to do anything more, Hillary, or not but I think that other than that it's really -- Judy might want to give a short report and I think it's up to the board to enter into its own discussion.

MS. RODHAM: I'd like to ask the staff if they have anything to add with regard to any issues or problems that you see coming from the committee meeting that you think you need board direction or resolution of.

MR. BRADLEY: I would like to just clarify it because we did talk about it yesterday. In the proposed budget we have presented to the committee and to the board we consciously have identified a marginal $750,000 in unexpended funds and what we represented to the committee is that the staff at this time has absolutely no plans or recommendations to you as to what we would do with that. After we close the books of the corpora-

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tion on October 1st and know exactly how much money and then during the interim period of time we would develop a recommendation in consultation with the FCC and PAG to meet back with the Audit and Appropriations Committee prior to the December board meeting with specific staff recommendations for the possible allocation of some or all of that money.

MR. ENGELBERG: Yeah, thank you, Dan. Also, as I understand that, you could add to that perhaps the extra. Would that figure then go up by $100,000?

MR. BRADLEY: Yes.

MR. ENGELBERG: So it might be right now as much as 850 -- $850,000?

MR. BRADLEY: Could be less; could be more. It's sort of speculative.

MR. ENGELBERG: One other point I want to make and I don't want to speak for the field programs, but again what I've felt since July, which I'm very appreciative of, because I think while the field programs are -- in my opinion, and I think the opinion of everybody on this board -- are clearly still woefully under funded as a result of the $300 million budget.

Anyone who has spent any time in these offices, as I think all of us have, know clearly the kind of daily problems that each of these programs have and yet I strongly appreciate what I sense has been the spirit of, you know, cooperation and support that the PAG people and others have had with the staff.

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They are getting far less than obviously they feel that, you know, their program needs. I don't think there's any question they're getting far less and yet I feel that there's been, you know, an understanding of, you know, how difficult it is to split the pie up and particularly given the fact that Dan has done such a good job of really being quite lean to the corporation's direct expenses.

So again, I think that that has been -- as opposed to last year, where we really did have fairly an achromonious debate, I think that's been a major improvement in the process. Anyway, I'm sorry that's all there is.

MS. RODHAM: Do any of the board members have any questions? I think there were at one time or another nine of us at the committee meeting so much of this has already been discussed at great length, but if there are any additional questions or points for clarification, I'd like to raise those now before we get into any actual motions or decisions affecting the budget.

MR. McCALPIN: Madame Chairman, I'll add comments but I think they are more appropriately reserved for the particular items as they come up.

MS. RODHAM: All right. Steve, do you want to make a motion regarding the 1980 budget?

MR. McCALPIN: I don't think you can get at it that way. I think you've got to do '79 first because there is an

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effect on '80. But you've got to do your '79 carry-over first because if you carry a different annualization into -- from '79 into '80, you change '80. I think you may have to start with '79.

MR. ENGELBERG: Well, Bill, my understanding is there is -- at this point there is no issue for the board concerning the '79 budget. Someone may want to make an issue and that's fine, but right now there is no issue. I think that, you know, I'm prepared to move --

MR. McCALPIN: I think that's right, but it's my understanding an issue is going to be raised and I think you'd better get it raised and decided before you take up 1980.

MS. RODHAM: I think the issue, if we're talking about the Native American funding, goes to allocations within the 1980 budget, but they will affect '79 -- they will have '79 effect. But I still think that we might as well start with the 1980 questions since, as it stands now, the '79 annualized figure remains what it is unless there's some change made in how we divey up the 1980 figure.

Now if we want to go at it a different way, that certainly is --

MR. ENGELBERG: Let me make this suggestion. As everybody that was at the committee meeting yesterday knows, there was a very serious question that was raised by Ms. Esquer relating to the expansion of the Native American programs and I

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MS. RODHAM: Well, that's why I asked for any questions or points of clarification because I assumed that discussion on the Native American funding would come in that context because as we left the committee meeting yesterday Ms. Esquer asked Mr. Lyons for further information and detail as to the decision made regarding the Native American funding.

Ms. Esquer, do you want to --

MR. ENGELBERG: Then after that, then I think we -- Bill's right -- then I think we can move on to the '80 budget.

MS. ESQUER: Okay. In essence, for the benefit of the board members who were not present at yesterday's Appropriations and Audit Committee meeting, I did raise the question concerning the staff recommendation that there be a change in the level of funding the completion of the expansion efforts in regard to the Native American population of the Legal Services community.

There were some -- Clint presented a very logical and a very thorough response to the questions that I raised, but I did ask for some further documentation to give me some idea on what basis he reached the decision. He did provide me with a

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memorandum that is entitled "1979 Native American Funding Approach" in which he does recommend and, in fact, implements a change in the -- in the level of funding for expansion efforts in -- as far as Native American programs are involved.

I think to put it into the proper context -- and I really would appreciate -- really vague -- you know, some indulgence because it will take a few minutes. I would like to kind of review some of the questions that I asked Clint to answer for me and then I will have a motion to present at the end of the discussion.

We started out by having Clint summarize the issues that were involved in the Indian expansion funds for '79 and for '80. I think that would be a proper point to begin.

MR. TRUDELL: I think Dave Gilbert is here or was here. I don't know if he still is or not. I think that to put it in the proper context I would even defer that it go back to '78, the reason being I don't know what the status of '78 money was in terms of -- I asked Buck yesterday how much was approximately set aside, you know, or earmarked for expansion for Indian programs or any communities.

I do know one example. I know that the Gila River community was earmarked to receive in the vicinity of $90,000 out of '78 expansion funds. That expansion did not occur until a few months ago. Now, I don't know if that was '78 money, '79 money or a little bit of both.

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It is my understanding that Gila River was cut back from the proposed allocation of $90,000 -- whatever it was -- to the vicinity of $60,000 or $65,000. Now, you know, I may stand corrected and I think that maybe Dave could lend a point of view that would help clarify the situation.

MS. RODHAM: Dick, I think that those questions would be relevant towards the end of the discussion here because I would first like to deal with the policy matters of, you know, how -- what decisions were made in regard to Indian expansion and the rationale for that. I think that the questions that you're asking are more of a factual nature that, you know, would revolve around the policies that were adopted at a particular time. So if you could reserve your questions towards the end, I would appreciate that.

MR. TRUDELL: The only reason I raised them is that it affects how the policies came about from going from expansion through existing programs to doing the population study or whatever result revolved around the amount of money that was available and they didn't know what to do.

To the best of my knowledge -- a bunch of people laid the ground rules.

MS. RODHAM: Clint, could you just give us an overview of the basic issues that you had to contend with on -- in giving expansion?

MR. LYONS: Let me make it clear that we are talking

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MR. LYONS: Let me make it clear that we are talking

about expansion that was to take place at the beginning of 1979. All expansion to Native Americans prior to that had been accomplished except where there were particular difficulties involved and that did make some delay in that.

Now, the 1979 expansion effort has been delayed in order to resolve a number of issues. Those issues being, number one, the Native American population count, the Native American poverty rate, and the population count; and the per capita level of funding.

The fourth issue that we dealt with was some 1007-H recommendations which I will get to later.

Let me try to describe for you the situation that I came into having to make decisions about an expansion effort that was underway. I came on board August 2, 1978 and was asked to design and implement an expansion effort based on what the board thought would be available expansion funds for fiscal '79.

My assumption at that point was that we were proceeding into expansions based on our representations of minimum access made to the Congress and based on what I knew as a matter of record that all other programs were getting.

As I reviewed the record, what I found was that at the beginning -- at the end of 1977, contemplating the 1978 expansion effort that an administrative decision had been made within the Office of Field Services, that number one, indicated

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that -- stated that on an ad hoc basis where justification could be shown in terms of hardship and difficulty of assessibility, that native American funding would be allowed to go forward, number one, at up to $10 for poor persons as opposed to the $7 for poor persons; that it would go forward at that rate even in areas where there was an existing legal services program; that it would go forward at up to 80 percent of poverty; and I have not -- I have just not been able to find any evidence or justification to support that 80 percent figure, except that I think it was generally recognized that given the multi-level layer of law that native Americans programs have to deal with and given the fact that they do exist in sparsely populated and rural areas that, you know, there was some justification and some concern for those particular problems and then we would have small pockets of native Americans that it just, you know, didn't appear to make sense to go forward at $7.

So the policy was adopted on an ad hoc basis to go up to $10 per capita, to go to 80 percent poverty ratings where necessary. That ad hoc policy, I found, had been uniform throughout the 1978 expansion effort and that it had become the rule rather than the intended exception to be applied on an ad hoc basis.

Two things occurred to me as I began this expansion effort. One was that there was a question as to whether or not

that -- stated that on an ad hoc basis where justification could be shown in terms of hardship and difficulty of assimilability, that native American funding would be allowed to go forward, number one, at up to $10 for poor persons as opposed to the $7 for poor persons; that it would go forward at that rate even in areas where there was an existing legal services program; that it would go forward at up to 30 percent of poverty; and I have not -- I have just not been able to find any evidence or justification to support that 30 percent figure, except that I think it was generally recognized that given the multi-level layer of law that native Americans persons have to deal with and given the fact that they to exist in generally deprived and rural areas that, you know, there was some justification and more concern for those particular problems and then we would have small pockets of native Americans that it just, you know, didn't appear to make sense to go forward at $7.

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we should administratively implement such a policy; and two, the very obvious issue of an ad hoc policy to meet certain hardship situations would very quickly become the rule. The other thing that concerned me, I knew the 1007-H was on the way and that there were a number of groups that we were looking at in terms of difficulty of access and perhaps we need to look at all these things together.

The Office of Field Services had adopted this ad hoc policy on an interim basis pending the outcome of a study -- that the corporation contracted with a law firm in Denver to help them resolve some of the issues around the legal needs of Native Americans. And what I said in 1979, the policy directive that I issued to the Denver Regional Office of Native American dentists would be we would go forward with Native American expansion on the basis of a minimum access approach. We would reserve an amount of money that would cover all possibilities in order just to hold the native American programs harmless until we resolved a number of issues: one, the $10 per poor person issue; two, the double count issue; three, the poverty rate.

I undertook to look to 1007-H and the Gatchis and Green Study, plus my own inquiries and a great deal of staff time in seeing whether or not we could find justification for any of these decisions, these ad hoc decisions, and I clearly indicated to those who would be the beneficiary of our expansion

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policy that we were doing this and that we would look at all of the issues and all of the data we have available in order to resolve the issues.

I particularly looked to 1007-H to come up with some assessment of what costs were attendant to these special access difficulties so that once and for all we could say, yes, it's ten; yes, it's twelve; yes, it's seven dollars for a poor person. But at least to have some study that says these are the reasons why. I didn't get that in those 1007-H's. What I got from my reading of 1007-H was that, yes, Native Americans, other groups, migrants, veterans, all have special access difficulties. This study has not been broad enough to tell us what those special access difficulties mean in terms of cost. Therefore, we've got to address those particular issues at another time and in a broader context.

It did, however, -- the 1007-H did make some recommendations which I did, in fact, implement. That is the extension of recognition to some of the needs of the terminated and unrecognized child and urban Indians.

So after examination of some BIA data on the population count, census data, the Gatchis and Green Study which incidentally had the potential to classify a whole range of persons in groups including Micronesians, Hawaiians, people in Puerto Rico as Native Americans. The potential was some $45 million and possible funding had we not addressed this

policy that we were doing this and that we would look at all of the issues and all of the data we have available in order to resolve the issues.

I particularly looked to 1007-H to come up with some measurement of what costs were attributed to these special access difficulties so that once and for all we could say, yes, it's true, it's twelve; it's seven dollars for a poor person. Not to have some study that says those are the reasons why. I didn't put that in those 1007-H's. What I got from my reading of 1007-H was that, yes, Native Americans, ethnic groups, migrants, veterans, all have special access difficulties. This study has not been broad enough to tell us what those special access difficulties mean in terms of cost. Therefore, we've got to release those restrictions issued at another time and in a broader context.

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issue in a very narrow kind of focused way.

The decision that was made was that one is Native American programs that were already -- that were uncovered in terms of service to their reservation population, but there was a general service program in their area, would not be harmed by a change or a re-definition of the policy of the ad hoc policy that had been made; that those reservations, Native American reservations and populations on a near reservation would, in fact, receive the benefits of the prior policy, but in those uncovered areas where we had no general service program or a native American program, population on or near reservations, we would proceed the same way as we proceeded to fund every other population in this country.

The truth of the matter is that we were about 80 to 90 percent coverage and there was reversion back to the original policy, funding policy, only affecting a small number of the native American population.

I did not get the kind of supporting data that I needed to justify a decision to bring one group up to a level over another group, particularly in the light of Congressional study studying special access groups.

That is not to say -- I did not mean to communicate by that policy that I personally, being educated to the native American issue, did not feel that there were special needs. My intent was that this Legal Services Corporation and the staff

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where a number of groups have been designated as having special access, we then have to make some relative judgments about the relative needs of those groups, our ties to those needs, and come to a group decision about what it is that we're going to fund those groups at and, if necessary, go to the Congress and say we need more money.

But the reality is in terms of equities, is that when you deviate from an existing policy, with the money being allocated based on a particular policy, you are invariably taking from Peter to pay Paul and that's how I made my judgment. Now, there are some very difficult issues with respect to the count problem and all of that. Gerry Singsen has much more expertise in that area than I do, but I did rely on some -- what I regard as expert staff help in going through some of the issues which have to do with the poverty rate count.

One of the allegations was that there was an under count in the 1970 census of Native Americans. Recognizing that there was an under count to everybody, I said fine and since the BIA dealt with a number of Native American issues, I said we will use the 1973 BI update as opposed to the 1970 population count for counting Native Americans, which raised the number of native Americans.

On the poverty rate, I did not use the 1973 or any BIA figures because the methodology for computing the poverty rate was not based on any kind of economic indicators at all.

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On the poverty rate, I did not use the 1973 or any BIA figures because the methodology for computing the poverty rate was not based on any kind of economic indicators at all.

The way of computing the poverty is based on a variety of factors which, upon my reading -- and I realize that some of the data I've got incorporates unemployment, the number of persons on welfare, and any other number factors, but one thing it does not count is income.

That is basically the way my approach to the policy evolved. That is just the basis of my recommendation to Dan and my assistants really that this approach be adopted. I saw in truth and in honesty no reason to bring this issue to the board because my view was that the board had already made its decision about what minimum access meant. But if 1007-H had said there was -- you know, it should be $10 or 80 percent of the poverty rate or whatever, then I would have felt bound to implement that because the study does say study and implement and once the board, in my view, adopts that study, then I'm bound to implement it.

I do want to try to communicate --

MR. BRADLEY: Clint, let me -- excuse me.

MR. LYONS: I do want to try to communicate to you the very difficult decision that it was to finally try to resolve this particular policy. I made the decision. I had excellent staff working on these issues; I talked to some people; I received recommendations from the Indian Desk in Denver; I rejected some of them; I considered some of them; and the decision was mine. I made it. I think that was the obligation of

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MR. BRADLEY: I think, Cecilia, just one point of information because I think, especially for the newer board members, you have to understand what Clint has just explained and the context of the overall chronology of expansion in its very, very simplest terms, and I'll try to state it in its very simplest terms. It is not a simple issue. But it is simple in the way I'm about to explain it from a historical point of view.

For better or for worse, when we conceived of something called "minimum access" -- and now there are a lot of people who say that we never should have conceived it -- but for better or for worse, when we conceived of the concept of minimum access, it was a simple formula that simply multiplied the number of identifiable poor persons by a dollar figure. At one time it was $4.90; later it was $7; later it was $7.39; now it's $7.69 based on "X" number of persons that could be identified. We presented that to Congress; we included that in the explanations of all of our budget requests; we presented that to the board; we presented that to the various committees and we acted accordingly. And we have consistently, since that day, represented to this board, to the various committees, to Congress, to the field, to everyone that we are following that "plan" that we adopted back in '76 and '77 and that we have been pursuing and that we have been following since then.

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period of about three years. There has been absolutely no staff discussions at the Legal Services Corporation. There's been no discussion with Congress; there's been no discussion with the Audit and Appropriations Committee or there's been none because I've looked at the minutes of some of the board meetings. There's been no discussions at various board meetings to say, okay, wait; let's pause and reflect on this expansion policy and let's discuss the applicability to certain groups and must consider whether or not we want to deviate from this plan that we conceived of and hatched some years ago.

What, in fact, happened during that process -- and I'm not faulting anyone; I'm not blaming anyone; I'm not accusing anyone -- what happened basically that one or two or three people made the decision that they would "deviate" or use some other formula in determining the count and whether or not the number would be multiplied by $10 as opposed to $4.90 as opposed to $7 and the decision was made to go forward and do that.

When you go back -- as I have attempted to do -- and I have talked to the principal participants and authors -- of why there was a deviation made from that, you get various comments and you get various reports. Some people have told me, and I've genuinely sought to educate myself in this process, "Oh, we didn't even know that that was being done. We only found out about it a year later. Why wasn't it discussed by the staff?" And I cannot get to the source and to the genesis

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but I think that it is important to understand the two tracks in which we proceeded. One track generally, and the second track is basically what Clint just endeavored to explain. I'm not saying that in defense of anyone, but just to keep it in historical chronology from 1976 to the present.

MS. ESQUER: I think you mentioned two very important things, but before I go into that I do want you to know, Clint, that I appreciate the thoroughness with which you have considered this issue and I think that, you know, you have devoted as much of your efforts, as much of your time in trying to reach a resolution of this issue as you have in all the other matters that you deal with.

I really appreciate the work that you've done and, in fact, the information that you have provided me has helped me to continue to try and raise a question for the board that would involve, you know, some possible policy changes.

I think, Dan, that the two important things that you mentioned have to do first of all with the fact that in general it is true that a set figure was adopted to complete minimum access and that varied from year to year. But at the same time, it is true that in 1977 there was a deviation from that figure and it was a deviation that was accepted by the president of this corporation and that was included in budgets that were submitted to Congress for funding, that included a figure that deviated from the general figure. This one has to do with

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expansion efforts for Native American programs.

You know, as a point in fact, Clint, I have one question in this regard. There was a reserve fund for Native American expansion. That is, I remember the expansion efforts, -- the allocation of the funds was held up pending the resolution of this specific issue that we're discussing today. Can you tell me what the total of that reserve fund was and the breakdown in that fund? I think there was about $4 million or something like that in the '79 budget? Is that correct?

MR. LYONS: No, the reserve was $2. --

MS. ESQUER: Just kind of a realm -- if it's $2 million or around there, that would be fine.

MR. LYONS: It was $2.1 million which included the possibility of bringing in terminated and unrecognized tribes with coverage as well as BIA recognized tribes on or near reservations and all duplication of -- that is, putting Native American programs in places -- in all areas where we had a general service program. That was the reserve pending the resolution of all of those issues.

MS. ESQUER: And what formula did you apply to reach that total?

MR. LYONS: That was $10 per poor person times the 50 percent of the rate times the 1973 BIA population count.

MS. ESQUER: And was that budget adopted by this board? Was that recommendation adopted by this board?

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MR. LYONS: The board adopted a budget that included a reserve for native Americans pending the resolution of the key issues and --

MS. ESQUER: Okay, and that is the second important point that you brought up, Dan. That has to do -- that, in fact, there was discussions about this specific issue and the reason that it does not appear in the minutes of any committee meetings, in the minutes of any board meetings, is that the committee that handles that deferred this very sensitive issue to allow the staff and the people involved time to try to reach a resolution on what the final formula would be. In fact, that deliberation has been going on for nearly a year and at the previous committee meeting of the Appropriations and Audit Committee, which was some time in July, I think, we were told that this issue had not been finally resolved. I have been looking for a report at our committee meeting yesterday to see what the final recommendation would be.

Instead what I found was that a decision had been made and base figures for the 1980 budget had been changed because there had been a decision reached between these committee meetings and a policy decision was made by the staff, which I felt, there had been an understanding, would be presented to this committee for it to decide whether there should be a recommendation to the board.

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understandings as to whether this is technically correct, but I think that the general discussion in the committee meeting reflected that this was a concern of the Appropriations and Audit Committee and it was something that I, at least, as one of the three members of that committee, had looked forward to acting on.

The thing that Clint mentioned both today in his presentation and in the memo that went out, I imagine, to the programs that are affected by this issue, centers around the question of equity and whether this corporation has or does not have a policy of providing special funding for special groups. I submit that we do, contrary to a kind of a hypothesis, that by doing away with the special funding for the Native American groups we have now done away with the special funding for special groups.

I don't think that that is true and I will get to that in a few minutes, but I think that basically equity works both ways when there are two parties to fit. The equities that you expressed, Clint, I feel very much and I would like to be able to make decisions that would support both feelings. However, there are -- in equity you also raise expectations in groups and when the president, the immediate past president of this corporation adopted and accepted a policy that did provide for special funding for Native American groups to complete the expansion efforts, I think that expectations were raised, that

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that would at least be completed. I think the point that you made that we were almost 90 percent through these efforts and that there are, in fact, a very small number of people left to be covered really supports the point that why didn't we just complete it if we had begun it and is it really going to make a drastic -- is it going to cause a drastic change in our budget and is it really going to completely adversely affect the other efforts that we are making with a $300 million budget for 1980?

I think that I would now like to get off of Clint's back and get on my colleague's back because I think that this is where the thing finally rests.

Last year we made a promise -- this was for the 1979 budget -- we made a promise to the Congress that we would complete our minimum access programs before we directed the subject of program improvement, before we begin any new projects. I attended the hearings for the Senate Subcommittee on -- that deals with our budget and I clearly heard that commitment made by the immediate past president of this corporation. In fact, what happened was otherwise. We sacrificed two people. We sacrificed first the funding for this particular matter and we also sacrificed a thing that I believe very deeply in and that is providing for the largest cost of service increase that we can possibly put out to the field. Instead the board decided that there was a higher priority -- and this is the only time that I will mention a program that I voted against -- and that

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was the Legal Services Institute.

That, in fact, was not an attempt to complete minimum access and deviated from the promise that we made to the Congress.

We did another thing then that we are proposing in 1979 and that is that the Congress mandated that certain access problems of certain groups be studied and we, in fact, went a little bit further and studied two more groups, while I did not oppose that, and I do think that they are important groups, it did cost more money and it was not something that was mandated; it was not something that we had made any promises to any Congressional committees that we meet. But both of these efforts are important and I think that they will provide some means for us to better serve clients in the future. But yet, they are deviations from policies that we have had and we do talk now about special funding for special groups.

The thing that we see in the 1980 budget that again deviates from our prime attempt that was included in a statute by Congress this year that require us to complete the minimum access is that we are diverting $1 million from minimum access efforts to continue some projects in the delivery system study in already covered areas. While I think those studies are important, and again, they will ultimately provide hopefully for better delivery systems for the clients, they are deviations from things that it will help us to achieve minimum access.

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I think that when I talked with Gary that he said that he feels along with some of the other staff people -- I think Alan feels the same way -- that many of the problems on reservations are really no different from the problems in the rural areas of our communities. Yet, I think that -- I just basically and philosophically disagree with that premise even though there are some studies that tend to say that because first of all some of the efforts that we have been undertaking, like the Legal Services Institute, like the pro bono efforts, are not very likely to happen on an Indian reservation. And I'll tell you why.

I don't think that there are many lawyers in private practice that live on a reservation so that those funding efforts will not benefit Native Americans and there is one reason for providing special funding for these groups. And I think that one of the reasons that Clint has documented himself very carefully on the recommendation that he made to the board was that he feels that this is a policy matter and not a decision that he should make and he feels that possibly his predecessor had made a policy decision for this board and he would like for now this board to either accept his recommendation or go back to the practice that we have followed for a couple of years.

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expansion efforts for Native Americans residing on or near a BIA recognized reservation proceed at the funding rate set in 1977. This means that the funding level for this group would be at the rate of up to $10 per person using the 1973 BIA population estimates and the 1970 census poverty level.

MS. RODHAM: Is there a second?

MS. WORTHY: I'll second it.

MS. RODHAM: Is there any discussion, Clint?

MR. LYONS: I just have one thing, a matter in response to Cecilia. I think that she's made our case quite adequately. But I do want to clarify the record. The money that was in the reserve and presented to the board clearly stated that there was -- were some issues that had to be resolved.

Again I want to emphasize that the policy of $10 was an ad hoc policy that deviated from the original policy of this board. Now, had I made the judgment that we should, based on the justifications for that policy, continue that policy I would have, in fact, advised the president of this corporation that in my judgment that was a matter to be brought back to this board, but since I was continuing the policy that the board had originally adopted and had been changed by administrative fiat, then I saw it was my best judgment that there was nothing to go into.

MS. ESQUER: Excuse me. I really need some response on that because, in fact, there was a policy made. Maybe it

expansion efforts for Native Americans residing on or near a BIA recognized reservation proceed at the funding rate set in 1977. This means that the funding level for this group would be at the rate of up to $10 per person using the 1973 BIA population estimates and the 1970 census poverty level.

MS. RODHAM: Is there a second?

MS. WORTHY: I'll second it.

MS. RODHAM: Is there any discussion, Clint?

MR. LYONS: I just have one thing, a matter in response to Cecilia. I think that she's made our case quite adequately. But I do want to clarify the record. The money that was in the reserve and presented to the board clearly stated that there was -- were some issues that had to be resolved.

Again I want to emphasize that the policy of $10 was an ad hoc policy that deviated from the original policy of this board. Now, had I made the judgment that we should, based on the justifications for that policy, continue that policy I would have, in fact, advised the president of this corporation that in my judgment that was a matter to be brought back to this board, but since I was continuing the policy that the board had originally adopted and had been changed by administrative fiat, then I saw it was my best judgment that there was nothing to go into.

MS. ESQUER: Excuse me. I really need some response on that because, in fact, there was a policy made. Maybe it

was made by default, but certainly the president of the corporation had knowledge of the deviation and at least my participation as a board member, I had knowledge of that deviation and I felt that that was the board policy and that now I feel that it is up to this board to either accept Clint's recommendation or to accept my motion.

Before we vote on the motion I would like Clint to give me an estimate of what it would cost to complete minimum access under my motion.

MR. LYONS: My judgment is that -- and Gary can sort of back me up or tell me I'm wrong -- is that it would cost no more than $500,000.

MR. SACKS: How much did I say -- 500 or 100?

MR. SINGSEN: Let me understand -- let me make sure that I understand your motion because what we have to include in the calculation varies, of course, by what's included.

MS. ESQUER: Fine.

MR. SINGSEN: Census poverty rate, 73 BIA, up to $10 and I think those are the pieces that you've got.

MS. RODHAM: For Native Americans right on or near.

MS. ESQUER: On or near, right.

MR. SINGSEN: Right. So that the only difference between what you propose and what's being proposed by staff is the difference from $7.39 up to $10.

MS. ESQUER: Right.

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MS. ESQUER: Right.

MR. SINGSEN: Now, the up to figure in the past, of course, has depended upon the calculation of actual cost supposedly, but is actually worked out at $10 in almost all cases.

MS. ESQUER: Right.

MR. SINGSEN: If that's the only change, an estimated figure of about $200,000 for the additional cost for expansion. If you think about it, you're moving from $7.39 to $10; that's the only difference and so it's the ratio of $7.39 to $10.

I don't know whether you want to discuss the basis for $10 as opposed to $7.39 in terms of existing program service or with the arguments that have been advanced for the need for more money. What we did do, as Cecilia has already indicated, is some analysis of whether current program operations demonstrated the need for $10 as opposed to $7.39 in order to provide services. The argument is that you need $10 on a reservation to match the services that a program provides at $7.39 normally.

We did do some analysis of that which indicated that that was not the case.

MR. SACKS: Could I ask a question before we -- I'd be very interested in hearing about that, but before we do that I would like to know -- this $200,000 figure, is that just for 1980 or for '79 --

MR. SINGSEN: That's 1979.

MR. SACKS: -- or a combination?

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MR. SACKS: In other words, for programs that are now being expanded or have already been put into place, it would cost $200,000 more to give them $10. What about 1980?

MR. SINGSEN: Then there would be a small additional increase in '80 in the expansion costs also.

MR. SACKS: How much?

MR. SINGSEN: Not a large amount. $45,000-50,000.

MR. McCALPIN: Why would you not have to annualize the whole thing?

MR. SINGSEN: We do. We do, but what I'm saying is that we've already included the $7.39 in the '79 expansion costs and the '80 expansion costs. If we move to $10, we're increasing by, oh, about 30 percent -- no, about 40 percent, the cost of that expansion. The '79 figure is $558,000 at $7.39; you get another $200,000 by making the increase. The '80 figure is on $150,000 or $3 a person, $45,000.

MR. McCALPIN: $150,000?

MR. SINGSEN: $450,000.

MR. McCALPIN: More like it.

MR. SINGSEN: I'm sorry for this confusion.

MS. RODHAM: No, no, no, that's all right.

MS. RIGGS: Excuse us for a moment.

MR. McCALPIN: Madame Chairman, let them figure for a moment.

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MR. SINGSEN: If I understand the figures that Vic has just given me on the number of four Indians still to be expanded to '79 plus '80, it looks like another couple of hundred thousand dollars in '80 would be the difference.

MR. McCALPIN: I'd like to address a question to the president of the corporation who described earlier his attempts to ascertain the genesis of the $10 figure and I guess what I'm asking for is were you able to determine whether that was a figure arrived at with some science or was it a figure pulled out of the air. In other words, even in 1977, was that a defensible figure, a realistic figure, or was it just something somebody said well we've got to have more money, so $10 is a nice number?

MR. BRADLEY: I don't know if Buck Hennigen is the best one to respond to that. David Gilbert, who is the regional director from Denver, participated in that decision. I do not feel confident enough in my examination to represent to you accurately whether or not it was a scientifically well reasoned, debated, planned, studied formula. My sense is and the concensus seems to be that not that much detailed analysis and examination, projections of cost, options, discussions, debates, the type of issues that are now being debated in the context in which they're now being discussed. It's clear that that process did not take place and that kind of examination did not take place. If so, no one has told me that that took

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MR. McCALPIN: Clint, the thing that troubles me is that if $10 was a good number in 1977, the number for 1979 is not -- probably not that same $10, which leads me to wonder how good it was in 1977. I guess I have a little reluctance of pegging something at a figure which seems to be as soft and -- let me say without contributing blame -- as ill-considered as that.

MS. RODHAM: Buck?

MR. HENNIGEN: Do you want me to speak to this at all?

MR. McCALPIN: Would you?

MR. HENNIGEN: I bear the burden of having been with this, I think, longer than anyone in the room, on the board or on the staff.

Basically the issue emerged in May 1977 at the meeting of the board at Window Rock, Arizona, which is, as you know, a major headquarters of the activities of the Navajo nation. At that meeting there were representations by the Native American Programs that the historic funding level in the vicinity of $10 for poor persons had been established under the Office of Economic Opportunity and Community Services Administration funding and they felt that because of the special situation of Native American Programs, which had been outlined earlier by Clint, that it would be fair that expansion reflect the added burdens that they bear.

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My recollection clearly, and I have searched the minutes on this, is that the board heard the representations, but made no firm ruling at that time. The issue tended to simply lie -- partly, I think, because there was a great deal of preoccupation with migrant funding. We had a special study commission at that time, the Willicent Study, which -- and I think this is an important point -- did not result in giving the migrants a different per capita rate than minimum access of approximately $7, but did deal with the question of population count and determination of poverty in such a way that the migrants, I think, felt that they had fair relief for their special problems.

The native Americans were coming at it from a different point of view, I think largely for historical reasons, because of the $10 rough funding level, that it would be better to make sure that all native American programs were funded in that fashion.

Now going into calendar 1977 and into early 1978 there were still complex issues of native American population and poverty rate that existed in OEO and CSA and were still unresolved. And, in fact, our budget submissions that went up in '77, '78 and the request for '79 reflected this uncertainty by simply not including anywhere in those budgets, as we did do for basic field and migrant, the allocations by state and the numbers of persons to be served. We dealt with a rough round number in

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those budgets for native Americans quite obviously because there was uncertainty about the population count. They were such a marginally small amount of the total poor we were dealing with that a half million one way or the other as you were moving towards minimum access didn't make that much difference.

What happened in the spring of 1978 is the director of field services, working quite closely with the Denver Regional Office, on this problem of what should be done, did determine that they should fund at the $10 rate under, you know, certain conditions where there seemed to be evidentally fair. This was discussed with the president of the corporation and, in fact, referred to him, but fell through the cracks and I think, in all fairness, it's a matter of staff coordination, that other actors in the process were not aware that they were going this way. And frankly, it didn't make a great deal of difference because of the population uncertainties. You could have worked the thing any way over the next year.

Later -- let's see, this was done, I think, in the -- when was that memorandum sent, David? In the fall of '77?

Approximately that time -- it came to the attention of the rest of us in the spring or summer of '78 and it didn't require -- and this brings us up to the experience of this board -- that last October when we were dealing with the final 1979 budget and the projections for '80 to deal directly with the question that great uncertainty had been raised about the

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amount of entitlement that the native American tribes had. Was it to be $7-odd dollars or $10-odd dollars and who was to be represented in the funding formula in terms of tribal status and the rest.

At the October board meeting we did two things. For 1979 -- and this was in response to points raised by Dick Trudell and on the part of the tribes directly by Peter Zinzaw, who I believe represented their position -- sufficient monies in '79 and sufficient monies in the 1980 request to satisfy the optimal solution that the native American groups could expect to receive under every favorable circumstance. Since that time, and this goes to the whole history that Clint Lyons recounted to you, the corporation, the staff level, has decided to go back to the original -- in effect, the original funding situation, although the terms of the problem have changed considerably and, therefore, less money based on the staff determination now appears to be required in both 1979 and 1980.

But that, as clearly as I can account for you, is what happened over a period of years. There was a serious problem of staff coordination that occurred in the case of the memoranda I referred to. I think we've learned from that that as far as I can tell, everyone on all sides has acted in good faith. But there have been problems both within the staff and I think within the board structure of how the issue has been dealt with. This goes to points that Cecilia Esquer was recounting

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But that's basically where it is. I'll say almost -- and I hope this doesn't muddy the issue further -- my understanding is that basically all the parties involved were finally reconciled to the position that Clint Lyons was recounting, at least at this stage in the corporation's funding. This doesn't foreclose quite other considerations as we view funding changes after the 1980 census and come to a clear sense of the economic situations and access problems of different subgroups in the poverty population.

But, as I say, having been with it since Window Rock, so to speak, and I think within the corporation staff July was in but then later out; Dave Gilbert has been with it -- I hope that is a fair recount of the facts. Is that essentially correct, David?

MR. GILBERT: Essentially.

MS. RODHAM: Buck, one thing that I'd like just to make clear -- you said that the amount figured on was for the optimal resolution of the expansion problems.

MR. HENNIGEN: As understood in the fall of 1978. At the time, the board was dealing with last year's budget.

MS. RODHAM: So because of the uncertainties you pegged at a $10 figure and most likely then -- not most likely, but may have over budgeted in terms of a non-optimal solution.

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Is that essentially what we agreed to, Dick, last year when we set that?

MR. TRUDELL: (Nods yes.)

MR. HENNIGEN: So now we are in a situation where, at least on the staff determination, those amounts are not required in '79 and '80. But if we were to go back in the other direction, of course, they would be but the budget that the staff has laid before you for '79 presumes the determination that Clint Lyons was mentioning. So if you go back up again, money will have to be found. In 19 -- money will not be saved in 1979 and more money will have to be found in 1980.

MS. RODHAM: One further point of clarification. Yesterday during our meeting the figure of $1 million was used as the difference between the Charles Jones and the Clint Lyons formulas. Now, as I understand it, we are pegging it at somewhat less than that now?

MR. SINGSEN: Yes. The 1.1 was -- is this on?

MS. RODHAM: Yes.

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MS. RODHAM: I see.

MR. ENGELBERG: Can I ask a question? Buck said something that suggested that the program -- some of the native American programs themselves seem to agree with Clint's resolution? Is that true?

MR. TRUDELL: For those existing programs; not the -- in a continued fund through existing program.

MR. LYONS: One day I met with representatives from NALS --

MR. ENGELBERG: Excuse me. What is the acronym?

MR. LYONS: That is the Native American representative -- Legal Services representative.

MR. ENGELBERG: Right.

MR. LYONS: And what they finally said to me: "No, we can't justify the $10 at this time, but we want you to go back and look at the poverty rate." I went back and looked at the poverty rate figures they wanted me to use and found that they were just not bothered. As a matter of fact, the poverty rate figures they wanted me to use -- there were no such figures. There was some regional staff work going on, but --

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MS. RODHAM: Gary, have you got the figures -- at least the approximate figures that we're talking about now?

MR. SINGSEN: Looks like about $200,000 in '79. I'm pretty sure of that figure. And I think the figure for talking purposes rate should be about $100,000.

MS. RODHAM: About $100,000?

MR. SINGSEN: Yes.

MS. RODHAM: So the reserve was in excess of what --

MR. SINGSEN: Remember, the reserve had a number of components in it, which are not now active. For example, there was a proposal at the time the reserve was created that all members of terminated and unrecognized tribes would receive funding at the $7.39 and in the reserve at the $10 level. Instead of that approach, a $400,000 set-aside has been created for special access problems to be addressed rather than trying to create a duplicate count separate program for terminated and unrecognized tribal members. That results in a good hunk of the $1.1 million difference between the reserve and the actual staff figure.

MS. ESQUER: Gary, I have a question on that. Will that be an annualized amount; is that what you're saying?

MR. SINGSEN: That's right. That's an annualized amount.

MS. ESQUER: I thought that it was -- which is the revolving fund that is being created that will --

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MR. SINGSEN: I'm sorry. It's an annualized amount in the sense that it's part of the field base and it will be spent each year on the problems of the terminated and unrecognized tribal members.

MS. ESQUER: So it's only annualized for the field --

MR. SINGSEN: It may be given in grants which are not in perpetuity, depending on the kind of special access problems we're dealing with. For example, a major effort may be addressed in the next couple of years to recognition for some of those tribes. If they are recognized, that particular access problem will not exist for them and the money would be recycled into other access problems of the terminated and unrecognized tribes that remain.

MS. ESQUER: So, in fact, it's not really annualized in the same way as if that had gone to a local program?

MR. SINGSEN: It's not annualized to a grantee, that's right.

MS. ESQUER: So there is some distinction -- it's a temporary thing for a specific project?

MR. SINGSEN: Certainly it would be at this board's option in the future to decide that there were no longer special access problems for the terminated and unrecognized or that they were higher priorities, special access problems that they wanted to move that money, too. At least the first of those two conditions I think is unlikely to cease in the near

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future.

MS. RODHAM: Mr. McCalpin?

MR. McCALPIN: I must say I guess I'm obtuse, but I still don't understand how it cost $200,000 more for 1979 to put in large expanded programs in-place and why that only costs $100,000 in 1980.

MR. SINGSEN: I misspoke. It would be in 1980 a total addition in the field base, expansion plus the base -- $300,000.

MR. McCALPIN: Oh, okay.

MR. SINGSEN: The $100,000 figure would be in addition to the 1980 expansion.

MR. McCALPIN: I'm talking about the number that goes on Line 1-A in Attachment F to what we had yesterday. That's -- now, you say you've got to have $300,000.

MS. RIGGS: No. We're talking about two different -- how much it's going to cost to do the 1979 expansion and how much it's going to cost to do the 1980 expansion. Now, the additional cost of doing the 1979 expansion raises by $200,000 the number you just referred to, the base going into 1980.

MR. McCALPIN: No, I didn't.

MS. RIGGS: It raises it by $200,000.

MR. McCALPIN: I had my eye on Column Seven.

MS. RIGGS: Right; that's right. That raises that by $200,000. Now, let me explain the rest. It will cost $100,000 more out of the $22 million over in expansion on the next page.

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MR. McCALPIN: Yes.

MS. RIGGS: It will take $100,000 more there so that in 1981, when you start talking about the 1981 field base, it will be a total of $300,000, made up of $200,000 which is in this number and $100,000 which is an expansion number on the next page.

Now, the reality is that there -- we think there is the money within that $22 million to deal with that $100,000.

MR. McCALPIN: I thought you told us yesterday that that 228-9 was reduced by the 1.1 that you took out.

MS. RIGGS: That's right, but --

MR. McCALPIN: So now you're saying you put 200 of that 1.1 back in so you only put 200 back into that line.

MS. RIGGS: Right.

MR. McCALPIN: Okay.

MR. HENNIGEN: Can I raise just one point of fact because it could confuse your discussions later on the amount originally proposed in 1980 for expansion. The budget that went to Congress was set, I believe, at $24.5 million for expansion. In the narrative justification part of the budget, it is explained that approximately $2.4 million of that was dedicated to special hard-to-reach areas.

What we were attempting to ask for was money to serve areas in the Great Plains which are quite remote where the cost of establishing service could be quite high, where definite

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exceptions would have to be made to the formula much along the lines being proposed for the institutionalized programs. So you look at them in their own case to decide how to provide service.

There was a presumption -- and a rather remote one -- that perhaps some of that $2.4 million would also be needed for Native American tribes because they satisfy that difficult access situation. But that view of it was entirely separate from the funding formula question.

I just mention that, but the $2.4 million that I think some members are aware of just relates directly to this problem. They simply mention it because a question might come up of didn't we have another reserve for expansion. That's it and when the funding pressures came on we just threw it out.

MS. RODHAM: Howard?

MR. McCALPIN: Well, it's 12:30 and I've got a series of questions. Maybe you want to adjourn.

(Laughter.)

MR. SACKS: That's a very effective way of --

MS. RODHAM: Are you asking for adjournment?

MR. McCALPIN: For lunch. You mentioned 12:30, but it'e entirely up to you.

MS. RODHAM: Okay, why don't we adjourn. We will reconvene at 2:00 o'clock.

(Whereupon, lunch recess was taken.)

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A F T E R N O O N S E S S I O N

1:58 P.M.

MS. RODHAM: We're ready to reconvene and continue the discussion of the budget. When we broke for lunch we were discussing some of the figures that the staff had hurriedly worked up on the Native American issue.

Does the staff have anything to add?

MR. SINGSEN: Just this goes back to what was said before lunch in terms of the impact on a couple of lines in the '80 budget. There's one other impact that we didn't mention, though, in talking before about the $200,000 one place in the '80 budget and the $100,000 in another expansion place.

The third effect is in the uncommitted one-time -- the $4.1 million which is also -- would be bound by the $200,000 which would be additionally committed in '79 funds.

MR. McCALPIN: Once the $200,000 comes from some place else.

MR. SINGSEN: That's true. But if we take it out of any operating '79 account, which we're talking about, we'll reduce the total amount of one-time for allocation in '80 by $200,000. That's what I'm saying. In other words, we spend $200,000 during '79; we've got $200,000 less in the one-time fund.

MR. McCALPIN: Sure. We've got another item that says $767,000.

A F T E R N O O N S E S S I O N

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MS. ROBERT: We're ready to recommend and continue the discussion of the budget. When we broke for lunch we were discussing some of the figures that the staff had hurriedly worked up on the Native American issue.

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MR. SINGSEN: The total effect then in '80 is the 200 plus the 100, plus the 200 one-time or about a half a million dollars in the disposable '80 fund.

MS. RODHAM: Is there any further discussion on Cecilia's motion?

MR. SINGSEN: Madame Chairman?

MS. RODHAM: Judge Ortique?

MR. ORTIQUE: I merely wanted to say that like most things I was there at the time when those decisions were made. I was at Window Rock and certainly I believe that the board was aware of the fact that they were giving to the Native Americans an advantage. I think that they intentionally did it. I don't think that they scientifically did it and in answer to your question, Bill, I'm sure that it was a presumption on their part, well if $10 worked before then we won't rock the boat. That type of position.

My main plea is that we would carefully consider the fact that there are circumstances that require policy changes as we view those circumstances; whereas it may appear to you that I'm not consistent with my position, my position is that this board makes broad, general policy and that they -- like anything else, any other rule or statute or law or case or jurisprudence, there must be exceptions under certain circumstances.

I think that the issue for us today is a simple one.

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I think that the issue for us today is a simple one.

The circumstances of the Native Americans at this juncture in our assistance to them is this, an exception, and we have to weigh carefully whether we make this exception knowing full well at the next meeting or one of the next meetings someone will be here before us saying these are unusual circumstances and, therefore, we need an exception.

I can consistently take this position because all of you know that it's been my position all the time that the need to recruit minority lawyers is an exception. Certainly we could say that the law schools are all fair, that admissions tests are all fair, that the movement of minorities in the American Bar Association is the same for everybody, and that we don't need to do this, but reality tells us that it's different. When we went to Window Rock there was no question -- you didn't even have to ask anybody; you could look and see that it costs more to service these people because you could go for miles without running into any group of people. You knew that cost in terms of their van -- and they do a lot of legal services with a van -- their van operations; the cost of their telephone; the cost of their travel. The fact that they have these several layers of courts that they have to go through causes many problems.

I don't believe that we could have the time, even if we stayed from now until tomorrow, to scientifically justify whether it's $9.50 or $10 or $11 or $12. I think that the best

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that we're going to be able to do is to -- if we decide that we're going to make this differential in track and expenditure to tell the staff to do the best you can because we can't sit here and decide that.

What I'm urging this board to do is to make the exception because these are unusual circumstances and allow the staff to work that out. Now if you want to put a ceiling on that, well that's something different.

But I do believe that today we will be faced with circumstances that require an exception and next month we may, but each one of those have to stand on their own bottom. I feel it's my responsibility, as a board member, to examine each situation that's presented and then to make a decision as to whether this is worthy of an exception.

MS. RODHAM: Mr. Engelberg?

MR. ENGELBERG: I'd like to ask a couple of questions. First of all, if Cecilia's motion carries, I understand it would be -- the immediate effect would be to provide an additional approximately $200,000 for '79 for expansion to Native American Programs. Now, as a practical matter that means that these are, I take it, funds that are not yet even -- I mean there aren't any grantees in place yet. You are still in the process of trying to develop grantees so it would mean that the overall pot of money for these unserved Native American areas would be increased by $200,000 and then that would be portioned

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MS. KODUKA: Mr. Engelberg?

MR. ENGELBERG: I'd like to ask a couple of questions. First of all, if Cecilia's motion carries, I understand it would be -- the immediate effect would be to provide an additional approximately $200,000 for '79 for expansion to Native American Programs. Now, as a practical matter that means that these are, I take it, funds that are not yet even -- I mean there aren't any grantees in place yet. You are still in the process of trying to develop grantees so it would mean that the overall pot of money for those unserved Native American areas would be increased by $200,000 and then that would be portioned

out by various figures. Is that essentially right?

MR. LYONS: That's right.

MR. ENGELBERG: Okay. Just out of curiosity, what is the pot of money we're talking about without the $200,000, for, say, '79?

MR. LYONS: For 1979 it is something --

MR. ENGELBERG: Roughly.

MR. LYONS: -- around $388,000 at the minimum access -- and $400,000, a little over $400,000 for the terminated and unrecognized tribes. So it's something around $800,000 total.

MR. ENGELBERG: But the 200 we're talking about would only affect -- would not affect --

MR. LYONS: Would not affect the terminated and unrecognized.

MR. ENGELBERG: Okay. So what it would do would be -- this 388 which would get disbursed to a certain number of new programs which are not yet in being --

MR. LYONS: Right.

MR. ENGELBERG: In other words, these are just unserved areas would be increased by $200,000.

MR. LYONS: Right.

MR. ENGELBERG: Okay. And I take it these sometime roughly would be the time when you would complete the funding of these new programs -- you know, roughly; next three or four months?

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MR. LYONS: I would start -- well, the effort is already starting right now.

MR. ENGELBERG: You mean the publication?

MR. LYONS: It's underway. We would just add the money, but sometime by June or July of 1980 my plan is to have all Native American expansion completed for '79 and '80.

MR. ENGELBERG: Okay. But basically -- the second question I have is I take it if we approve this money, there's little doubt that it would be spent. In other words, once you've identified the grantees, it just means you're going to be dividing up a larger pot of money so each grantee will get a little bit more than they would have gotten otherwise?

MR. LYONS: That's right.

MR. ENGELBERG: And, of course, that'll be part of their annualized base and so on.

MR. LYONS: Right.

MR. ENGELBERG: Okay. Let's see -- there was one other thing I wanted to ask you.

MR. LYONS: I think the next thing -- and my feeling is that what Revius said is true -- that we can't -- there's no way anyone's going to demonstrate here today -- and I'm not saying that's a reason to vote against your motion -- that the difference in, say, 388 and 588 -- I mean other than the fact that it's obviously more money for a population that's badly in need of legal services, there's no other way to prove it's

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MR. ENGELBERG: My last question is what about an area like Micronesia (phonetic)? I take it that is not -- they are -- that is a rural program and they would not benefit?

I'm thinking, because I know with regard to that program there was a guy I've known for some time whose been quite persistent in asking for more money. I guess I'm a little concerned, you know, Cecilia, about -- I think of Ted Mitchell. You know, Mitchell is a very forceful advocate and banged this corporation around for probably a long time and, you know, I'm sure that he feels a great justification. I'm a little concerned about a decision today -- and Mitchell, I'm not singling Ted out; but Ted is particularly outspoken. There are probably a lot of Ted Mitchell's out there who, in light of this decision, I think, if we make it -- and this is what troubles me and I'm asking you now, how we deal with that.

What do we say -- and, of course, one could say there are other special populations that would come in. I remember -- those of you on the board remember in San Francisco the very eloquent pleas we heard from the senior citizens unit that was cut out in San Francisco. You were there, Bob. It was probably one of the toughest days I've had on this board where we had to basically support the staff in not making money available to what everyone conceded was a desperately needed

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special senior citizens program, which the San Francisco Legal Services Program just decided to cut out. There was a long history to it which I don't want to get into, but the point is they wanted us to pick up -- and it's about the same amount of money as I recall -- probably about a couple hundred thousand dollars a year -- and we said no. We just can't make the exception.

Anyway, I'm sorry. I just sort of raised that so you could see. How do you deal with that problem?

MS. ESQUER: I think that what Judge Ortique said is very relevant to your question -- that you deal with it on the merits and a case-by-case basis. I, in no way, intend my motion to be one that would then -- that this is an open invitation for every special interest group to come before this board and that I will play the same advocacy role on behalf of their interest. This just happens to be one area in which I have done some amount of research; not the objective dollars and cents figures that our staff has done, but just into the types of maybe not really problems, but they're problems that our society has created for this special group of people that I do feel can be distinguished, both historically and politically. This is why I feel that this is, for me, a very meritorious project or decision to support. This, in no way, should mean that I am going to be as excited about any other special group.

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We do -- we really do not have a policy of equal treatment when you look at our budget. I think Gerry really pointed out very well to us at the board retreat -- remember all the balloons on the wall?

MS. RODHAM: Mr. McCalpin?

MR. McCALPIN: I have two questions and then I'd like to make a comment. Clint, did I -- Steve asked you a question whether this $200,000 would, in effect, go to programs not yet in existence. I thought I understood you to say yes. Is that correct?

MR. LYONS: That's right.

MR. McCALPIN: Then my second --

MR. LYONS: Not in existence in the sense that they are not going to be -- you know, they are not now covering that uncovered Native American population living on or near BI recognized reservations.

MR. McCALPIN: Okay. But then to go the next step beyond that, today is the 7th of September --

MR. LYONS: Yes.

MR. McCALPIN: Fiscal '79 ends in 23 days.

MR. LYONS: That's right.

are not going to listen to any request from some groups that feel that they deserve special funding. This should not indicate -- if this motion passes, it should not indicate at the same time that every group will be successful.

We do -- we really do not have a policy of equal treatment when you look at our budget. I think Gerry really pointed out very well to us at the board retreat -- remember all the balloons on the wall?

MS. BODHAM: Mr. McCalpin?

MR. McCALPIN: I have two questions and then I'd like to make a comment. Clint, did I -- Steve asked you a question whether this $200,000 would, in effect, go to programs not yet in existence. I thought I understood you to say yes. Is that correct?

MR. LYONS: That's right.

MR. McCALPIN: Then my second --

MR. LYONS: Not in existence in the sense that they are not going to be -- you know, they are not now covering that uncovered Native American population living on or near DI recognized reservations.

MR. McCALPIN: Okay. Let then to go the next step beyond that, today is the 7th of September --

MR. LYONS: Yes.

MR. McCALPIN: Fiscal '79 ends in 23 days.

MR. LYONS: That's right.

MR. McCALPIN: The likelihood of getting this $200,000 out in the next 23 days for programs not yet in existence to serve it seems to me to be remote, speculative, virtually impossible. So why are we talking about $200,000 out of the 1979 budget? Why aren't we simply talking about this in the 1980 budget?

MR. LYONS: Because we are talking, as I understand the budget, in terms of what it represents to the base; what are the annualized obligations. If we don't get all of it out in fiscal 1979 that still creates then an annual obligation to that amount of funds.

Now, what it will mean -- there will be some carry-over one-time money if we don't get it all out.

MR. McCALPIN: It seems to me we could build it into the 1980 base without spending it in 1979. There's no problem about that. All we do is put the same number in the 1980 budget that we're talking about.

MS. ESQUER: Bill, I think there is a problem, if I understand, you know, a statement at the last committee meeting correctly. Because of the board decision to hold up Native American expansion efforts until this issue was resolved, I think -- and Clint, correct me if I'm wrong -- I think that there was an understanding that that expansion would be long funded, which means that they would get the '79 funds for 12 months after the funding date. Is that correct?

MR. McCARRIE: The likelihood of getting this $200,000 out in the next 20 days for programs not yet in existence to serve it seems to me to be remote, speculative, virtually impossible. So why are we talking about $200,000 out of the 1979 budget? Why aren't we simply talking about this in the 1980 budget?

MR. BYRNS: Because we are talking, as I understand the budget, in terms of what it represents to the base, what are the annualized obligations. If we don't get all of it out in fiscal 1979 that still creates then an annual obligation to that amount of funds.

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MR. LYONS: We have been funding all of our new grantees on a long-funding basis.

MS. ESQUER: So there would be an entitlement there.

MR. McCALPIN: Well, it seems to me -- I don't understand it. You mean you're going to give $400,000 in 1980 instead of $200,000? You're going to double up on the money and the time frame, it seems to me.

MR. TRUDELL: Clint, how much money has -- not including '77 or '78 expansion monies -- out of '79 has made its way to the field in terms of in an expansion as of today?

MR. LYONS: As I have the figures now, no 1979 expansion funds have been obligated for Native Americans.

MR. TRUDELL: So it's still sitting in LSC's caucus?

MR. LYONS: Right.

MR. TRUDELL: So, in other words, there have been no new programs created either during this fiscal year in terms of Native Americans?

MR. LYONS: No.

MS. RIGGS: I think that -- to try to clarify the situation, the question, I mean -- what the board is really considering now is how much -- at what level 1979 expansion will take place. If it's at the -- and that there's a $200,000 difference. If you decide to accept this low figure, then you essentially -- the 1979 expansion money, whether it's spent today, a month from now, or two months from now in terms of

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1979 gets built into the base for 1980.

Now, if indeed some portion of that that's in the base isn't actually spent, then it gets freed up and it becomes carry-over money which would then be discussed in terms of one-time uses. We don't know at this point that there would be any but that would be -- that wouldn't change -- the effect would be not to change the base, but perhaps to increase the amount of one-time money if it is not spent or committed to 1979.

MR. ENGELBERG: Well, as I understand Clint's answer to Dick's question, following up on Bill, the entire Indian expansion money would, in effect, be carried over because obviously -- well, maybe --

MR. LYONS: That's not necessarily true. We have applications in place --

MR. ENGELBERG: Oh, okay. You mean that was before -- you might fund some people before October?

MR. LYONS: That's right.

MR. ENGELBERG: Oh, I see.

MR. LYONS: There are plans in place, applications in place awaiting the resolution of these issues and in five days, ten days --

MR. ENGELBERG: You might fund them.

MR. LYONS: I can process checks to go out.

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MR. TRUDELL: Clint, of this money, how much of it would actually end up within the communities and not go through existing non-Indian Legal Service programs? In other words, how much of it is earmarked for other than going to component routes?

MR. LYONS: I understand your question. I don't know. Native American Desks in Denver, upon examination of the applications, will make those decisions and make a recommendation to the Office of Field Services. Now, I can get the information to you about the applications that we've got; how many are applications from Jones Services Programs with the Native Americans; one set with the Native American component; how many are separate Native American entities. But I simply don't have that information right now.

MR. TRUDELL: Then the amount of monies that were in the fiscal '79 budget for Indian expansion was somewhere in the vicinity of $2.1 million or whatever. So that --

MR. LYONS: The amount of the reserves.

MR. TRUDELL: The reserves. So in terms of the long-funding approach or whatever, so then an equal amount is already built in to the '80 budget. Is that what you're saying? Is that what you mean? In other words, so that -- in fact, they didn't get anything in '79 so in a sense you're denying

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those people the benefit of those dollars by being unable to make a decision. In a sense it's benefited the rest of the field and everybody else. Because I think the --

MR. LYONS: That's not true, Dick. None of the reserve money has gone to anybody.

MR. TRUDELL: According to, I guess, Attachment A in terms of looking at the expansion money, if you still have out of the base field, out of the $25.6 million there was a balance as of 6-30 of 3.5 under Native Americans -- starting with 2.1, there was a balance of 1.9 as of 6-30.

MS. RIGGS: I think the easiest way to explain it is this: what you're talking -- there was a reserve of 2.1 million dollars or 2.16 until this issue was resolved. Not a penny of that has been touched. Well, basically not a penny has been touched.

Okay, now, the issue before you now is really the difference -- that's not really the issue. The effect of the issue is the difference between probably -- we haven't got the precise figures, but about $800,000 and a million. Now, the rest of that money would be -- is clearly one-time. It is money that would not be needed to meet the commitment at either the staff recommendation or a different board proposal. So that, then, is money that would be freed up for other purposes.

Once the resolution is made and you can then put an actual dollar amount -- not a reserve, but an actual dollar

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amount for 1979 Indian expansion -- $800,000 or a million or whatever it turns out to be.

Now, except that some of that is not actually used to do expansion in 1979 because it can't be done, that would become an additional one-time money.

But the issue you're talking about here is the difference between about $800,000 and a million and the rest of that is essentially -- the final decision of how much to commit to Native American programs in either circumstances below the original --

MR. ENGELBERG: But in answer to Bill's question, if it doesn't get spent in '79 -- whatever doesn't get spent in '79 --

MS. RIGGS: It becomes one-time as well.

MR. ENGELBERG: It becomes one-time money, which could go -- what? Goes into that pot that we'll have to decide -- gets added to the 750, in effect?

So that this -- So that, in effect, you don't have to change Page 16 as a result of it.

MR. McCALPIN: Well, you might change -- some of it might be because Clint said some of that money might be spent before the end of the fiscal year. He doesn't know.

MR. ENGELBERG: But some of the money we're talking about?

MR. McCALPIN: Probably not, no.

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MS. RODHAM: What you would have to do for right now would be to reduce the amount on Page 16, the amount of the anticipated one-time by $200,000 because you are committing an additional $200,000 needed for expansion.

MR. McCALPIN: That isn't going to be spent.

MS. RODHAM: But then, once it isn't spent, it gets put back in.

MR. ENGELBERG: But Bill's question is important. We may be having a big debate about nothing because as a practical matter -- I mean, Clint, I think I heard you right -- as a practical matter it's unlikely that the entire 588 is going to get spent prior to October 1st, which you're saying part of it may be spent. If one assumes that no more than 388, which is already set aside, is going to get spent, then in a way this whole -- I mean we're really wasting a lot of time. I'm not blaming you, Cecilia.

MR. ORTIQUE: There's still the principal that's going to carry over into 1980.

MR. ENGELBERG: Now, wait a minute. What principal? That's raising another issue.

MR. TRUDELL: What if there were $200 million -- excuse me -- $2 million released six months ago. Those programs, if they were in position, would be also counted in the '80 budget and so Field Services would have another $2 million to deal with. In a sense, because they were not funded -- because

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MR. LYONS: That was never proposed to Congress.

MS. RODHAM: That was implicit in the budget.

MR. TRUDELL: It's implicit in the budget in terms of meeting minimum access because you see in terms of shedding a little light on this thing, I know that the wrath is going to come down on Native Americans in my estimation. A large shadow is going to be cast over them for receiving any kind of special treatment.

I think Denny pointed that out yesterday in terms of really being reluctant to -- and I can understand it -- you know, seeing any group getting any kind of special treatment. But to hold back and to hold back and to hold back is ridiculous.

MS. RODHAM: Wait a second. I think that you're beginning to go over the same ground. I would like to, if possible, reach a resolution of this issue within the next ten or fifteen minutes. Now, that does not mean that there are not new

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MR. LYONS: Could I just make two points, Hillary?

MS. RODHAM: Sure.

MR. LYONS: With regard to the point that Steve raised what happens is your decision about 1979 is no problem in terms of 1979 money because you've got a build up of money anyway essentially. But it does have an impact on 1980 from the point of view that instead of $300,000 as part of the 1980 base, you have got $200,000 additional; $500,000 which limits your flexibility in what you're going to do for 1980. Okay. 1979 is essentially no problem.

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MR. TRUDELL: What I mean by being held back is the fact that it hasn't gotten out there.

MR. LYONS: How are you going to get it out there if, in fact, people want to see you resolve the issue before you get it out?

MR. TRUDELL: I don't think it should have taken this long to resolve this issue.

MS. RODHAM: Well, regardless of how long it has taken --

MR. TRUDELL: I mean the fact that there have been no monies for the Native American area released, and you just said it a few minutes ago, during this fiscal year.

MR. LYONS: Dick, we were waiting for the Gatchis and Green Study which came out in December. We were waiting for the 1007-H Study. When I made the decision based on that 1007-H it came out in April. I went ahead to move expeditiously to try to get this decision made at your request. I extended that decision period to meet with the Native American project director and went back and investigated their claims and that is the reason it took so long. It was not an intent of Field Services to delay that expansion.

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MR. LYONS: I'll have to get that information for you, Cecilia.

MS. ESQUER: That could be really relevant to your question, Dick, if it's that most of the money will be used up in '79. Then it isn't such a serious question. But I guess that I was in error in thinking that the answer to Bill's question would be yes.

MS. RODHAM: Gerry, do you have something to add?

MR. SINGSEN: Yes. Just a couple of quick points. One, I think it's important to remember that we're not dealing with simply the question: should there be an exception in Native American funding to all other funding? In fact, the proposed staff decision involves, I think, three very fundamental exceptions already made for Native American funding. One is that almost every poor Native American is funded twice; once through the general program and once through this Native American funding we're discussing. If we do it at $10, that means funding at $17.39 per poor Native American as opposed to $7.39 for every other poor American.

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MR. TRUDELL: -- double counts or whatever.

MS. ESQUER: No, I really want to get back to that specific statement that you made. I asked Clint if that, in fact, was true for the people that I am asking for; for the people that have not been served. Clint's answer was that in this remaining group of people to be served that there would not be a double count.

MR. TRUDELL: No, no, perhaps I'm misunderstanding --

MR. LYONS: You are right. I will not -- where there are uncovered areas where we don't have a general services program to cover that population and where we don't have the Native American program to cover that population, I will not go in and say okay, General Services, here is your money for the Native Americans and then turn around and give the Native Americans and double count that. I won't do that where we have the options not to do that.

One of the problems is that we got caught into that over time, but certainly where we have nothing for anybody, we don't have to repeat those mistakes.

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MR. OTTIQUE: Isn't it true -- let's get this clear because I don't want to be misled. Isn't it a fact that we are

talking about unserved areas?

MR. LYONS: Yes.

MS. RIGGS: Yes.

MR. ORTIQUE: All right.

MS. RODHAM: Do you want to finish, Gerry, with your two points?

MR. SINGSEN: Yes. There are some problems about the numbers in terms of the numbers that won't be double counted. The figure that Dick provides just now is that there will be between five and six thousand Native Americans nationally not double counted. Total -- of the total Native American population.

But let me pass that to other exceptions just to complete that point and talk briefly about one other thing and then try to help in terms of solving the questions.

We also, of course, are making an exception in the count approach for Native Americans to the funding for everyone else. The only other place we've made a count approach that's different is in migrants where they weren't counted so we did a study to find out how many there were so we would have a count. For the Native Americans we've gone away from the '70 census count and we're using the '73 BIA because we think it's a fairer count and a larger count.

As a matter of fact, there's one place -- I think Oklahoma -- where the census count may be higher; we're using

talking about unserved areas?

MR. LYONS: Yes.

MR. RIDGE: Yes.

MR. ORTIQUE: All right.

MS. JODGAN: Do you want to finish, Gerry, with your two points?

MR. SIMONSEN: Yes. There are some problems about the numbers in terms of the numbers that won't be double counted. The figure that Dick provides just now is that there will be between five and six thousand Native Americans nationally not double counted. Total -- of the total Native American population.

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As a matter of fact, there's one place -- I think Oklahoma -- where the census count may be higher; we're using

the census count there.

The third exception is that for the terminated that have been recognized, who are all funded through general programs now as part of the regular funding, we've set up this special category of $400,000 which is out of the 2.1 for special access problems. Again, a special exception for problems relating to Native Americans.

So the only issue -- the exception issue that we have, if you will, is whether there should be an additional exception to go with a $10 rate instead of a $7 rate. As to that, I don't want to go into all the details. I know that there's not time for that.

We did do some analysis which show that for the 7.39 the Native American program is able to buy the same staff and run the same operation as a general field program. Now that means that a general field program, facing its own delivery problems, hires a staff and the Native American program, facing its delivery problems, hires a staff -- the Native American program is able to hire at least the same number of staff people to put to work with the same kind of facilities as a general field program. That does not answer the ultimate question here which is whether you have to have more staff -- and which costs more -- in order to deliver services of the same quality and reach the people in the same way that the general field program can.

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That question, I would suggest, is exactly the same question that the 1007 Study looked at for all of the special access groups there and that we have, for example, most clearly in your example, Revius, in any rural area in the country where there are many miles where there is nothing.

The question ultimately is: should we decide to add an exception here in the operations part of our formula to move from $7.39 to $10 because of higher perceived delivery costs? If we make that move here, I think we do establish a precedent for moving in the same way in that part of our formula wherever there are higher delivery costs. That's very much a question we want to look at in the future; very much a question we may decide affirmatively. The question now is do you want to decide that where there's no evidence for difference in local programs, before we've reached a decision about all the other groups.

MR. ENGELBERG: Picking up on that quickly, Cecilia, I would say to you that when you say well the vote for this does not mean -- you know, you're saying to us vote for this and it doesn't mean that while we look at other requests, there is no precedential effect. It would seem to me that taking what Gerry said with any rural program, and particularly Micronesia -- I can't think of a population that's more remote, scattered and probably has had a more difficult time and certainly as difficult as any poor population that I know of. How

that question, I would suggest, is exactly the same question that the 1997 Study looked at for all of the special reasons given there and that we have, for example, most clearly in your opinion, Bovina, in any rural area in the country where there are many miles where there is nothing.

The question ultimately is: should we decide to add an exception here in the operations part of our formula to move from $27.39 to $30 because of higher perceived delivery costs if we make that move here, I believe we do establish a precedent for moving in the same way in that part of our formula whenever there are higher delivery costs. That's very much a question we want to look at in the future; very much a question we may decide affirmatively. The question now is do you want to decide that where there's no evidence for difference in local purposes, before we've resolved a decision about all the other questions.

MR. MCMURRAY: Picking up on that quickly, Cecilia, I would say to you that when you say will the vote for this case not mean -- you know, you're saying to me vote for this -- and it doesn't mean that while we look -- at other regional, there is no precedential effect. It would seem to me that ending what Carey said with any sound precision and particularly Bovina -- I can't think of a population that's more remote, in your opinion, Bovina, in any rural area in the country where there are many miles where there is nothing.

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do we say no to them? That, to me, is a very troubling question because if Micronesia comes in here, based on this decision, we as a board have to have rational basis for distinguishing cases.

I agree, we make -- of course, the corporation makes funding exceptions all over the place. Obviously, there's a funding differential -- there are funding criteria that differ between maybe rural and urban areas and a lot of other things, but between essentially the same type of population I am very troubled by making a decision today which gives us no rational basis to say no to a rural program director who would seem to me -- or, you know, an expansion effort. That would seem to me to have exactly the same equitable arguments and I completely understand that Native American populations are very different and they've had a totally different political and legal history.

MS. RODHAM: Mr. Sachs?

MR. SACHS: I just want to add a word to what Steve said which is for me the decisive argument. I don't care much about the 200 or 300. We can absorb that one way or the other. But setting a principle, an exception as clearly as this, I think is going to rise to give us trouble in Congress. If we have to go forward and explain what we have just done, and I assume now we're going to have to explain it if we adopt this motion, I'm worried about how well we can explain it. I'm also worried about more congressmen coming up here, as they did

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yesterday, to plead for special causes. And then we'll say, but gee, this doesn't deserve it. Well -- because you don't have hard evidence, Mr. Congressman. Well, you didn't have hard evidence in the other cases that you did it.

MR. BRADLEY: May I just follow through on that point because I've been -- the reason I haven't been too vocal is because I've been benefiting from this educational process myself. One of the things that I think that it's important for us to consider -- I have not been as involved in the development and the debate on this issue as the other staff persons have and as the board members have, but I have tried to understand the issues and I have gone out of my way to meet with some of the Indian leaders and to visit some of the Indian programs.

Never in any of those conversations did it ever -- not one time, have they ever talked to me or asked me to fund us at $10 a poor person. In fact, they have said that's not the important issue. That's not what our concerns are. We don't care if it's $2, $5, $8, $10 or $12 and you're wasting your time even talking about it. That's what they have said to me.

The issue is a recognition, a sensitivity, an awareness on the part of the corporation and on the part of this board and on the part of the American community of the peculiar, unique status and the peculiar, unique needs that are not translated into dollars per Indian served. They would stipulate, and they have stipulated that yes, we want to be funded at

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$7.39. We will concede that point. But the real issue is the body of law. The real issue is self-determination and self-determination is the most important issue to the Indian groups and the Indian representatives and the Indian leaders that I have visited with and they want this board to manifest the recognition of self-determination in aiding of rights on the part of the Indian people in America.

They don't -- they told me: we don't care -- one of them sat in my office for three hours -- Dan, you guys are debating and you're fighting over $10 and $7. That's not the issue. We don't care about that issue. We want to talk about the real issue.

MS. ESQUER: But, Dan, you just made my argument. You and Howard together just made my argument. Howard says what's $200,000? $200,000, you can throw it here, to the left or to the right; it's no big deal. The big deal are the implications and the symbolic effect. The purpose of my motion is to do exactly what you are proposing -- that we do recognize that they do deserve special treatment; that they do hold a special place in our society. The best way of exhibiting that is by doing it through budgetary manners.

Let me tell you, little did I ever dream when I met Roger Crampton that I might one day be repeating one of his arguments, but here it goes.

(Laughter.)

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(Laughter.)

MS. ESQUER: I remember Roger very vividly last year telling the staff when they came up and there was some argument and staff says but PAG and NCC and us, we all agree. And Roger says well then, what do we have a board for, you know? And I really see it this way.

I see that PAG is very reluctant to see this motion carry because they have worked very hard and in a very positive way with the staff to establish their turn on the cost of service increases and I support that. NCC has worked very hard and I wish that we could increase their budget more than we are doing this year. But they have gone to the mat and they have reached a compromise. So has every other special interest group that already has clout within this corporation.

The people that are not here before, and this is almost like a right to life argument really, are the people that we are not hearing today and those are the people that I am advocating that we do a symbolic gesture and recognize that there are a special group of people that do deserve special consideration.

MR. BRADLEY: I couldn't agree with you more, Cecilia. I really think and consistent with the statement that you just made, I would submit that the issue of $7 versus $10 is not that symbolic issue. Because then if you ask what affect that has, it simply means that a few more dollars will go into the state of Oklahoma and into the state of Montana. They're a

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lot of -- but consistent with the concerns that Steve has raised and the precedential aspects of this, I would suggest that rather than deal with it in the context of $7 versus $10 and the implications that that would have, that you've got another $750,000 if they are some of those unique, substantive legal concerns -- and they are because I've met with BRESE (phonetic); I've met with many of the programs and we've talked about it. We can set aside money out of some of those one-time reserves to focus in on those issues.

MS. ESQUER: But that's a problem, Dan. I want them to become a permanent part of our budget; not a one-time effort.

MR. BRADLEY: But, Cecilia, there are a lot of other unrepresented groups here who would like also to become a permanent part of our project and I --

MS. ESQUER: I understand that.

MR. ENGELBERG: I don't like the notion of trying to say this group is deserving and they're more deserving than that group. I don't really think you mean that. There's just -- it again reminds me, and I think you were there, of the situation in San Francisco which was probably the most difficult thing in the world. This was a program that was in being. I agree it was in a heavily funded area and all that stuff. But you and I know damn well that the effect of our decision that day was to take four lawyers out of the tenderloin district of San Francisco because of some crazy funding fight between --

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MS. ESQUER: These decisions are not easy to make and you have expressed your feelings and I have expressed mine. I think that it's time to vote.

MS. RODHAM: I agree.

MR. ENGELBERG: I agree with that.

MS. RODHAM: Okay. The question has been called. Mr. Ray, I know the question has been called, but I also know you had your hand up for a long time. Do you feel compelled to speak? Is there --

(Laughter.)

MS. RODHAM: Out of the recognition of your special needs, I will let you come forward -- the unrepresented.

MR. RAY: This is how you handle the mike. I'm not speaking out of my own personal and special needs. Before I address the motion, I would be remiss if I did not publicly compliment Dan and the staff for the very positive relationship which they have created in the field programs around this year's difficult financial problems.

The candor and openness with which we have been able to discuss our respected concerns has led to, I think, a mutually supportive relationship. We still reserve the right to disagree with one another and some of that to scream and that will probably surface later today, but it is done in an atmosphere of great good will and that's important. I think it should be part of the record.

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With respect to Cecilia's motion -- and I respect Cecilia a great deal and I know what motivates her is of high principle. I must speak against it as a matter of equity with respect to the field at large. The important equitable proposition is whether the floor, the minimum funding base, for a given class of field programs should be higher than for the rest of the programs without a compelling difference between those programs' needs and other programs' needs having been justified. That's the situation that we have here.

The Indian programs for some time in the past discussed with the funding criteria committee their desire to be funded at $10. We could not become convinced on the basis of the facts that there was a distinction between their unique delivery needs and those of other programs. The corporation staff has studied that same problem and remains unconvinced of that distinction.

If we had had the same opportunity to make out cases before this board and a decision had truly been made on the merits that one delivery system versus another delivery system required higher funding, then I think it would be justified. In truth, there have been efforts in the past to try to demonstrate that very thing; part in the staff -- the migrant programs, for example; part before the board regarding rural delivery. Instead what happened was that a discussion occurred between a regional director with responsibility for Indian programs and the director of Field Services sometime in the past,

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both acting in good faith, and they made a decision out of their judgment. But there was no factual basis for that decision distinguishable from other programs.

I can illustrate that best by my own state of North Carolina. We have an Indian field office which receives money at $10 per capita in the western part of the state. There's a Cherokee Indian Reservation there. That same field office also has responsibility for serving a significant rural white population in a mountainous area at $7.39 per capita. There is a non-reservation population in North Carolina of about 40,000, including the second largest Indian nation in the United States which is very difficult to serve in a widely scattered geographical area, and they must do it with $7.39 per capita. The most difficult population of all are 40,000 migrants in terms of reaching them and providing service. They must do it for $7.39.

It is impossible for me to reconcile to the people in my own state those differences. I submit it cannot be reconciled nationally either.

MS. ESQUER: Could I ask Denny one question? Denny?

MR. RAY: Sure.

MS. ESQUER: Why is it that you are not opposing the special treatment to the private Bar $1 million funding on the continuation of the delivery system study because that is a deviation from completing the minimum access. We are putting

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some funds into covered areas.

MR. RAY: Yes. We had proposed initially to the staff that the $1 million for the continuation of certain DSS programs be done out of next year's one-time money until the DSS study could be completed and we could truly assess the direction that we should go in. So we were not inconsistent, Cecilia.

MS. ESQUER: I still say that this year's budget does recognize that there is special treatment for those that have the most political clout.

MS. RODHAM: The question has been called. Does everyone recollect the motion sufficiently to vote on it?

All those in favor of the motion, please signify by saying "aye".

(Ayes.)

MS. RODHAM: All those opposed?

(Nays.)

MS. RODHAM: All those in favor, please signify by raising your right hand.

(Hands were raised.)

MS. RODHAM: Ms. Shump, Mr. Ortique, Ms. Worthy, Mr. Trudell, Ms. Esquer.

All those opposed?

(Hands were raised.)

MS. RODHAM: Mr. Sachs, Mr. McCalpin, Ms. Rodham, Mr. Engelberg, Mr. Kutak.

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(Nays.)

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(Hands were raised.)

MS. RODHAM: Ms. Shump, Mr. [illegible], Ms. Worthy, Mr. Trudell, Mr. Nequer.

All those opposed?

(Hands were raised.)

MS. RODHAM: Mr. Sachs, Mr. McCalpin, Mr. Rodham, Mr. Engelberg, Mr. Kutak.

The motion fails on a tie vote.

Mr. Engelberg, do you want to finish your report? Are there any additional issues, questions that the board wishes to raise about the budget?

MR. ENGELBERG: I beg your pardon?

MR. McCALPIN: You've got to move the allocation --

MR. ENGELBERG: Well, I know. I was still talking about the 1980 budget.

I'm going to offer a motion to move adoption of the staff proposal, which I guess is contained -- well, it's contained in both the board book and the book prepared for the committee. I'm moving adoption of the proposed 1980 budget as recommended by the staff.

Do I need a specific document reference to that?

MS. RODHAM: Let me just interrupt for a second, Steve, and make sure that we're all -- does the staff believe that we should adopt the '79 figures first before we deal with the 1980 budget or would you prefer that we move into the 1980 budget?

MS. RIGGS: I think there's no reason to adopt anything on '79. The issue of '79 really is related to the '80 budget now that it's resolved the way it is. There is --

MR. McCALPIN: Don't we have to vote the one percent one time across-the-board?

MS. RIGGS: That's 1980. That's all 1980.

The motion fails on a tie vote.

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MS. BIGGS: That's 1980. That's all 1980.

It's use of 1979 money. I think --

MR. McCALPIN: The $4 million --

MS. RIGGS: That is projected carry-over for 1979 and is money that would be spent in 1980.

MR. McCALPIN: It becomes part of the 1980 budget?

MS. RIGGS: It is part of the 1980 budget.

MR. McCALPIN: We approved the 1979 budget last October.

MR. BRADLEY: We did.

MS. RODHAM: We are not being asked as of yet to approve any allocations of the 1979 carry-over. So that will be a separate issue.

MR. McCALPIN: So when you come to us in December, it won't just be for $767,000; it'll be for $4 million and maybe $2,000.

MS. RIGGS: Unless the committee would like to -- the board would like to move some of the specific items in that carry-over at this time. There is a --

MR. ORTIQUE: Bill, the reason we had to take it up was because it could have affected, but it didn't.

MR. McCALPIN: All right.

MR. ORTIQUE: It didn't, so therefore we go ahead with the 1980 budget.

MS. RIGGS: There are two parts of the carry-over that you probably -- if you're disposed to do, probably should do

It's use of 1979 money. I think --

MR. McCALPIN: The $4 million --

MR. RIGGS: That is projected carry-over for 1979 and is money that would be spent in 1980.

MR. McCALPIN: It becomes part of the 1980 budget?

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today. One is the recommendation of one percent across-the-board adjustment to field programs. It would be useful if field programs would know that now rather than December so that they could begin to plan. The other item, which I think is just a technicality given the discussions that have taken place today, is the commitment of the $375,000 one-time to the Legal Services Institute since we do have a commitment there.

MS. RODHAM: Okay. Steve, you made the motion that we accept the 1980 budget, as recommended by the staff. Is there a second?

MS. WORTHY: Second.

MS. RODHAM: Is there any discussion? Mr. Sacks?

MR. SACKS: I want to talk a little bit about this delivery system study, $1 million, and I start with something that emerged from yesterday's discussions, brought to our attention by Mr. McCalpin. That is, the fact that so high a percentage of our budget is not now annualized and we have no discretion over it at all.

I think that the percentage is perhaps 90 percent annualized and the rest -- much of that is really annualized because it represents things like direct corporate expenses. And as long as we have the Legal Services Corporation we're going to have a controller and a personnel office and a financial officer. So we can't touch that, although you can always cut it here and there. Although this year we're already going

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to cut it 10 percent.

My concern about the future is at least twofold. Number one is we don't know what the delivery system studies are going to produce. They may indicate to us -- I have no way of knowing -- that we ought to be putting large additional sums into alternatives to staff programs. The other thing is we've got the 1980 census coming down the road and when the 1980 census comes down the road it may indicate that New England ought to get a lot more money or New England ought to get a lot less money and we're not going to have anything, any discretion to change allocations unless, as I understand it, unless we go through this terribly complicated process of defunding, a show cause hearing and everything but judicial review.

So I would like to save as much money as possible in a manner that will enable us to shift money around if we have to do it. I think the problem is even made even more accute by reason of the political climate. If I were sure we were going to get $50 million more next year I wouldn't be so worried. But we may not get anything more next year. There's no way of knowing.

So the only thing I can find in the budget that can be deannualized, so to speak, is the million dollars for delivery system studies or for some of those delivery system studies projects. As I understand the situation, and I know that the president will correct me if -- somebody will correct

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me if I'm mistaken -- is you've got about 38 projects going. You expect 10 or 12 of those to continue because they're serving what would otherwise be uncovered areas and the money for them comes out of the $22 million expansion money. So we're not talking about those projects. You expect some of them not to be carried forward, not to be refunded at all, but there may be six, eight or ten projects that you think are good and those projects, to the tune of a million dollars, that the staff is recommending not only be continued, but be continued on an annualized basis which means that once you give them the new grant you can't take the money away unless you go through the elaborate procedure of defunding.

So what I'm raising, not as an amendment, but just as a suggestion that we could talk about, is that yes, pick out the eight or ten projects that you think are best and finance them until we get the delivery system study results in next spring and even beyond that, if you want to, but don't tie that million dollars down so that once we refund those projects that we're forever wedded to them except through this laborious process of defunding.

Now, if that's feasible, why we would then have a million dollars or more that we could use in our discretion should the need become apparent. My prediction is that the more money we have that we can spend it in discretionary ways, the happier we're going to be in 1980 and '81 and '82.

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MS. RODHAM: Any further comments? Mr. McCalpin?

MR. McCALPIN: Yes. I guess I'm the one that started this yesterday and I must say that I relinquish flexibility reluctantly. I am reluctant at this point.

These people have lived without any premise of an after life. They have been told that everybody's funding is subject to being cut off at the end of this year. They have been told that some may continue and, indeed, nothing that Howard has said is inconsistent with that continuance. It is simply that we are keeping them on a short tether, a temporary lease on life; not permanent.

I don't think it aggravates their problems any beyond what they have been the last three years. If we had had programs with a permanent lease on life and were proposing to make it temporary, I think I might feel differently about it.

But it seems to me that to continue on what amounts to a year-to-year basis, at best, programs which have always been on a short tether and a certain tenure of life until we have an opportunity to see what this delivery system study does and get ourselves in order with respect to the next fiscal year. It seems to me entirely appropriate.

As a matter of fact, as I understand Column Seven of the proposed 1980 budget allocation, that million dollars is in there in a non-annualized area now. It was explained to us yesterday that there is a proposal to lift it from that line

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up to the top to annualize and that's what we're addressing so I'm not sure that any action is required at this time unless there has been a prior action of the board which mandates the transfer of that million dollars from the non-annualized area to the annualized area.

If there has not been such an action, then it seems to me we simply approve this budget the way it is and it stays in the non-annualized area.

MS. RIGGS: That is the -- you're right, Mr. McCalpin, in that it really is not a budgetary issue as such. The million dollars stays where it is. The question really is whether in 1980 we're going to make a long-term commitment to those programs we decide to convert or whether we're going to continue them on a yearly basis. That's really a programmatic decision and not a budgetary decision.

The only effect will be whether the annualized base going into 1981 becomes 280.4 or 279.4.

MR. McCALPIN: Exactly. So the terms of the pending motion, which as I understand, is adopt the 1980 budget. If we pass that motion, we've got that million dollars in a non-annualized area.

MS. RIGGS: The budget -- well, it's not quite that simple. It doesn't make -- it can be either way with the budget the way it is now. The staff is operating on the assumption that we will make long-term commitments to the programs

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MR. McCALPIN: Yes, but the message that we want to get through is that we want to have these on a one -- on a year-to-year basis, and if we don't get that message through, then the staff would be in a position to deal with it the way they would want to. We want to get the message through.

MR. LYONS: Well, in fairness, I think that we've gone a long way down the road. Based on staff recommendations and based on things that were said at the board meeting, at the last board meeting, that we were going to convert some of those demonstration projects to regular field programs, but the amount and how many was and is still undetermined.

So if you are talking about at this stage, only temporary arrangements, that is not the expectation we have given since the initial statements were made about the money.

MR. McCALPIN: But, Clint, you have not made any commitment to any program.

MR. LYONS: No, I have not. I have not made any commitments to any single group.

MR. ORTIQUE: Madame Chairman, wasn't it our understanding that those programs that were going to be kept because they were for unserved areas would become permanent programs just like any other program would become a permanent program? And, therefore --

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MR. BRADLEY: That's correct.

MR. ORTIQUE: That was our position. Then we say that there was some additional programs, some few additional programs, because of their uniqueness, because we wanted to preserve them, even though they were in served areas, we still wanted to keep them in those programs that we are saying absolutely, positively one year only.

MR. McCALPIN: Excuse me, let me -- we're not just saying one year. We're saying one year at a time. We're not saying we're going to cut them off at the end of a year.

MR. LYONS: All I'm saying is that those programs in covered areas, I believe, have a reasonable expectation.

MR. ENGELBERG: Well, wait a minute, Clint. As someone who has supported this concept, and I still do, that the best of these -- this competition, as it were, and that we should, even though it is somewhat double coverage and we want to encourage the best of these programs.

I'm receptive to -- I mean I'm certainly considering the McCalpin-Sacks position. I would not want to be in a position of looking like we've given conflicting signals, but I think the key is, as Bill says, that none of these programs -- we'll dealing with programs that none of us even know if they will be refunded. So, therefore, we haven't made the commitment -- the kind of expectation cannot be really kind of an equitable alliance type of expectation. Any of these programs

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None of them have any commitment whatsoever until you have further data as to who you're going to refund.

MR. LYONS: That's right. There is no commitment that any one or two programs will be funded on an on-going basis. I think, though, what we indicated in our staff paper to you, and it was labeled "The Conversion Issue", is that we recommend that those that prove useful and met our criteria that we could continue to learn from -- if they met all of that criteria, be continued and converted as regularly funded programs and we recommended that you set aside one million dollars in annualized funds for that.

MR. ENGELBERG: We don't have a situation where a program has been -- you know, made commitments to staff to stick around because we're going to get money. I mean any program --

MR. LYONS: I'm not on a commitment that we're going to give them annualized funds.

MR. ENGELBERG: Only the unserved programs in unserved areas that are there.

MR. LYONS: The unserved areas, that's going to be dealt with out of expansion. Those people in those areas have an entitlement to the funds.

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MR. ENGELBERG: I understand.

MR. LYONS: And the demonstration projects will apply for expansion funds in those areas. Again, if they meet the criteria, we have entities in place, and they make sense, we'll fund those demonstration projects.

MR. ENGELBERG: There's no problem with that.

MR. LYONS: It is the ones in the covered areas that I am talking about. There is some reasonable expectation that some of them will be converted to regularly funded programs.

MS. RODHAM: Howard?

MR. SACKS: I just want to make one thing clear. I'm not suggesting -- supposing we find eight programs who after the delivery system study is in our hands and been analyzed, we find that these eight programs are just splendid and ought to be continued. I'm not suggesting that thereafter we keep them on a year-to-year basis. Presumably then we would fund them on a permanent basis. All I'm saying is that until we have that study in hand, until we can figure out which of those programs deserves permanent funding, we ought not to fund any of those projects on a permanent basis.

MR. LYONS: Where do you propose to -- if you make a decision about that one million or whatever amount you decide we can afford to allocate to this project, where do you propose to get the money if it's spent?

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MR. LYONS: We don't intend to tell them that until April.

MR. SACKS: Well, I don't want you to tell them in April even until you come back to the board and talk to us.

MR. LYONS: Okay. That's a change in --

MR. ORTIQUE: You know, there's one other aspect, Madame Chairman, to this. I want to be satisfied with this and that is when we find out that there is this excellent program in a served area, I want to take a look at what we're doing with the program that we've got already in place to find out whether this new, excellent program is better able to serve the needs of those people in that served area than the one that they've got.

MR. COOK: Amen. Now you're talking religion.

(Laughter.)

MR. ENGELBERG: Clint, Cecilia pointed something out which -- Clint, excuse me, the issue was discussed -- this whole question about the million dollars was discussed at the June board meeting. Did we actually -- I can't recall -- did we actually vote on your proposal? Do you recall? The minutes must show whether we voted. There was a proposal along the

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Now, I remember you gave us the memorandum. There was some debate on it.

MR. LYONS: I think what you did was to vote that the staff process about conversion and notice to the programs of what we were doing. Go forward, but the staff not obligate any money at all or not make any commitments until we came to the board at this meeting and the board would decide how much money, if any, would be used for the prime programs.

MS. RODHAM: I have to add, too, that I think --

MR. ENGELBERG: Wait a minute. Excuse me. I'm sorry. So we did not vote in July -- June, rather, that we would set aside $1 million that would go to the best of the programs in the served areas and that that money would be annualized?

MR. LYONS: No, we did not.

MR. ENGELBERG: Rather, we approved the process where you wanted to notify people that all bets were off, sort of, and that --

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on; that it would be at this meeting that that decision as to the number, amount of dollars would be determined.

MS. RODHAM: Yes, Ms. Riggs?

MS. RIGGS: I was quickly reading the minutes of the last board meeting on this issue which only say this: that following a lengthy discussion of -- following Clint's presentation -- among the members of the board, staff, and members of the public who represented the directors of the demonstration projects, the board took no action but requested the staff to continue its review of the project and emphasized that no fund -- final funding decisions would be made until the conclusion of the appropriations process for the 1980 budget. That's what the minutes say.

MS. RODHAM: Yes?

MR. ENGELBERG: Again, as I understand the -- and I'm not sure at this point it's in the form of a motion, but the McCalpin-Sacks caveat -- that this money -- that the process continue along these lines; that the staff has the discretion to choose the best of the programs in the served areas for continued funding, not to exceed one million dollars; and that that money will -- would not be annualized; that it would be -- what?--for one year, and then that the staff would then -- on a year-to-year basis; and that the staff would then discuss with the board at that time -- I don't know. I guess where it falls down, Bill, is what happens after you get to the point

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MS. RODHAM: Yes?

MR. BROWNBERG: Again, as I understand the -- and I'm not sure at this point it's in the form of a motion, but the McCalpin-Sachs caveat -- that this money -- that the process continue along these lines; that the staff has the discretion to choose the best of the programs in the served areas for continued funding, not to exceed one million dollars; and that that money will -- would not be annualized; that it would be -- what? -- for one year, and then that the staff would then -- on a year-to-year basis; and that the staff would then discuss with the board at that time -- I don't know. I guess where it falls down, Bill, is what happens after you get to the point

of where they've made their selection.

MR. SACKS: Madame Chairman, what I'd like to do, I'd like to vote for Steve's motion because I think we can approve the budget without touching this other item. That's what our budget officer tells us.

Then I'd like to introduce a separate motion that would run along these lines. Any project that is now funded by the delivery system study which is operating in a covered area shall be refunded for only one year, pending further action by the board.

The language can be changed.

MR. ENGELBERG: You got to get that one million in there, too, it seems.

MR. SACKS: Under the one million dollar grant -- I'll put that in, but I'm saying that in this context I'm perfectly happy to vote for your motion because I don't think we've tied our hands by voting the budget.

MR. LYONS: That means that I've got to -- that resolution would mean that despite this evaluation process that I would have to continue all of those projects?

MR. McCALPIN: No, no, no, just the ones operating in covered areas. The ones that are operating in uncovered areas, you can fund permanently.

MR. SACKS: But you decide them.

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MS. SHUMP: There's one question that I'd like to have answered and that is: when you set about deciding who has provided the best service in the covered areas where we already had a system program, who is going to be in on the decision of the quality of Legal Services that has been provided to the clients?

MR. LYONS: We have a process that tracks basically our regular monetary evaluation process whereby we go in on on-site inspections, visit the program, and in some instances talk to people in the community about the type of services, and make judgments based on that.

MR. McCALPIN: Clint, isn't it true that one of the four criteria in the study is the quality of the service, the impact, the cost --

MR. LYONS: That's where the delivery system study data will come in.

MS. RODHAM: There are some people in the audience. This gentleman has had his hand up.

MR. KRAMER: I emphasize delivery service --

MS. RODHAM: Would you identify yourself, please?

MR. KRAMER: Yes. Randy Kramer from the Morwal (phonetic) Demonstration Project. Surprisingly, I agree very much with the point that Mr. Sacks and Mr. McCalpin are raising. I can't really intellectually justify committing an advance to any of the demonstration projects until the delivery system

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study is actually in our hands.

I'd like to take it one step further. The board is committing tremendous amount of money in its expansion programs now without the benefit of the delivery system study, without knowing whether the type of delivery system that it's committing itself to is the proper one for these areas. I really feel the board should take serious consideration of making all of these expansion efforts subject to the delivery system study because I feel that it will have irradical effect on the future decisions of this board. Once you've blocked yourselves in to entitlement problems, you're going to have a hard time getting out, if you're committing that amount of money.

MR. McCALPIN: Mr. Kramer, I discussed exactly that subject with Ms. Riggs at lunch. I agree with you entirely. I don't think that expansion decisions ought to be made out of the $22 million we've got for '80 until we're sure. We don't want to undo in a year what we do now.

MR. ORTIQUE: Those questions, though, Bill, have been raised over and over -- Stoeffle (phonetic) was the number one advocate of that --

MR. McCALPIN: Yes, but there's a difference between three months and three years, Revius.

MR. ORTIQUE: I agree with you except that I don't think that we ought to deny poor people the opportunity to have some service because we've been waiting on a study to come.

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I think that we've got those monies out there. We promised it to those people. Let's get it out there. But let's make certain that once the delivery system study is in that we do follow those criteria.

MR. KRAMER: Judge Ortique, I'd like to emphasize, and I'm not saying that the expansion money should not be spent, I'm just saying that the regulation -- I think it's 1606 and 1101, the entitlements regulation should not apply until the delivery system study is in.

MS. RODHAM: Yes, you with your hand up? I'm sorry; I don't know your name.

MS. LARDENT: I'm Ester Lardent and I'm also the director of a delivery system study program in a covered area. I just would like to go over what my understanding was of the process at the June board meeting, which I was involved with.

It's my understanding that the staff's recommendation as to the conversion of the delivery system study projects is that initially after a rather comprehensive review and monitoring process, the staff is going to elect that a number of projects be continued for six months; projects that may provide additional information that is important to the study; projects that may provide information that can be replicated elsewhere. And that after that time, in March, there will be a decision made on whether or not to convert some of the projects to field programs on a permanent basis.

It's my understanding that that will be done in conjunction with the final report of the delivery system study --

MS. RODHAM: Well, that may have been the understanding in June; but what you're hearing now is that the board is perhaps changing its mind.

MS. LARDENT: Okay. I guess what I'd like to do is speak in behalf of the staff recommendation for several reasons. The first is that I think that in March this board or the staff, whoever is making the decision, will have more information on these programs and the quality of these programs, I think, than they've ever had about a single grantee before. The programs have been monitored; they've been studied along the lines of the four criteria; they've been visited innumerable times; there's just a vast volume of information. I think that if you can't make the decision then as to whether or not the programs are meritorious and should be continued, you never will be able to make that decision.

You will have the information in front of you and I don't understand why there should be another, yet another delay in deciding to convert these programs. At that point, you will have all the information.

MS. RODHAM: There's a difference between conversion to a field program that becomes part of the base that has certain rights and continuation for another six months until our next budgetary cycle, at which time we can determine whether or

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MS. LARDENT: Well, let me also say another thing and that is I think that sometimes in using the words "delivery system study", the semantics can get in the way. I mean these are projects, and I'm sure you're all aware of this, that deal with clients. The process of operating on a year-by-year basis is an extremely debilitating one. It's one that removes services that could be provided to clients and directs them into the refunding process.

I really-- I don't understand why that kind of debilitating effect should continue after all the information is in and after it's appropriate for a final decision to be made. I think what you're doing frankly is harming the project and harming your clients.

MR. ORTIQUE: It's one very good reason why we've got to do it this way and that is that in essence we're going to have two programs out there. In many of the areas we're only going to have a program bearly meeting the needs of certain people and in other areas we're going to have two programs which meets the needs at a higher level.

I don't think that we ought to sit still just because certain areas are fortunate enough to have two programs that have met the criteria of the past. I think that we've got to have another look to see whether we can do something about merging those programs or putting one of them out of business.

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And I want that second look.

MS. LARDENT: But why can't that be done --

MS. RODHAM: Mr. Sacks?

MR. SACKS: Your assumption is that everything's going to proceed according to clockwork, that this study is going to come in at the time specified and that it'll be studied at the time specified and we'll be ready to make decisions. My experience with agencies is that sometimes there is slippage and I don't want to put Clint Lyons in the position of having to make decisions so the projects just don't die. I want him to have the power to continue what he thinks is the better projects, but at the same time I don't want to put him in the position where he can make commitments, long-term commitments until he and we, the staff, have studied the delivery system report.

MS. LARDENT: I may be wrong. In some ways I think that I may be more aware of the schedules than the rest of you because mine is a program that's being visited, monitored, reviewed, etcetera, but it seems to me that the delivery system study is on schedule; that the contractors have been in; that the report should be ready; and that the data has been coming in. I don't know what the staff reaction to that is, but it's my understanding that the data will be in by December so that in March an informed decision can be made.

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is -- if we do have a good program, do we want to have two programs in the area, merge one program, defund one program -- then that can also be looked at at the same time. So that you don't have -- these programs -- and I understand that there is no entitlement as to the programs themselves, but they have operated under rather extraordinary circumstances in limbo for three years.

What you're doing then is taking programs that you've judged to be really excellent programs and put them in a situation where they're in limbo for another six months. I really don't think that it's terribly fair to the programs or to their clients.

MS. RODHAM: Thank you. Ms. Esquer?

MS. ESQUER: I think that Clint is right that in some ways we have raised expectations a little bit higher, even though I kept referring to this particular budget item in the discussion in the last issue that was brought up. In our board manual we have some letters that Dan wrote and I think it was after the committee meeting and after the things were decided. That doesn't say that the funds will be annualized, but the fourth paragraph of the letter -- it says, "Limited funds may be available in '80", and the sentence continues. But the last sentence that I think is crucial is that it says, "It is anticipated that some of these programs will be funded after July 1, 1980 as regular field programs or as part of

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I think that that was the sense of the last board meeting and I think we did approve that tenor of a letter that be sent out and I think that we would really need some very specific language and we would really require a vote to reverse what I think is an action that we encouraged.

MR. ENGELBERG: My clear recollection -- and I was on the -- you know, I again was clearly in support, as I think Bill and Howard are, of the continuation of the best of these programs. But my clear recollection of the June meeting -- I may be wrong -- is that we really never -- Clint, correct me if I'm wrong, will you -- we never really focused on the fairly subtle budget issue we're looking at, which is not, I understand it is very important to the program -- that is annualized versus non-annualized.

Rather, the debate in June really was what Revius keeps raising, which I think is over with, is should we continue -- or at least it's over with for now -- should we fund some of these programs in covered areas. Then I think there's clear sentiment, although we didn't vote on it, there was a strong sentiment on the board to support the sort of Clint Lyons proposal on a limited basis. Yes, we should continue to fund programs in covered areas, which again, I think most of the board agrees with. There is obviously some dissent to that.

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But I don't think we really focused on the subtle, although important, annualized versus non-annualized issue. To be perfectly candid with you, I hadn't really focused on it either. I think that Bill and Howard are simply trying to, you know, given the difficult funding times we all anticipate, trying to keep our board's options open as best we can; but also with the understanding that at some point in the future we might then decide to go ahead and convert these programs to regular field programs.

I think there comes a point when you really -- it's not fair to them after a while. You've just got to tell them forget it or allow them the same status of a regular field program.

MR. McCALPIN: And I think my answer to Cecilia and to the lady from the audience is that there isn't anything inconsistent with the motion Howard has not yet formally made and what they're talking about. It may be that we will find ourselves at a board meeting in the spring of 1980 in a position where we can make these decisions. Certainly if the language is after July 1, 1980, I would certainly anticipate that we would make a decision in that time frame and I'm not contemplating carrying these people on a year-to-year basis forever. I'm talking about next year and the unique part of next year is that the delivery system study isn't pie in the sky. It's almost in hand.

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Clint, I don't know what that point should be.

MR. ORTIQUE: You're setting a bad precedent, Steve, for us to say in September that we are definitely, positively going to vote something up or down comes next spring.

MR. ENGELBERG: No, all I'm saying is --

MR. ORTIQUE: Why should we bind ourselves if we can't do that?

MR. ENGELBERG: No, Revius, I'm suggesting that Howard's motion would simply require that the issue be raised. Understand that if this budget is approved, the 1980 budget approved, the staff has the authority to fund up to $1 million of these programs on a one-time basis.

MR. BRADLEY: Howard and Revius, I think we can probably state it in the context because the board is going to meet on March 7 and 8, 1980. You just basically, by motion --

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MR. ORTIQUE: I've got to vote it up or down --

MR. ENGELBERG: That's all; that's fine.

MR. ORTIQUE: -- I want to be able to decide whether it's going to stick.

MR. ENGELBERG: That's all. I'm asking that it be on the agenda. That's all.

MR. BRADLEY: You can suggest to us by motion or otherwise that the staff not annualize or obligate or commit any of those funds for the DSS programs until after the board considers those matters at your next March board meeting, period. And we won't do it.

MR. LYONS: May I make an inquiry as to whether or not the purpose, part of the purpose of that motion is for the board to look at the individual decisions that the staff would be making?

MR. SACKS: I don't think I have that in mind, but I might want to look at one of those projects.

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MR. LYONS: No, that is not my question.

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MS. RODHAM: Certainly no one on this board is shy about asking about anything, as you may have noticed.

Mr. Cook?

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ing. I must say, number one, I'm a little confused by the proposed action. For instance, I don't know what's going to happen between January 1 and the time Clint gets the delivery system studies in. What happens to those programs in covered areas between January 1 and the time he gets the studies in? Has anybody contemplated -- I mean, do you plan to --

MS. RODHAM: Yes. Yes, we have a schedule of what will happen that Clint presented at the June board meeting as to the sequence of events leading up to the decisions for DSS projects in covered areas that will continue, that will be made before the first of the year 1980.

The question we're now talking about is the status of those projects after that date in terms of whether or not they become annualized or so-called regular field service programs from that point on into the latter half of 1980 and '81.

MR. COOK: All right. Just a comment to eluminate on what I said yesterday. I guess part of it is that I think it's -- I think LSC has a tendency to swallow "whole hog" notions of uniqueness. The pro bona idea is a perfect example of the -- I'm talking now about the project in my city, Washington, D.C. where they are dealing with getting private lawyers on a pro bona basis to handle Legal Services' clients in particular areas and people have called that project unique. They are being funded to the tune of $100-and-some-odd thousand dollars in Washington, D.C.

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The problem that I have with that is that Neighborhood Legal Services has been in existence for 15 years. I doubt -- I dare say that some of the pro bona efforts that we have been dealing with over the past ten years are probably unique in the country. There is absolutely nothing unique about pro bona efforts or getting private lawyers to deal with Legal Services' cases.

Now, I guess the thing that really outrages me about this kind of action is that we have been in this city for a long time struggling with ways of getting the necessary kind of funding to deal with our staff needs and in this town I have been shut off in a number of different directions because my program is too high funded so I can't get equalization money; we are technically 100 percent covered so I can't get expansion money; yet, you turn around and fund a DSS program -- and I don't know whether it's going to be funded after December -- but the prospect is that you're going to fund the DSS program to do something that is "unique" and there just isn't anything unique about that particular project in my town. And it certainly -- they certainly don't do near -- they don't do nearly as much as we are presently doing in that area.

I just think it's a mistake for the board to take this kind of action when you have regularly situated Legal Services programs that have been trying to do a job. Now, I don't have any different problems from any other project directors around

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the country in terms of monies that we need in order to try to help make our programs run. I'm living in a town that has a hell of a cost-of-living. It is very difficult for me to retain lawyers in my program. Last year I lost 40 percent of my attorney staff and I'll tell you that 99 percent of them came in and said the reason they left was because they were not making enough money.

The Office of Program Support, Bea Molten's (phonetic) area, hired one of my staff attorneys, Wanda Foster. I recruited her out of law school. She came on board right out of law school. She now has -- at the time that she left me, about two and a half years experience; she's a black attorney and it's very difficult to get those around here. Some project directors don't even try to find them.

She has reached a point -- she had reached a point where she was beginning to be very, very valuable to my program. I think I had a very good rapport with her; she came in to me and said very frankly she could not turn down the offer that was made to her by OPS because she just simply needed more money. She needed the kind of money that I could not pay her as a staff attorney.

So that is the kind of problem that I have on a day-to-day basis, trying to fashion, trying to keep going a quality Legal Services program.

I view it as a slap in my face for you to turn around

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and fund another program for $112,000 or $120,000 when I need that money to try to do something for salary comparability for the attorneys and the other staff on my program.

The point I want to make is I think you're going down a direction and a road that is dangerous. We already have two Legal Services programs in D.C. and they have Law School and Neighborhood Legal Services. I think both of them serve very important functions.

When the Bar -- I take a lot of heat in this town because I can't represent my program -- my program can't represent everybody that needs help. When the private Bar with its great program that it has in terms of lawyer referral, when those people call in there, they don't call the Legal Services for the elderly. They get on Willie Cook and Neighborhood Legal Services because you can't handle those cases.

When I have to close offices in my neighborhood, and by the way, our offices are located in the areas where our clients live. We don't have the luxury of sitting up on 20th Street or 16th Street somewhere where the people don't beat down our doors. So when they're unhappy with Neighborhood Legal Services because we can't handle their case, we're in that community. We can't run. We can't sit on some God damned hill top and take a law reform case or pick and choose the kind of cases that we want to take. We are on the front line.

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my back is just -- it is just the height of irresponsibility. I am sick and tired, as a project director of Legal Services, to be fighting and fighting and fighting for funds and having this God damned board and the Legal Services Corporation do the kind of thing that I think they're about to do. I'm sick and tired of it.

MS. RODHAM: Any other comments?

MR. McCALPIN: Steve's motion is the pending one.

MS. RODHAM: Oh, I'm sorry. There is one more comment. Ms. Nancy Isikoff from Congressman Grisham's office, who appeared before the Audit and Appropriations Committee yesterday.

MS. ISIKOFF: The Congressman regrets that he's not able to be here again today to address the issue of the DSS funding, but he has asked me to come and read to you the following letter.

"Dear Ms. Rodham, I wish to take this opportunity to express my concern about the proposed cut-back of funding for the delivery system study programs of the Legal Services Corporation.

"In 1975 Congress gave its mandate for an alternative delivery system study. This clearly indicates Congress' interest in involving private lawyers and in serving the legal needs of the nation's poor.

"The 39 on-going DSS projects represent a major commitment of LSC time and resources. To date, over 20

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"The 30 on-going DSS projects represent a major commitment of LSC time and resources. To date, over 20

million dollars have been invested to test various models providing services for America's poor.

"I find it particularly disturbing that cut-backs in funding precede the completion of both the evaulation reports on individual projects and the final DSS report expected in March of 1980.

"Our national objective remains what it was in 1975 -- supplying quality legal services to those who cannot otherwise afford it. I fear LSC cut-backs would result in the termination of projects that have already proven the value of private lawyers who deliver with cost-effective, high quality legal services.

"I urge a careful consideration of these arguments before final approval of the LSC budget for fiscal year 1980."

Signed, Congressman Grisham.

MS. RODHAM: Thank you very much and thank the Congressman for his interest in this project.

MS. SHUMP: Hillary?

MS. RODHAM: Ms. Shump?

MS. SHUMP: I have a question. Don't you lawyers have in your Code something that says that you're supposed to donate so much of your time to handling --

MS. RODHAM: Ask Mr. Kutak.

(Laughter.)

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MS. RODHAM: Thank you very much and thank the Congressman for his interest in this project.

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MS. RODHAM: Ms. Shump?

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MS. RODHAM: Ask Mr. Kutak.

(Laughter.)

MS. RODHAM: Ms. Shump, Mr. Kutak in addition to having the honor of serving on our board has the honor of chairing the American Bar Association's committee that is rewriting the Code of Professional Ethics. He has been embroiled in that effort for several years. Among the proposals that have been made is one similar to what you just stated that is being kicked around.

Mr. Kutak, would you like to comment?

MR. KUTAK: I don't have much of a scalp left.

(Laughter.)

MR. KUTAK: I'll give the board a report perhaps in our winter meeting as to what the recommendations are going to be. But I think they will be significant and they will touch and I think profoundly achieve some of the concerns you have expressed.

MR. ORTIQUE: Madame Chairman, I call the previous question.

MS. RODHAM: The question has been called. All those in favor of Mr. Engelberg's motion that we adopt the 1980 budget as presented by the staff and recommended by -- or discussed by the committee, please signify by saying "aye".

(Ayes.)

MS. RODHAM: All those opposed?

(No response.)

MS. RODHAM: The 1980 budget is adopted.

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(Ayes.)

MS. RODHAM: All those opposed?

(No response.)

MS. RODHAM: The 1980 budget is adopted.

We move on now, Mr. Engelberg, to the next item on the agenda.

MR. SACKS: May I introduce my motion now?

MS. RODHAM: Oh, sure. I didn't know you were ever going to introduce a motion. Go right ahead.

MR. SACKS: Any delivery system study project operating in a covered area which shall be refunded under the $1 million budgetary allocation shall be refunded for only one year pending further action by the board. And in an attempt to meet what I think is your point, this second sentence: Decisions on permanent refunding shall be made as soon as possible after receipt of the final report on the delivery system study.

MR. McCALPIN: I second it.

MS. ESQUER: I have a question.

MS. RODHAM: Yes, I have a problem with that. Go ahead, Cecilia.

MS. ESQUER: Is the period from January to June included in the million dollar figure?

MR. SACKS: Sure.

MS. ESQUER: So you're talking about going for a year from January through December, then? I don't think that you used the June date.

MR. SACKS: I didn't use any date. I just said that if we're going to refund any of these projects that they have to be done on only a one-year basis pending further action

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by the board.

MS. RODHAM: Okay.

MR. McCALPIN: That's what the million dollars was there for anyway.

MS. RODHAM: Anything further?

MS. ESQUER: Except that some of them will only be funded until June and not all of the ones that are funded until June will go for the rest of the year. Is that correct?

MR. SINGSEN: Could I suggest two technical language changes to deal with two technical problems. One would be when you say "funded", we should add the words "for service in the covered area". We have four programs that are serving partly in covered and partly in uncovered, but we only want this to apply to covered areas of service.

MR. SACKS: Refunded for service in the covered area. Yes.

MR. SINGSEN: The second would be that I'd recommend that you make the language for no more than one year rather than explicitly for one year.

MS. RODHAM: Okay, that would cover nicely.

MR. McCALPIN: I accept that.

MR. SACKS: Do you want me to re-read it?

MR. ENGELBERG: No, I'm the new chairman. Re-read the motion.

MR. SACKS: Any delivery system study project operat-

by the board.

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MS. SHUMP: I have a question.

MS. RODHAM: Okay, Ms. Shump?

MS. SHUMP: My question would be in keeping with Mr. Cook's comments. If we're going to use these delivery system study demo projects to attempt to improve the service that we already provide to the clients, are we then going to give our own people any type of a monetary benefit of what we've learned to enable them to provide more and better services since they are already in existence and we should make some type of a commitment to them.

MS. RODHAM: Mr. Bradley, do you want to answer it?

MR. BRADLEY: Bill?

MR. McCALPIN: Let me answer it, Dan. I'm not -- I'm in a quandary as to how we can do that in fiscal '80, but I have a pretty strong feeling that I want to find a way to preserve that opportunity in the fiscal '81 budget.

Let me just anticipate by 30 minutes something where I hope we'll be in 30 minutes, and that is that my concern with what has been proposed to us with respect to the '81

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budget is that it does not, it seems to me, provide a way to take into consideration what we learn from the delivery system study and give effect to that and I think that if we want to maintain our credibility in the funding process next year we are going to have to preserve for ourselves a way to do that. I totally agree with you.

MR. ENGELBERG: I call the question.

MS. RODHAM: All those in favor of Howard's motion, please signify by saying "aye".

(Ayes.)

MS. RODHAM: All those opposed?

(No response.)

MS. RODHAM: Passes.

MR. SACKS: Do you want me to write out a clean copy of that?

MS. RODHAM: Please.

Mr. McCalpin?

MR. McCALPIN: We had a -- Mr. Kramer raised a problem over here a while a go and I really don't want to put this in the form of a motion because I don't want to hamstring the staff and tie them up. And I am sensitive, Revius, as well as I can be, not having lived through it all, to the perennial debate about delay of funding expansion until you get the results of the delivery system study; but my understand is that notice has been published for projects for expansion with a

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MR. ERGELBERG: I call the question.

MS. RODHAM: All those in favor of Howard's motion, please signify by saying "aye".

(Ayes.)

MS. RODHAM: All those opposed?

(No response.)

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receipt date of October 12th. Those projects will then be examined; they will go through a public hearing process which will take us on approaching the end of this year, which happens to be, fortunately, the time that we'll really begin to get results -- not the final results -- but raw data at least from the delivery service projects, -- the delivery system study.

I would hope that as the staff approaches the question of what expansion projects to fund, they will do so keeping in mind the results of that delivery system study, as they are received so that we don't find ourselves in the position of having funded an expansion project in December of 1979 and trying to find some way to unfund that and go to something else in December of 1980.

I would just hope that-- and if that means 30, 60 or even 90 days delay in making final decisions on expansion out of the $22 million that we have set aside, I'd be willing to brook that 30 to 90 day delay so that we don't have to go through these painful decisions of across-the-board cut backs or defunding a year from now. Because I suggest to you that our credibility in many places, including the Congress of the United States, is going to depend upon whether we pay attention to that delivery system study or whether we ignore it the way the OEO did.

MR. ORTIQUE: I agree with that. I think we going to

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-- the staff certainly has to not close its eyes to information that comes to it.

The other thing, as an appendage to that, and I don't think we need this as a motion either, but I would hope that in view of the action that we took with reference to the Native Americans that the staff would move with great dispatch in getting those monies out at the level that they are authorized to be funded, as quickly as it is humanly possible to do so.

I think that even if they did make the agreement, as you have indicated, that we should not penalize them further by failing to give them priority in getting their monies out to them, realizing that they've been a year. If they made a bad decision, they gambled, they lost -- but I don't think that we --

MR. LYONS: I can tell you Judge Ortique, that once this issue has been resolved, that this corporation has never had a better plan and better executed expansion efforts than it has had since Bucky Eskew (phonetic) is helping me manage that effort and we are able to get that money out expeditiously. We have the benefit of a year's experience and we're using that experience and we are using that experience to get that money out as soon as we possibly can.

MS. RODHAM: Are there any other questions before we move on to the status of the fiscal 1981 budget?

Ms. Esquer? You're chairing Mr. Engelberg's --

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MS. RODHAM: Are there any other questions before we move on to the status of the fiscal 1981 budget?

Ms. Esquer? You're chairing Mr. Engelberg's --

MS. ESQUER: It's a fast rotating chair.

I think that we're ready to go into the 1981 budget request. Would it be -- would it just expedite things if I just present a motion to accept that recommendation or should we have some discussion first?

MS. RODHAM: Let's have a little discussion.

MS. ESQUER: Just an overview from the staff on what the 1981 figure looks like and what is proposed for 1981.

MS. RIGGS: May I ask a quick point of information. Do all of the board members have copies of the staff recommendations? I tried to make sure everyone had them last night.

MR. SACKS: I just got one.

MS. RIGGS: Sorry. Well, I guess the best thing to do is briefly summarize what the staff has done and present it to you. Last night when we did that same thing some of the members of the committee asked specific questions which we are prepared to discuss at whatever length you want today.

It may be useful to explain what has to happen at this point. By October 15th the corporation must give to the Office of Management and Budget, for the purposes of their time table and for printing in the president's budget, a mark, a total number of the appropriation we intend to request from Congress in 1981. That's all it has to be, the total number. That's all you have to do today or I suppose you could defer that to some point before October 15th, but I'm not sure how.

MS. ESQUER: It's a fast rotating chair.

I think that we're ready to go into the 1981 budget request. Would it be -- would it just expedite things if I just present a motion to accept that recommendation or should we have some discussion first?

MS. ROUYAN: Let's have a little discussion.

MS. ESQUER: Just an overview from the staff on what the 1981 figure looks like and what is proposed for 1981.

MS. RIGGS: May I ask a quick point of information. Do all of the board members have copies of the staff recommendations? I tried to make sure everyone had them last night.

MR. SACKS: I just got one.

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The staff has a recommendation of $352,792,000. That was not casually derived. A great deal of work has been done by the staff over several months and extensive consultations in the field examining all the kinds of things that might be done at the point of completion of minimum access and recognizing, one, the political realities of a tight budget year, or taking those into consideration; and two, taking into consideration the need for complicated and probably long-term work to look for alternatives to minimum access that might involve new funding approaches in the future.

In that context, what we proposed is a budget that seeks to, at some effort, to maintain existing programs at their present levels with some inflation adjustments and some efforts at the margins to improve quality and productivity.

To address some of the most pressing needs that have been identified by 1007-H, that can only be addressed with new money. Some of them can be addressed with existing money. And to provide some capacity and hopefully some Congressional buy-in to our planning and future directions.

That's what the budget before you is. It involves an eight percent cost-of-living adjustment to all field programs. For the purposes of setting them up, it involves an eight percent upward adjustment of direct expense budget for the corporation, although we would be presenting to you by December a specific budget items within the total direct

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expense which we would not expect it to be eight percent in all cases. It may be more or less in particular areas. It could come in below that total, but would certainly not exceed it.

A budget item of $9.7 million to begin service delivery to institutionalize -- to work on service delivery to institutionalized persons. Those are the people who are not included in the minimum access formula in any way. We did not count them; we did not take them into consideration in allocating funds. The 1007-H study across lines has shown that this is a particular group of persons for whom little service can be provided within the minimum access formula. We would propose money to begin to address that, not in the formula way, but in a very targetive way.

Support divided into three categories, and a total amount of slightly over $11 million, that money is needed for two broad purposes: one, to meet the support needs within the minimum access program; the needs that are generated by expansion, by new programs, by new staff attorneys, new clients for who state and federal level representation needs to be provided, as well as implementation of some of the specific recommendations for 1007-H for those support activities for the groups in question.

The breakdown which involves some particular analysis, but which we would assume is subject to further refinement, is $3.9 million for training activities; $2.5 million for national

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support activities; and $4-3/4 million for state support activities. Much of that -- the specific plans for the use of that money will come out of activities that are in the planning processes that are now underway within the corporation and within the Office of Program Support and within also all states.

A million dollars for delivery research and planning. There were a range of issues that we, the corporation and Legal Services community, have to look at in terms of the future. They involve better ways to deliver our services to clients; they involve issues that affect long-term funding and policy issues. For example, we are going to be confronted with the question of dealing with the 1980 census figures, with dealing with the question of real need for Legal Services. That's not an easy issue. It's one that's going to take a lot of research and work to define not only funding formulas for the corporation if that's the approach that we would take, but also ways in which local programs define their own priorities or clients. We can spend a range of research on it. I just thought we might include them on the agenda.

We do think it is important to try to articulate the need to do this work to Congress and to try to get them brought into that effort, which is one of the reasons for asking for a specific budget item for it.

Four million dollars for technological improvements of mobile service delivery. We are doing a lot of work for the

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Research Institute in the QUIP projects and in the process of trying to convert the Poverty Law Reporter activities which has given a lot of information and evidence of the need and the practicality of exploring and developing capacities of Legal Services for computerized activities that go both toward the delivery of legal services and to the administration of the programs and we could discuss those in detail.

It will take more money to put the system into place; it will take more money to maintain the system if we do put it into place.

Finally, we suggest or recommend a $2.8 million item which essentially is the one percent cost-of-service-adjustment that we will not be giving to programs in 1980. We propose six percent; we're only going to be able to get five percent. We are proposing the use of one percent one-time money for an additional across-the-board adjustment, but it's important to understand that that is money that will not be available in the future unless we got the additional money and that very strong efforts will be made to try to encourage programs not to commit that in a way that's going to get them in trouble by annualizing money they won't have past next year. So this is the one percent annualized that will not be available in 1980.

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point. You also have a proposal from the PAG Steering Committee which is slightly over $400 million and which includes most of these items, although in some cases at higher levels and some additional items.

MR. SACKS: That's what I wanted to ask about. It seems to me that you're saying -- what you're saying to us is the thing we really need to do today is to set the benchmark figure. I'd like to ask you, I've read over the PAG proposal and there are obviously many very good and very important things in there, you must have known about this before you established the 352.

MS. RIGGS: Oh, indeed. We've been through lengthy discussions in terms of that figure.

MR. SACKS: Will you tell us in some detail, please, why we should go for your figure -- the 352 -- rather than the 403? I assume that represents something of a judgment as to what we can expect in Congress. We don't want to come in too high; we don't want to come in too low. Why do you think 352 is better than 403?

MS. RIGGS: I can do it that way if you want or if you'd rather have the PAG people explain what their proposal is and --

MR. SACKS: I'm sure they will, but I'd be interested in the staff's views on that since you considered it.

MS. RIGGS: Well, it's basically a matter of priority

point. You have a proposal from the PAC Steering Committee which is slightly over $400 million and which includes three or three items, although in some cases at higher levels and some additional items.

MR. BACON: That's what I wanted to ask about. It seems to me that you're saying -- what you're saying to us is that they would really need to do today is to put the benchmark figure. I'd like to ask you, I've read over the PAC proposal and there are obviously many very good and very important things in there, you must have known about this before you submitted the 352.

MS. ROSS: Oh, indeed. We've been through literally hundreds of that figure.

MR. BACON: Will you tell me in some detail, please, why we should go for your figure -- the 352 -- rather than the 402? I assume that represents somebody's judgment as to what we can expect in Congress. We don't want to come in too high; we don't want to come in too low. Why do you think 352 is better than 402?

MS. ROSS: I can do it that way if you want or I'd you'd rather have the PAC people explain what their proposal is now --

MR. BACON: I'm sure they will, but I'd be interested in this master's views on that since you considered it.

MS. ROSS: Well, it's basically a matter of priority

-- a combination of some priorities and some judgment about -- we discussed the difficult question of trying to balance, trying to meet your responsibility to advocate what is really needed and what is essential in a tight budget year with some best judgment about how far you can go, not in terms of what Congress will buy, but how much you can ask for and maintain your credibility.

We certainly don't think -- personally if I came to you with this proposal about what I thought we could absolutely sell Congress on, it would probably be $300 million, but I think we have a good case to make and we can make it.

To some extent it involves differences in levels. The PAG proposal is -- and they can explain in more detail with regard to cost-of-living -- a cost-of-living that is eight percent for personnel items and 13 percent for non-personnel items. That represents a different approach than we have taken to requesting inflation adjustments to Congress. It is -- does, in fact, represent more graphically the actual impact of inflation. It still is less than the actual impact of inflation.

It's our judgment that this year when requests for inflation adjustments are going to be difficult to justify under any circumstances, not difficult in terms of -- in real terms, but difficult in terms of the reality of the Congressional appropriations process, that we're better -- we can make a better case with a straight across-the-board 8 percent infla-

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tion adjustment that relates to the adjustments that the president is requesting in the federal salary guidelines and relates to wage and price guidelines. Of course, we're making a guess for a year from now. Last year we made a guess when we thought the President was going to be talking about 5.5 percent and now he's talking about seven percent for federal salary increases. That's one of the problems -- we're always behind.

But that's one difference in proposals. The PAG proposal is for $18 million for institutionalized persons. Our proposal is $9.7. You could really put that number almost anywhere you want to. One way to calculate it is at a dollar per poor person and allocate it that way. We don't think that makes a lot of sense programmatically or politically; that it needs very targeted activity. There's no question you could spend $18 million; you could spend $20 million; you could spend $5 million. Our estimate was that the amount of money we came in with, based on the number of institutionalized persons, the availability of other resources, the capcity of programs, to begin to do some of this work, that we could effectively administer $9.7 million.

The national state support and training items, the PAG position is slightly below ours and I think that they could speak to it more than I can, but I think it may reflect simply more specific refinement of our figures, the figures that we have done; whereas, this was a general proposal.

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Their proposal for half a million for a legal need study is part of what we request -- I mean it is another approach to what we talk about in a broader context of delivery, research and planning at a million dollar level. One of the things that we would be looking at, looking at carefully and looking at the work that's already been done in this area, is whether there is the issue of legal needs of poor people.

The other items in the PAG proposal, $30 million for salary comparability -- well, $30 million for salary comparability is essentially additional money for existing programs that the steering committee proposes to get salaries comparable, as I understand it, though not all the way, to Attorney General salary level. The question of --

MR. BRADLEY: Attorney General staff salaries.

MS. RIGGS: That's what I mean, the Attorney General offices; not that everybody in the Legal Services program will be funded at the Attorney General. I hope that's not right.

MS. RODHAM: The Attorney General in Arkansas used to make $6,000.

MS. RIGGS: Well, with some discretion perhaps about when you apply it.

MS. RODHAM: Leaving outside attorneys --

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an inflation adjustment will go to a large extent to deal with the salary problem, but that's only saying, to a large extent, staying even with where they are now and not improving comparability.

There are some, I suppose, some complicated questions involved in the question of how far you go to comparability and at what point you start looking at competing needs. Some of that went into the staff consideration of that issue. It also was a question of, again, how much you can ask for this year. Others, I think, maybe can address that more specifically.

Implementation of the cost variation study at $4 million. Buck Hennigen is most familiar with that and can address it in detail. To some extent there were problems with the cost variation study. It's one of a number of items that needs to be taken into consideration in dealing with more realistic funding approaches in the future. To some extent it's not unlike the question of dealing with the Native American issue or any other particular one that you might want to pick. It's part of a bigger picture and our sense is that we have to approach that in a comprehensive way, taking into consideration the information we have from cost variation, but that's only one small piece of a large package that has to be put together before you can make equitable adjustments.

The $6 million rural operating cost adjustment, again, goes to the same issue. It's part of a bigger package that we

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The client involvement item of $4 million is an item that I think the steering committee and the clinet's council can speak to more specifically. We have only a general sense of what's in that item. Certainly, the use of a budget at any level, whether it's $300 million $5400 or $250, has to be client involvement, both in training activities of local programs and the activities of the corporation.

MR. McCALPIN: Can you address the questions I asked yesterday without my having to ask them again?

MS. RIGGS: Sure, let me get my notes.

You asked about five specific items in the corporation -- in the staff proposal: one -- let me just make sure that I understand what they are and then we can go back and specific people can do them.

One is the institutionalized population and how does that break down among particular institutionalized groups; two is support items, and more specifically, how those items will go to implement the 1007-H study program; three was the delivery research items and how that would be coordinated with -- if we really looked at the work all the other people are doing in this area and what we propose to do and if it would be different and how would it be coordinated, I think was the sense of

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your question. The technological improvements, you expressed a particular concern about, whether or not that was really cost effective and whether we really ought to go in that direction. And five, you asked us to explain the one percent adjustment in light of the one-time, which if I didn't do before, we can come back and do again.

MR. McCALPIN: Right, that's essentially what I asked.

MS. RIGGS: Yes. We can go through those or -- is that the way you want to do it?

MS. RODHAM: Why don't we answer them.

MR. McCALPIN: If -- you know, not in any great length.

MS. RIGGS: Okay. Alan Hauseman, who is responsible for the 1007-H study, where the needs of the institutionalized population were identified, can answer the specific question on the institutionalized persons and then can also talk about the 1007-H support questions. I think if he's in the audience --

MR. McCALPIN: Briefly.

MR. HAUSEMAN: Right here.

MS. RODHAM: Oh.

(Laughter.)

MR. McCALPIN: Just briefly.

MR. HAUSEMAN: I was complimented yesterday on how brief I was. I'm going to be briefer today.

The institutionalized population as of 1976 data on nursing homes and 1978 data on corrections is as follows:

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nursing home residents, 1,293,285; mental health facilities -- that's people who are mentally ill and mentally retarded, 250,500; prisoners, federal and state, 280,398; and juveniles in juvenile detention facilities, 33,758.

If you price that out on a minimum access 776 basis -- $7.76, which I think is the correct figure -- the total amount of money for that is, for those population estimates, roughly $5,900,000 -- I'm sorry, $15,900,000. I can break that down if you wish.

MR. McCALPIN: Let me just say I was asked a question and I lost the count. You gave us four sets of figures --

MR. HAUSEMAN: Yes.

MR. McCALPIN: -- which is fine. Then you say the cost of providing that service is --

MR. HAUSEMAN: No, no, no. I'm just -- I was -- strike that. No, those are the population figures.

MR. McCALPIN: No, I'm satisfied that those are the people whom you are proposing to serve at $9.7 million.

MR. HAUSEMAN: Yes, begin to serve.

MR. McCALPIN: Okay. All right. That satisfies me. Now, let's talk about 1007-H -- how support implements 1007.

MR. KUTAK: And by the way, Bill, just so we don't lose the nuance of Alan when he said "begin to support". That figure that he must have used for incarcerated prisoners had to be only on a state level because --

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MR. KUTAK: And by the way, Bill, just so we don't lose the nuance of Alan when he said "begin to support". That figure that he must have used for incarcerated prisoners had to be only on a state level because --

MR. McCALPIN: He said state and federal.

MR. KUTAK: It couldn't have been local because there must be a million people in jail at any one time.

MR. HAUSEMAN: Yes, that -- it is not pretrial detaining. It is --

MR. KUTAK: No, I'm not talking about pretrial detaining. I mean people in the local jails. In the parishes of New Orleans and in the counties of Nebraska. Much more than the state penitentiaries.

MS. RODHAM: But we're also making clear that we're only providing civil legal assistance.

MR. KUTAK: Exactly.

MS. HAUSEMAN: Yes, absolutely.

MR. KUTAK: Exactly.

MS. HAUSEMAN: I could talk more about the institutionalized if you want questions. That would go on the 1007-H.

1007-H, as you remember, has two phases. The first phase is the Congressionally mandated group of veterans, Native Americans, migrant, rural and people with limited English-speaking abilities. There are specific proposals in each of those sections that are documented in the report that we prepared, both the Operation and Provisions committees, which talk about training and support for those groups of people, each of those. I can go through specifically if you wish, but, for example,

DR. McCALLUM: He said state and federal.

MR. KUTAK: It couldn't have been local because there must be a million people in jail at any one time.

MR. HAUSEMAN: Yes, that -- it is not pretrial detaining. It is --

MR. KUTAK: No, I'm not talking about pretrial detaining. I mean people in the local jails. In the parishes of New Orleans and in the counties of Nebraska. Much more than the state penitentiaries.

MR. DOFFAN: But we're also making clear that we're only providing civil legal assistance.

MR. KUTAK: Exactly.

MR. HAUSEMAN: Yes, absolutely.

MR. KUTAK: Exactly.

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we are not doing adequate support and training for our programs in rural areas. The 1007-H requests the development of a support capacity and training with regard to veterans. 1007-H talks in terms of additional support and training and manuals with regard to Native Americans. 1007-H talks in terms of continuing and expanding the support and training and materials with regard to migrants, and as I said, with regard to rural, it involves first the development of rural issues which we have not done in the past; secondly, the development of effective training programs around rural substantive issues; and thirdly, the development of a national and a state support capacity to deal with these problems.

In addition, Phase Two of 1007-H is addressing the elderly and the handicapped. We are not yet complete with that but we have almost finished completing the data and expect to have a report completed and for board consideration sometime in the fall.

The elderly and handicapped pose two -- or several major additional support training needs. We are today -- we have funded National Senior Citizens Law Center and a number of support centers do do some work on the elderly, but there are huge gaps in the support services going to the elderly. Secondly, with regard to handicapped, we do no support efforts at all with regard to the mentally handicapped; we do no support at all with regard to physically handicapped; we do no

port it all with regard to physically handicapped; we do not support it all with regard to the mentally handicapped; we do not support efforts generally, with regard to handicapped, we do so support efforts that are made in the support services going to the elderly.

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training with regard to either; we have no developed manuals and materials with regard to either; we have not begun to address the needs of the mentally and physically handicapped. And, as we talked about previously, there is the generic group that cuts across dealing with the institutionalized and likewise, we have not developed, nor support capacity, training or materials with regard to the institutionalized.

All those things --

MR. McCALPIN: Let me ask you this. Is this in the nature of a one-time initial sort of catch-up in areas and that you would expect that the maintenance of that thereafter would cost less than you're talking about here?

MR. HAUSEMAN: Yes, it may well. It is not possible to predict and with the support approach that we are now adopting, which is a targeted support approach, that some of these needs, if addressed during the next several years, could go down in the future. Not all. And I could start getting much more specific. I think that would be a mistake because we're making guesses.

But let me give you one example, just so you understand what I'm talking about. With regard to veterans, we have made a recommendation, 1007-H, that we have available capacity to handle military up-grade discharge procedures before the military boards of appeals. Big deal. There's four that deal with up-grade discharges. That problem will not last longer

with appropriate deterrence. That problem will not last longer
than necessary. Did that. There's four that deal

two more years essentially and I would obviously not set up a -- you know, we would not fund a support capacity that would go on in the future to address that problem. That problem is addressed by training, by manuals, by some limited supporting capacity that's funded on a two or three year one-time basis to deal with that problem.

All of those things are -- you can fine tune it, but that's an illustration of one that would not go on.

With regard to, for example, veterans benefits, on the other hand, that's an ongoing issue and it may become a major issue if judicial review of veterans benefits is provided by Congress, which who knows. But it is clearly a need that has not been adequately addressed and that would require an ongoing support capacity.

So you have to look very carefully and very specifically to get at that. Some of the money we've asked for support which Bea Molten can address much better than I, of course, deals with manuals and training. There will be some ongoing maintenance of manuals, but the initial development of manuals is the major cost and the maintenance is far less. And with regard to training, there are some ongoing -- there is some training needs that are immediate now, but they will change over time and this budget item will change over time.

So what we are talking about is not necessarily a figure that will not change over time. It may well. That --

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I could -- that's the sort of 1007-H rationale and approach that we're talking about here.

MS. RIGGS: There are, I think, several other items that ought to be made with regard to these support recommendations. One is that it is not only 1007-H. Part of -- we are experiencing an actual reduction in the amount of training that can be done this year, a severe reduction in the amount of money available for local training grants. Part of the basis for this figure is essentially getting back on track in the training area. We are going to be putting in place new attorneys all over the country in new expansion programs and there's increasing demand for training.

There will be the movement of more client board members and more client board composition in these programs throughout the country. Those client board members under our plans will have to be trained. That will take more money. So that it is not all related to 1007-H.

Similarly, the Office of Field Services is now funding out of '79 money a planning process in each state that involves all the Legal Services programs in that state, designed for developing a coordinated and comprehensive state support approach within each state. One essential element of that is planning for the better utilization of resources that are already within a state to do things at a state level. But part of it, obviously, will also take new money if you're going to begin to

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implement those plans.

It's important to emphasize -- we always think of support as something that's sitting off away from client service. A lot of this is direct client service. A lot of the work that state support entities do, a lot of the work that national support entities do is direct client service. The rest of it is related to and directly affects the ability of local Legal Services people to more effectively deliver client service.

Last week I was in Vermont as part of this 1007-H study talking with a number of Legal Services attorneys that are specially funded through extra money the program has got to serve the elderly. Time and time again, what I heard was we know there are problems there. There are issues that I can't begin to address for my client because I don't know how to do it. I don't have the confidence to take on something that is that complex. That's the kind of thing that we're trying to address in support areas.

MS. RODHAM: Bob Kutak?

MR. KUTAK: Madame Chairman, I really have two observations with respect to the justification lying behind the proposed mark made by our professional staff. Number one, perhaps it is obvious, but I really want to be on record applauding the integration of the results of our 1007-H study in our future planning. Everyone here, around the table that I know, knows of my concern about what was to be done with it besides simply

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We took the first step with the keen recitation of how it is being implemented, but beyond that so much of the other study needs to be implemented and certainly is beyond our present financial capacity to do. I think continually drawing upon it would not only make it a viable document, but I think will certainly be the best evidence we have perhaps outside of the alternative delivery system study, of the vast needs out there that we need to document, which moves me really to the second of the observations, Madame Chairman.

I notice in Item D the suggestion is to allocate some money to deal with the results of a 1980 study and I couldn't help thinking, as Ms. Riggs was going through this, whether or not there could be any capacity, and therefore, any resource to equip the census people to find for us the kind of information we might need as a process of their census taking.

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MR. BRADLEY: I think it's too late.

MR. KUTAK: Oh, is it too late?

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MR. KOTAK: Oh, is it too late?

MR. HAUSEMAN: Some issues are too late; some aren't.

MR. KUTAK: I know that we are continually haunted by the definition of poverty.

MR. HAUSEMAN: That's not too late.

MR. KUTAK: And we are continually frustrated by certain identifications. That sounds funny, but it's meant quite seriously. We're haunted by the -- even the criteria by which one could develop a working frame of reference.

I just wondered whether or not -- frankly, it had not occurred to me until I read this proposal -- that aren't we missing a bet, in that perhaps doing some research, extrapolated from the 1007-H studies or indeed the studies by the alternative delivery systems project that could give us a set of questions that we might appropriately see whether or not the census bureau would be able to accept in order to obtain even further answers or refinements to answers that we might need to help us justify the appropriations and indeed the purpose of this appropriation.

MR. HAUSEMAN: Bob, if I might interrupt, we have started a series of work and meetings which precisely ask those questions around the census. There are a number of issues that aren't resolved yet around the census -- the actual questions being asked aren't resolved yet and a number of other things.

But we now, since none of the data is not resolved, the question of the under count and adjusting for the under

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MR. BRADLEY: I think that whatever money could be spent there, Madame Chairman, I think could be leveraged tremendously with respect to impact on our constituents.

MS. RODHAM: Mr. McCalpin had three more questions.

MR. SINGSEN: I think this is a natural lead into the next question. As to the one million delivery, research and planning item, the specific question I believe you asked had to do with coordination with other agencies and organizations interested in similar agendas, like the legal needs agenda. There's been some preliminary work done in terms of how we might approach that area.

MR. McCALPIN: The controller thing lasted four years.

MR. SINGSEN: That's right. And the answer to your question supposedly is yes. We will be exploring relationships with ABA, ABF, Justice Department, others interested in the provision of civil legal services as well as, of course, the whole pre-pay Legal Services area, all of which are involved in one way or another in the question of legal need.

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How we will approach it is the subject of work we've already talked about, of course. For example, back at Early House (phonetic), the range of questions is much broader than needs; it deals with census; it deals with roles; it deals with the operating elements of the budget that we talked about some in the Native American discussion. Those are questions we're going to be inquiring into not starting in 1981, but right now. We're going to be working on them in '80 and this budget is to give us a very limited capacity to do explicit work further in 1981 to get answers that we are not able to develop during '80.

MR. HAUSEMAN: Also, let me just add that the focus on some of this work will be in the real problems of delivery faced by our programs, not theoretical problems. We will address three -- we will be approaching a sort of three-step process. First, information collection about what's going on; secondly, analyzing the approaches we have used and what the effects of those approaches on advocacy for the poor are; and third, some kind of experimentation and evaluation of new approaches that we want to test out.

For example, in rural delivery -- I am not -- let me make it clear, I am not talking about whole delivery systems like JUDICARE (phonetic), etcetera; I am talking about problems that we face in our programs today. For example, rural delivery has been handled traditionally in our programs through circuit riding, but we have never analyzed the effects of

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circuit riding, whether it's a workable system and whether there are more negative consequences to circuit riding and positive, both in terms of our staff and in terms of delivery of legal services.

There are a number of new efforts that are beginning. One of the most interesting is something that George is doing which they call the "Blitz" where they go in a community where they don't have an office and they spend -- after a huge amount of publicity -- they spend a great deal of time talking and interviewing large numbers of poor people. Out of that, they generate a number of issues and they continue to work on them for over a year. What needs to be done is to look at those approaches and to analyze them carefully and come to some conclusions about them and to develop new approaches to improve our delivery system. We're not talking about pie-in-the-sky research and we are not talking about the kinds of things that other delivery research outside of the corporation is doing.

One final point on the coordination effort. I meet regularly periodically and I read everything that is being produced by the American Bar Foundation. I am involved with the --

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MS. SHUMP: Which means a reduction in paper, I hope.

(Laughter.)

MS. RODHAM: Ellen lives in paper.

All right, technological developments.

MR. SINGSEN: The fourth question had to do with technological improvements and let me ask Alan to address that, since it's working out well.

MR. McCALPIN: This is the one as to which I had the greatest reservations.

MR. HAUSEMAN: Let me make three points on this. What we are seeking to establish is a comprehensive but cost efficient system in each Legal Services program, not at the corporation, that would perform a number of functions. These functions include a comprehensive pleaing and refile, litigation support and review, some computerized training programs, management information for local program purposes, accounting systems, and legal research.

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Secondly, what we're talking about is improving the quality of Legal Services delivery that local programs get. I don't think we should undertake to develop the capacity of local programs to do that unless it would -- it was, in fact, shown to improve the advocacy on behalf of the poor people.

Third, you should realize that local programs are already beginning to purchase such systems and they are beginning to do this without the available information, without the ability that we could have on the national level to negotiate a least costly system and without the funding necessary to establish the type of a comprehensive system that's possible.

Fourth, I would say we have the knowledge now to make some judgment on which we can plan during '80 and be prepared to act during '81. That knowledge comes out of the QUIP experiments and it comes out by some other work that we're doing at the Research Institute and at Field Services. I will assure you that we should not begin to implement anything until we have reviewed the QUIP experiments which will be completed in time for implementation in fiscal '81, until we have analyzed additional technological developments, and until we have explored all the strengths and weaknesses of the various systems and the experiences in both the private and the public sector with regard not only to legal research, but other computerized systems.

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seems far removed from reality, and in fact, programs are beginning to implement a number of these systems without the necessary information and the financing to develop what would, in fact be an effective comprehensive system. That is what this item is meant to address. My own judgment is that it will cost somewhere between, at this second in time, probably $8-$10 million to ultimately implement such a system. We propose a $4 million approach in '81. I hope that most of this would be capital cost and that it would go down in terms of the total amount of money. There will be some continuing maintenance, of course, but the budget item, at least in my judgment, is a very small item.

I should say what we're talking about right now is a mark to Congress and it's clear to me that we can, at this point, defend, based on the QUIP experiment, the need for such a system and the cost efficiency of such a system within the context of Legal Services programs. But further work this year may lead us to some different conclusions and we are prepared at that point to revise our thinking about which direction we should take.

MR. McCALPIN: I come from a 50-man law firm and it isn't cost effective with us and we don't have all that many 50-man Legal Service programs. I don't think it's realistic. I don't think you can make it --

MR. HAUSEMAN: We're not necessarily talking -- let me

say something else. We're not necessarily -- what we're --

MR. McCALPIN: Furthermore, you're going to increase your operating costs in the programs enormously.

MR. HAUSEMAN: We have -- the QUIP experiments, which are being conducted in a variety of different settings -- one of them on a statewise basis; on regional basis -- they are showing, at least so far, that within that context, in the real needs and cost of our programs, where you may have small offices spread throughout a state, with one centralized system operating in one central office, so far from the evaluations we have done on those QUIP projects have demonstrated that this system is cost effective; that we are doing far more work than we were doing without it and it would cost much more to set up a different system that would provide those attorneys with the materials and the capacity that this system is providing. That's what we're talking about. We're talking about in a public sector; we're talking about in a Legal Services context.

I think it's absolutely essential that before moving to implement anything, we thoroughly explore the experience in the private sector. I absolutely agree with you. I'm just saying the experience so far that we have in Legal Services, and we are testing out the JURIS SYSTEM, WESLAW AND LEXIS (phonetic). I might add JURIS and WESLAW are far less expensive than Lexis. JURIS and WESLAW can be used on a normal computer system; they do not require their own computer system. Juris,

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in fact, may be -- we may be able to get because it's a government system at a much, much reduced cost and that is not available to the private sector.

I think that your hesitations and doubts are important. We should not move to implement anything until we are very sure of the cost effectiveness of this within a Legal Services context.

MR. SINGSEN: Let me --

MS. RODHAM: Yes, Gerry.

MR. SINGSEN: If I might mention two very quick things relating to this and then move to the fifth of Mr. McCalpin's questions. Certainly in a 50-man law firm you have a very large and well developed library. In many of our two-person rural offices we have little or no federal library. The use of a LEXIS terminal throughout a program as an attempt to provide that library in a different fashion is one of the things that's being tested.

Another that's being tested has to do with the use of a central state support unit LEXIS as a tool in working with the offices throughout the state on more sophisticated problems where they need the state support resource. So that the use is not always the same as the one that might be appearing in a single law firm located in one place with a lot of senior partners present with more experience than most of our local offices have.

MR. McCALPIN: I was not limiting my remarks to legal research. I'm talking about the other programs on an in-house computer, whether it's in-house or in-program.

MR. SINGSEN: Your last question was whether the recovery of one percent inflation adjustment not given in 1980 was being done twice. I'll try not to get the one percents confused, but there are a couple of them here.

In 1980 we're giving a five percent out of the annualized funds cost of service and a one-time one percent. We're proposing in 1981 to have funds in our budget to make that one percent annualized the way the first five percent already is. So that instead the effect would be, if we get this, as if we were able to give a six percent annualized in 1980. We're not adding it twice; we're just spending it one time in '80 and then putting it in so that we have it for the future after that.

It's quite possible that we ought to be asking for two percent. The one percent recovery plus one percent so that we can go to the federal pay raise level of seven percent, which will be effective October 1, 1979 based on the President's move from 5.5 to seven. Because of our funding cycle compared to the federal pay raise cycle, our guess a year ago has left us one percent behind the federal pay raise move, which is by the way, denominated by the federal government a comparability move so that we are losing a percent on comparability even with the six percent level.

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For 1981 we're proposing eight percent level, which is our best estimate of what the federal pay raise and general economy level will require simply to stay even. The PAG will tell you on the non-personnel side of the budget they have serious doubts that that's even sufficient -- our figure's based on the personnel side.

MS. RODHAM: Okay, before we move to the presentation of the PAG proposal, are there additional questions? Mr. Sacks?

MR. SACKS: Yes. I'm very distressed about the fact that there's nothing in this budget for addition -- as far as I can see, for additional staff in the field to provide legal services. Now, I'm well aware of the fact that support makes -- gives you a bigger bang for the buck and the same is true of training and that you've got to have a cost-of-living to keep your staff, but we're not providing any additional people -- other than service to institutionalized. That distresses me because from what I've seen from a few visits to field offices in New England -- and I've learned an awful lot by visiting offices -- the main thing that they need most is additional people to do the work.

You walk in there and they give you a chapter and verse on what they could do if they just had an additional lawyer or paralegal. Now, my concer is heightened by the fact that we're going to get this BSS study in hopefully in three or four months and it may indicate that we ought to be

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MR. SACHS: Yes. I'm very distressed about the fact that there's nothing in this budget for additions -- as far as I can see, for additional staff in the field to provide legal services. Now, I'm well aware of the fact that support makes -- gives you a bigger bang for the buck and the same is true of training and that you've got to have a cost-of-living to keep your staff, but we're not providing any additional people -- other than service to institutionalized. That distresses me because from what I've seen from a few visits to field offices in New England -- and I've learned an awful lot by visiting offices -- the main thing that they need most is additional people to do the work.

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So I'm terribly unhappy about that and I'm sure you've got a good explanation. Let me give you one more item of unhappiness. In your -- in our 1980 budget request there was $14 million for special needs. Maybe -- I would guess that some of that must have been the special needs program administered by the region where they can give you a litigator or a special unit do this or that. I don't see the $14 million in this budget. So help me with my distress.

MR. KUTAK: Wouldn't that be in the $300 million?

MR. SINGSEN: The ones we have already done are in the $300 million. We are not proposing additional funds to do more specially targeted added staff of the kind that Mr. Sacks is proposing.

I guess I've got a couple of pieces of answers. One of them is that I think we place a higher priority on keeping the staff we already have than on adding staff, which is why the cost of service is there, both in terms of the '81 proposal and the one percent recovery.

Second, several items, including the institutionalized that you mention, do, in fact, add service providers. The

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whole support agenda effectively is adding some service providers. As Alan has already mentioned, both in state and national support level, those are service providers by and large. To the degree that their work is support provided to local service providers, we're either increasing efficiency or quality in the local service provision. That's the purpose of the activity. Certainly the purpose of the training activity. So that while it is not putting another staff person on the line, it is increasing the capacity of the existing staff person and I think cost effectively compared to putting an untrained, unsupported new staff person on the line.

MR. BRADLEY: But also, if I can speak concrete with that concern of yours, Howard, the reason we have the number of attorneys that we have today, for better or for worse, we got to that point because of this minimum access argument that we presented to Congress of two lawyers to every 10,000 poor persons. The major discretion that many of us have had in the last few weeks is what happens after minimum access?

One of the reasons that we suggested the million dollars and possibly a year's period of time is to give us an opportunity to analyze all the information that we have from the 1007-H, from the DSS studies, all the information that we've had since 1965, analyze it and see what is the strategy. The basic inventive ways is a budget strategy that we can present to Congress. If we go back right now and just simply say oh,

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last year you funded us two lawyers for 10,000; this year we'd like to have another half a lawyer for the 10,000, which will cost out at $53,000 per attorney. It's probably not too credible in that kind of a presentation to Congress and I'm not sure that we can move that quickly from minimum access that was completed in '80 to one more new staff attorney in the 335 programs that we fund without going through at least probably a period of one year, analyzing, debating and discussing, focusing in on the approach that we would make to Congress that would, in fact, put more staff attorneys out in every community in America.

MR. SACKS: How did you justify the $14 million in special nbeds?

MR. SINGSEN: We actually, of course, had a budget request that was considerably beyond that and when the budget reality of 270 was realized, cut back that amount a great deal, melted a number of pots together to create the final amount that was available.

MR. SACKS: Which was seven million?

MR. SINGSEN: Which was seven million. I think the answer is very much in the heart of your question that our feeling was that that was a high priority item to pursue under those budget constraints; that we needed to be able to make moves which related to several of the issues that PAG is proposing that we have separate items for -- comparable salaries, rural delivery. The cost variation study had to be dropped

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My sense is that in '81, given these competing priorities, given what Judy and I have just been trying to figure out and would estimate in the neighborhood of $40 million of the cost of one more lawyer in each office, that we really can't make that proposal to Congress credibly.

MR. SACKS: I'm not suggesting that. What I'm suggesting is the possibility that we now know enough about what goes on in the field that we should be able to tell a credible story to the Congress that we want to make specific improvements here and there and that we want to provide a litigator to the "X" office and a housing specialist to the Rutland, Vermont office so they can help the people in the rural areas get their fair share of community development funds. I could go on and on. And then I turn to my friend, Revius, who's walking out on me, who says, "time waiteth for no man". Right?

MR. ORTIQUE: Right. I'm talking about the same thing that you're talking about. I want to throw in, kick in an extra amount of money to cover those extra lawyers.

MR. SACKS: So, I don't want to go to Congress with the formula of one more lawyer for every office. That's silly. Indeed what I'd like to do is to reward the offices that are making the best use of their money. I'm just wondering out loud whether it would make any sense to add $2.1 million to

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Let me tell you another thing that concerns me. This technological improvements thing, when that gets up on the Hill and when you get up there on the Hill on making this cost of service retroactive, making it -- building it into your base, it ain't gonna fly is my prediction.

MS. RODHAM: Let me add to something that Howard said and also bring in a comment that Mickie Kantor (phonetic) asked me to pass on. One of the questions that we have struggled with, and I guess we will continue to struggle with, but I hope we can make some progress on during 1981 is this whole issue of incentive and reward comparability, making distinctions that are difficult, but deserving among programs, finding ways to reward efficiency. I think that those kinds of considerations, and I know Gerry has given a lot of thought to it in his planning for the future and in the work that he's done, should be taken into account as much as possible in the 1981 budget.

Specifically Mickie feels very strongly that we need to go to salary comparability as soon as possible. That a flat percentage increase for field programs, whatever we set it at, whether it's your suggested eight percent or some higher figure, it's just insufficient; that based on what we know from the cost variation study and based on I guess our experience, some of which may run counter to what we would prefer to think might be the case, particularly with the difficulty in the rural areas,

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we know that there are costs that are significantly higher in certain areas, urban areas, and, of course, Mickie, living in the midst of California is particularly conscious of the cost in California, and that mere, flat across-the-board increases are not sufficient to provide the kind of salary incentives that are needed in those programs just to keep even. We're not talking about improvements; we're not talking about incentives or reward. We're just talking about the status quo.

Any kind of effort that could be made to work in a comparability or indexing factor for the 1981 budget should be considered. Now, that may mean that we still have with this eight percent recommendation --this sort of general eight percent recommendation, enough money. I would hate to see programs receive less than eight percent, but on the other hand I think that if we are going to begin the hard task of comparability or of reward, some programs are going to receive less than perhaps even the minimal kinds of percentage increases that we have provided so far.

I do think that we might look at some of the expansion areas where some of the money has been spent in order to provide higher salaries in areas, knowing based on the experience in Legal Services in the past about the difficulties of attracting attorneys and the decisions were made to go ahead and provide more money for those purposes. So that there are some expansion areas within the last two to three years that are

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paying rather significantly higher salaries than are able to be paid in perhaps the urban northeast or California or some other areas with older programs.

I wanted to raise that and I think that in addition to Mickie's point about the salary, I think the whole issue about incentives and rewards and all the rest is one area that we need to pursue in order to break through the minimum access formula. We do not want a program that has built-in mediocraty. That may be the way to have gotten this program started. It certainly was the way to explain the need to people who may not have understood the need, but I think from this point forward, and I think it should be expressed in the 1981 budget, we have got to start talking about quality, about rewards, about efficiency and effectiveness which ties in with the 1007-H, which ties in with the delivery system study, the cost variation and all these efforts that we've been undertaking for the last several years to reach this point.

I, for one, will be very unhappy if we wait until 1982 to start doing any of this. So I think that much of what a lot of us are saying is that we want to start now with the 1981 budget; we are not satisfied with waiting until 1982. We think the case can be or should be started to be made to those people who review our budgets now about what it is that we are faced with in a real sense, rather than any kind of theoretical speculative one.

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MR. SACKS: Would you go for $2,208,000? That would bring it up to an even 254 -- 354, rather?

MS. RODHAM: Judy?

MS. RIGGS: One minor point. I apologize for -- I had to go and deal with a little child care problem. But one minor point on the technological improvement thing. Although the development of our proposal was totally independent, the GAO is about to make a specific recommendation that we do this.

Without commenting at all on the merits of anybody's particular counts or suggestions because I don't think that's our role here --

MR. SACKS: Why not?

MS. RIGGS: We -- I'm not quite sure how you want to proceed. I think if we can -- all we really need to come out of here today with is a number, which is not easy to derive at without these kinds of discussions; but then a sense of where the board wants to go, either in things that they want to particularly emphasize, things they absolutely think we shouldn't even pursue at all, that we would be developing a specific budget and we would hope that you'd not get that into any of the specific numbers that we have -- you know, 2.8 for this or 1.2 for that because there's a lot more work that needs to be done in terms of refining specific budget figures and balancing off what the board, staff and the field agree are the most important needs. So I'm not sure that we have to go through and

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exercise that pins down every dollar within the total now. That's going to be a painful exercise that we're going to have to do in December and a lot of work that's going to have to be done before that.

MS. RODHAM: I think it would be useful to hear the presentation by the PAG steering committee since they are the other group in addition to the staff which has given a great deal of thought to the budget request for 1981.

One word from Gerry.

MR. SINGSEN: Just a very brief remark, staying away from the substance of comparability and the other items. We can talk about that after the proposal.

In terms of the '81 budget request, though, I want to assure the board that the work that we're going to be doing this fall is precisely to be able to pin down enough about the directions that we can be going in '81 so that the budget request, after you've reviewed it in those directions can speak to them. The problem is we can't do it today because, as you know from having the discussions, there is still a great many questions that we have to resolve.

MS. RODHAM: Well, we still don't even yet officially have our 1980 budget. When the board voted to accept that 1980 budget, it was based on the hope and trust that Congress is going to give us, the amount of money that that budget reflects which is not yet final.

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Mr. Morrison?

MR. MORRISON: The discussion is going in a lot different direction and I'd like to start by bringing us back to something that was said here. The purpose today is to arrive at a mark to go to Congress with. There's a little danger in some of the discussion that we'll lose sight of the forest for the trees and focus on technological improvements and whether that $4 million is a little bit too much.

Most of the comments that have been -- that I've heard from the board so far support, I think, the PAG recommendation of something in the vicinity of $400 million more than they support sticking with the $350 million that has been recommended by the staff. The reason being that you're expressing, as we have expressed to you and as you have seen as you visited programs and the like, is that the $350 million budget that's been proposed to you by the staff just doesn't begin to address some other very pressing needs. It addresses some and leaves others not done.

Our budget at $403 million doesn't address all of the things that have even been expressed. It does not go anywhere beyond some increase in the institutionalized areas to placing more lawyers in the field; something in that direction, but not nearly as much as we would like to see down the road. The reasons for that are practicality and also our own concern with having a credible philosophical base to take a step forward

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I think -- let me just try to develop some general support for our proposal and then go through the individual items and explain to you why they are what they are and why they are credible building blocks that you should see as a basis for supporting our recommended number as the mark to give the Congress.

The first change, the first difference from the corporation I want to focus on is the cost-of-living and not because it's a large difference, but because it's an important philosophical basis for our proposal and it's one we would like to see the board adopt.

The staff has proposed an eight percent cost-of-living across-the-board and we have proposed eight percent on the personnel costs and 13 percent on non-personnel items. The reason for that difference is that the real cost-of-living that's going on right now and that programs have to meet in their uncontrolable costs that they pay is 13 percent. That is the inflation rate.

A failure to fund that inflation rate means losing ground to inflation. In fact, it means losing staff and capacity in offices.

There are political reasons why we must stick to an eight percent figure with respect to personnel costs because we expect that to reflect a national policy with respect to wages. That same philosophy does not need to extend to non-personnel costs and we ought at least to recognize in our

I think -- let me just try to develop more general arguments for one personal and then go through the individual items and explain to you why they are compelling. Just some philosophy seems most useful to ground the more specific things we expect that to motivate a national policy with respect to weapons. That seems

presentation we don't know what Congress ultimately will do, but we ought to reflect in our presentation that we believe that our program should not lose ground to inflation; that when we achieve minimum access, we shouldn't immediately begin receeding from that.

Personnel costs, at least, can be controlled to some extent, although that is fairly difficult and has other costs. Non-personnel costs cannot be controlled. Last year the Financial Criteria Committee did a survey of the kinds of non-personnel costs and the effects of inflation and found that the rate was higher than the actual consumer price index rate as far as inflation.

So we would hope that although the amount of money difference is small between approximately $3.75 million, that you would adopt our approach to the cost-of-living increase.

I think enough has been said with respect to the making annualized the one percent that is being one-time this year. The statement was made that it might not fly in Congress. The fact is that once again the philosophy and the policy and the advocacy of this corporation has been to attain minimum access. We're already losing it in the very year we're theoretically attaining it and there's a strong argument for it.

Perhaps this is the point for me to say that there are considerations about the salability and the credibility of whatever the final mark is and certainly what the budget

reasonable to don't know what Congress ultimately will do, but we ought to reflect in our presentation that we believe that our programs should not be ignored by individuals that make decisions about the viability and the creditability of whatever the final mark is and certainly when the budget

we achieve ultimate success, we shouldn't immediately begin considering ultimate success, we shouldn't immediately begin considering ultimate success, we shouldn't immediately begin considering

presentation looks like.

But it is important that this board keep in mind that it's its role to advocate on behalf of this program and to take to the Hill the kind of panoply of needs and kind of budget that represents that understanding and advocacy. It's for others in the Congress and Executive Branch to argue about balancing the federal budget and other legitimate concerns of the body politic, but that is not the role of the corporation. The role of the corporation is to get out there and lead in this area the fight to have the resources necessary for us in the field to do the job for the clients that need the representation. I think that sometimes has been lost in the past and I think it ought to be kept foremost in mind this year.

Moving on to some of the other specific items. The staff proposed $9.7 million in the area of the institutionalized. We made two changes in that area. One of them being to provide the full amount of resources necessary under a minimum access calculation to give the same level of coverage to the institutionalized.

We are not committing ourselves contrary to the staff on the question of how the best way to approach service to the institutionalized should be done, but we are saying that the amount of resources that other individuals in the society have committed to their service. That is, the minimum access formula should also be committed to the service of institutionalized

persons. That's why our figure is higher and it's higher for another reason that wasn't mentioned -- there are other groups who were not counted in the corporation's funding formula, although they were counted as poor in the 1970 census. The most significant of those being foster children and foster children represent a substantial group who are in need of representation by Legal Services, many of whom are being represented without there being the resources committed to doing that. That's the reason for the $18 million figure in contrast to the staff's $9.7.

We and the staff are at approximately the same place with respect to support and I think a fair amount has been done to cover that point. But let me just say a little bit more. The jury is still out with respect to various aspects of how support is best given. There's a substantial process going on in each state with respect to so-called state support. There is some planning processes beginning with respect to training.

There are disagreements in the field and within the corporation about what the most cost effective way of using these funds are. However, I think that there is a general knowledge that more resources are needed to improve our capacity to deliver the services and that minimum access -- one of the things minimum access did was rush ahead to put two lawyers per 10,000 people in every corner of the country and what fell behind was the support capacity. Now, that support capacity

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may be delivered in the local program; it may be delivered in the state support center; it may mean national advocacy. That question is still open and I think you should not focus on the particular breakdown that the corporation has given you and focus more on the need for additional resources. With that backdrop $10 million is not a large amount or $11 million is not a large amount.

I think -- I would hope that you do explicitly include in the budget document that is prepared, although it really isn't necessary for the decision here, the kind of resources, the half million or million dollars for the future. What the staff has been saying to you is seconded by those of us in PAG that 1981 has to be a year in which we put together in combination with this research and the results of the census a comprehensive funding approach for the 1980's. We have been left somewhat short in 1981 by a failure to do that earlier.

Now that's been some of the things that Hillary has said and that Howard has said. Those things reflect our having finished minimum access without having our next step ready. The fact is we don't have the next step ready and we can't delude ourselves to think we do. But we should specifically be addressing that with both dollars and words in the 1981 budget.

That brings me to salary comparability. Members of the board have already said something about salary comparability. Across-the-board increases don't get us there and we

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can't take the eight percent and sort it out and let some programs fall below minimum access so that some programs can become more comparable.

We have to have these funds. The comparability figure that we computed last year to get even with the average Attorney General staff salaries was $60 million, so what we propose here only goes half the way.

An important element that we included here, though, that you should keep in mind -- it relates a little bit to one of Hillary's comments -- and that is that some programs have made the hard choice in the past to pay comparable or more comparable salaries with the result that they have lost ground in terms of their coverage, their ability to cover clients. Any approach to salary comparability -- and it's one of the reasons that the number is as we propose it -- must take account of that as well because to do otherwise is to reward bad management, rather than good management, and say that if you made a good hard decision in the past you're going to suffer for it now.

MS. RODHAM: Could I ask you to sum up in about two minutes your last points. We've got one board member who needs to leave.

MR. MORRISON: I'm sorry.

MS. RODHAM: No, that's all right. It's a complicated matter.

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MS. RODHAM: No, that's all right. It's a complicated matter.

MR. MORRISON: It's a complicated matter and you've been talking about it for two hours. I will try to sum up very quickly.

The other three itmms that we have in our presentation -- cost variation study. It's one of those studies -- people have come to rely on it; don't put it on the shelf. There are some things wrong with it, but there are definitely some basis for some areas of the country getting increases on basis of it and that ought to happen.

Rural operating costs is a priority that Congress has expressed already. There's a need for it. You did one-seventh of what we estimated the need last year. We suggest that you try to do the rest.

Client involvement -- there needs to be an explicit recognition in the budget of the need to involve clients more completely in two ways: one, support for their involvement in priority settings and policy matters within the programs; and second, development of alternatives with respect to client advocacy, lay advocacy and pro se advocacy. These are areas that really are hardly reflected at all in the current budget. The amount we have here is -- would be a good start in that direction.

You said some things about reward and punishment with respect to funding. I don't think this is the time to have the discussion about that. You're just setting a mark. But

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keep in mind you're funding a program at minimum access, probably at one-tenth or less of the real need, and to start talking about competitive funding and those kinds of questions is a little bit askew at this moment and I think that before you make decisions based on that, that kind of approach, there's much more discussion that has to go on in terms of the real legal needs we're trying to meet.

MS. RODHAM: Okay. Judge Ortique?

MR. ORTIQUE: Thank you very much. There are just two points I'd like to make with reference to the budget and then a comment. One, it seems to me that the PAG makes a very justifiable point in saying that we've got to hitch non-personnel items to the real inflation rate. I think that it's unreal to talk about any amount less than the actual inflation rate because as you do that you then reduce the number of lawyers that you have in your programs. That's where the cut is going to come.

We have no control over what it costs to buy a typewriter, desk, paper, pens, pencils and so forth so I would urge that we give great attention to that.

The second point is I attended the National Clients Council Annual Convention out in San Diego. It was attended by almost a thousand people and there was great participation as there's great anticipation on the part of the National Clients Council to what we're all about. I noticed the largest

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MR. ORTIQUE: Thank you very much. Where are your two points I'd like to make with reference to the Project and then a comment. One, it seems to me that the PAG makes a very justifiable point in saying that we've got to hitch non-personnel items to the real inflation rate. I think that it's unreal to talk about any amount less than the actual inflation rate because as you do that you then reduce the number of lawyers that you have in your programs. That's where the cut is going to come.

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number of Chicanos that I've ever witnessed giving vent to strong feelings about their needs and what has not yet been done in the areas that they are particularly interested in.

I seem to think that every board member has expressed -- or at least yesterday expressed the concern that the National Clients Council was not receiving an amount that could be easily justified. I think we ought to give some consideration to an increase in that.

I would, therefore, suggest and I'm not putting it in the form of a motion because I've got to leave and will not be able to stay and defend my position, but I would strongly suggest that since we're only dealing with a benchmark that we would instruct the staff to re-examine certain areas and to determine whether we are realistically approaching those items and that to the extent that it is realistically supportable that we ought to increase this budget. I wanted to suggest a figure, as I did last year, but I didn't have the supporting data. I'm now throwing that weight on the staff's shoulders to suggest to you that in at least those two areas we are not doing justice to the clients.

Thank you very much, Madame Chairman. I'll see everybody in December.

MS. RODHAM: Okay, have a safe trip, Judge.

Mr. Engelberg?

MR. ENGELBERG: You know, I don't pretend and I don't

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MS. RODHAM: Okay, have a safe trip, Judge.

Mr. Engelberg?

MR. ENGELBERG: You know, I don't pretend and I don't

think that anybody pretends to have any clear ideas as to what the Congress is going to do. My feeling, though, and I think the PAG people and others would agree, that if you have to make projections about what the Congress is going to do, it is inconceivable to me that the $400 million that you're asking for would be appropriate. I mean, we have to take a count of the political reality in which we operate.

Your arguments are very true that the board has to take leadership and so on and so forth. But as part of that leadership, it seems to me, that if we make a budget request in the amount which -- you know, obviously, is totally justifiable -- I'm not in any way questioning that, and as you pointed out, we could ask for $500 million and its justifiable.

I'm convinced, based on my experience -- I think Mary and Judy would agree -- that the end result of that is that nobody's going to listen to the corporation; that part of that leadership is to present a budget document and to fight for a budget document that you have some hope of being able to achieve. I think the track record of this corporation, starting with Tom Earlish and with Dan Bradley, has been remarkably good. Obviously, it's not everything that we've wanted, but certainly there's no -- I think statistically, there's no program of this kind -- and I think we can defend this point-- but there's no program of this kind that has done nearly as well over the last three or four years in terms of federal funding as this program

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and the corporation has.

My concern is, and frankly, Bruce, I think you can write a budget document which to some extent accomplishes the point that you want to make. If you could write a budget document that says we could be asking for $400 million and to explain the justification for $400 million, but then to point out that given the hard realities, the request is actually only going to be $354 because the fact is you're not going to get $400 million. My concern is -- and again, I think there's a way in that document to make exactly the points that you think are very important -- but if you really end up the bottom line request is $400 million, I think the corporation's even going to be out of the budget process.

I don't think our friends on the Hill are going to pay any attention to us. My guess is that whatever chance for leveraging the administration upward, which is going to be hard enough as it is, is practically over with. It frankly is bad poker because if you're asking for $400 million and then trying to argue to get the administration off of the 299 or wherever they're threatening to recommend, you've got no credibility.

If you're really saying to the administration, please request 325, then they don't believe your $400 million and if, in fact, you're negotiating with the Congress for an extra 20 or 25 million dollars over the 300, which I'm afraid is going to be the case, you don't have any credibility. You have to

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I think a document can be written which comes as close as you want to making the points and not giving up the argument. But since I think even you guys recognize that the chances of any appropriations committee in this Congress appropriating $400 million are virtually nill. It just seems to me bad politics.

Again, I can't prove that to you. That's just my sense of it.

* MR. MORRISON: Hillary, could I just make a suggestion?

MS. RODHAM: Sure.

MR. MORRISON: We recognize that there's a political judgment to be made and a credibility judgment to be made in the mark that's set. We don't reject that. We are perhaps somewhat skeptical of some of the judgments, some of the expressions of where that ought to be that have gone on in the process of discussing it.

I don't think anyone has a corner on knowing where that line is, whether it's at 350 or its at 390 or where it is. It probably is somewhere.

We moved our number down, to be honest, from 430 to 400, so we recognize that there is a point perhaps that you're going to try to meet. But I think that in looking at this, there's been a tendency historically in the corporation to have to be pushed a little bit kicking and screaming up to a higher

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level on this credibility argument before. It's happened the last couple of years. So I don't think it's illegitimate or improper for us to suggest that maybe the 350 is a product of Potomac fever a little bit and that it's time to take a look and maybe it could go a little higher.

We, in the Funding Committee, were perhaps victims of the same kind of so-called conservatism. But just look at one number when you're trying to make that assessment. Last year you asked for $337.5 million and meant it, I think; and felt that last year you were coming in lower than the actual needs and accompanied the document with a needs assessment statement that showed that this was just scratching the surface.

If you just took the current inflation rate, which may be higher by the time 1981 rolls around, on that $337.5, you would be talking $382.5 million. In one sense, I frankly don't see how you can lose credibility if you had credibility at 337.5 for asking for that kind of a number.

MR. ENGELBERG: My opinion is we didn't have credibility at 337.5 and I think you can look that while 300 was a remarkably good figure, my own guess is that the corporation probably had somewhat less impact on that process because I think that even at 337 there was a sense of -- and I heard it. I heard it in the administration that there was a sense of, you know, you're playing games. So I think even at 337 -- I can't say if it had been lower the corporation figures would

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have been higher, but I disagree with your notion that, you know, you can use what I considered a fairly high figure last year as a benchmark and then say that justifies an even higher figure.

Obviously, we're not talking about needs and you and I both recognize that.

MR. MORRISON: One of the things that you should -- this year you're in a much stronger position, both with what the staff has given you and what we've given you, to have a better set of building blocks than you had for your 337.5.

MS. RODHAM: Well, you see, I think we've got a problem there, Bruce, because we still have the minimum access argument. It was very hard for them to give us less than --

MR. ENGELBERG: That's right.

MR. MORRISON: Than 300, but it was easy --

MS. RODHAM: It was easy for them to give us less than 300, not by much. We had to push very hard to get above the 298 compromise figure that would have been the natural compromise in the conference between the House and the Senate. The strong argument we had that we just beat to death and all the rest of you helped us beat to death was we needed to finish minimum access.

Now we don't have that this time. Going back to the Hill this year with these new arguments with new theories, with a new effort to re-educate the Congress is going to be

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MR. ENGELBERG: It is my understanding that the supporters, the strong supporters of this program in the Congress are on the Congressional staffs and basically tried to give that message to the corporation staff, which is for God's sake, make a budget request which is not going to break the bank. Because remember, it's not just the corporation that's involved in this process. There are people up there on both committees, on both appropriations committees and on the staffs, who have spent a lot of time and effort -- and in the administration -- trying to help get this budget increase, as well as the support from the constituent groups in the field. I think that -- well, again, none of them have any magic crystal ball that they can tell you what the right figure is.

The overwhelming concern that they have about budget requests at least have to be carefully listened to. Again, I haven't taken a scientific survey, but I think that that feeling is there and that there's a feeling that you just start to be not listened to after a while.

I believe that there's a danger, Bruce, of doing a perfectly justifiable request which you're asking for, is that the corporation will start not to be listened to by its advocates, not only on the staff, but in the field as well.

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MR. MORRISON: I may not -- I'm certainly not the person to have a political horse sense argument with you. I don't

have the experience you have with respect to a lot of those issues. But the PAG people who looked at this budget first and who've been closest to the national scene did find themselves becoming the most accommodating to the general national mood of, you know, let's be careful; let's back off; let's help balance the President's budget; let's do all of those things. I just ask that all of you folks who are very close to that and who are under those kinds of pressures submit your feelings on that to the same kind of re-examination that we gave ours, which is that we all have those kinds of pressures and we have this dual responsibility.

But I think your credibility point is acknowledged. The question is where does the final result form?

MR. ENGELBERG: Again, I want to emphasize that. I think that where a lot -- most of the concern, the sort of "hold the lid" concern is coming from is not from the administration, but from the Hill. In other words, it's not just -- I mean it's not just that you have a President, and please understand that I'm not trying to -- I certainly don't speak for the administration nor would I claim to -- certainly not now --

(Laughter.)

MR. ENGELBERG: It's not just now that you have a President who rightly or wrongly taken a severe fiscal austerity line, obviously you've got 435 Congressmen and 100 Senators who are pretty strongly committed to the same philosophy. I

have the experience you have with respect to a lot of those issues. But the PAG people who looked at this budget first and who've been closest to the national scene did find themselves becoming the most accommodating to the general national mood or, you know, let's be careful; let's back off; let's help balance the President's budget; let's do all of those things.

I just ask that all of you folks who are very close to that and who are under those kinds of pressures submit your feelings on that to the same kind of re-examination that we gave ours, which is that we all have those kinds of pressures and we have this dual responsibility.

But I think your credibility point is acknowledged. The question is where does the final result form?

MR. ENGELBERG: Again, I want to emphasize that. I think that where a lot -- most of the concern, the sort of "hold the lid" concern is coming from is not from the administration, but from the Hill. In other words, it's not just -- I mean it's not just that you have a President, and please understand that I'm not trying to -- I certainly don't speak for the administration nor would I claim to -- certainly not now --

(Laughter.)

MR. ENGELBERG: It's not just now that you have a President who rightly or wrongly taken a severe fiscal austerity line, obviously you've got 435 Congressmen and 100 Senators who are pretty strongly committed to the same philosophy. I

think -- again, what I'm hearing is not from people in the administration. I'm hearing from the strongest supporters of this program on the Hill.

Now, again, some of you may have talked to other people and I want to emphasize that I'm not trying to say that this is the correct figure and yours is not. It's all a very, kind of tough evaluation game that we're trying to play.

MR. MORRISON: I guess all I can add to that is I think that you should go higher than the 352. I think you should look at some of the elements that would take it higher. I don't think there's really anything that makes up the 352 that you can reasonably take out. I hope you'll accept Mr. Ortique's suggestion with respect to the concept on cost-of-living and do something with respect to the client advocacy and also look at some of the other things; make some move in the area of salary comparability which is something that several board members have already mentioned is a necessary -- there isn't any money in here at 352.

We know we're probably not going to get what we ask for, whether it's 330, 350, 380, whatever. To some extent, the process that goes on in Congress is a splitting of these differences. What you ask for, obviously, is a statement that you're going to get less than that and to some extent the distance between that and 300 is going to be a factor as well. That was clearly operating this year. It operates in all of

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the processes and it should be taken into account as well. I think you should do better than 352.792 and I think you can and I ask you to.

MS. RODHAM: Any other discussion? Yes, Bernie?

MR. VENEY: Hillary, a couple of quick points. First of all, I am reminded of the story of the Haitian emperor who -- I believe it was in Haiti -- who marched his troops through the arch, marched them through the back, changed their uniforms and then had them come back out again. I think we must have done something like that at the conference. If Revius counted a thousand people, I think we were getting him to change clothes about then.

(Laughter.)

MR. VENEY: The number was more like 400.

(Laughter.)

MR. VENEY: The second thing, and I cannot leave this unsaid, is that obviously Client Council would like to have more money, but I think it is important that the corporation recognize that the use of clients to help themselves is an idea whose time has, in fact, come.

Kastenmeyer has before the Congress now a bill on alternative dispute resolution which would fund states to provide for the establishment of alternative dispute resolution mechanisms. That bill very carefully states that the people involved as arbitrators and in other roles within that system

the processes and it should be taken into account as well. I think you should do better than 352.792 and I think you can and I ask you to.

MS. ROBINS: Any other discussion? Yes, Bernie?

MR. VENNEY: Hillary, a couple of quick points. First of all, I am reminded of the story of the Haitian ex-error who -- I believe it was in Haiti -- who marched his troops through the arch, marched them through the back, changed their uniforms and then had them come back out again. I think we must have done something like that at the conference. If Rowins counted a thousand people, I think we were getting him to change clothes about them.

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would, in fact, be non-attorneys.

There is, I think, a growing consciousness on the part of Kastenmeyer and other people within the Congress that, in fact, there is never going to be enough money to provide enough lawyers to do all those kinds of things that need to be done.

I would hope that this board and the staff would, in fact, take that kind of thing into account in reaching your budget mark and making your submission in justifying that as a signal to the Congress of your recognition and as a signal to the client community of your support of that particular concept.

I will not bore you and take your time with the support we feel at Client Council for the arguments that Bruce has already made. Obviously, we support him very strongly. Obviously, Steve, we, too, are very conscious of the role of the Congress. Obviously, we, too, are very much concerned with the conservative mood.

There was an excellent article -- I happen to have some copies of -- by Coleman McCarthy in Wednesday's Post about the unfashionable poor. It was fashionable to be poor in the '60's; it is now absolutely totally unfashionable to be poor. It is the middle class and the wealthy who the government sees itself as having to take care of, all of the Proposition 13 mood and all of the rest of them. We understand that.

But by the same token, we also understand that there

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But by the same token, we also understand that there

is very little sense in having the client community and the programs at each other's throat, as they will be in 1981, because programs will say we've got to close an office.

The urban program with a rural expansion area that says, hey, we've got to cut down in our urban area. We will not cut down in the area; we just expanded and two people are not going to understand that kind of money arrangement. People just are, in fact, terribly, terribly sensitive to the fact -- the poor people are losing everything now. One of the last things poor people have in this country is Legal Services and if you take a look at where it's at, that's true.

There's a lawsuit now in New York; the CETA workers were being fired in New York City, suing the City of New York and the Federal Government, the Department of Labor because they are being laid off at this point in time. CETA is going down the drain and I don't want to go through the litany. I think you all know the story.

We cannot have that highly visible and highly valuable resource, which is Legal Services, which can help poor people in such a variety of ways not adequately funded. It will not, in fact, be adequately funded unless you set a high enough mark because all of us need your leadership in order to aggressively go to the Congress, aggressively go to the Executive Branch to reach for that figure.

Steve, I do appreciate the fact that there has to be

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credibility. But I think we make our own credibility. I think we tell our own story. And in simple point of fact, our credibility in terms of the budget deficit and balancing the budget -- this is an election year and the Congress is going to understand some things about election year politics on the plus side and on the minus side. I think we can make a credible argument, particularly if we make it somewhere near each other. Fifty million dollars is a whole heap lot of difference and I would hope we can come closer than that.

MS. RODHAM: Howard?

MR. SACKS: I'd like to ask Steve a question. I heard you very clearly and I appreciate the expertise, if anybody has expertise, that you bring to this area of what's a credible figure. I would just like to ask you, do you think we could go up by a couple of million to reflect the kinds of concerns that Hillary and I are talking about? Do you think the 352 is adequate or do you think we ought to go down a bit?

MR. ENGELBERG: Howard, first of all, I hate really to be put in this position. First of all, Judy Riggs and Mary Bourdette know 20 times more about this process. I would like to ask their position, both of their positions.

(Laughter.)

MR. SACKS: I'm sure they are anxious to do that.

(Laughter.)

MR. SACKS: Your answer to me is that it comes out of

credibility. But I think we make our own credibility. I think we tell our own story. And in simple point of fact, our credibility in terms of the budget deficit and balancing the budget - this is an election year and the Congress is going to understand some things about election year politics on the plus side and on the minus side. I think we can make a credible argument, particularly if we make it somewhere near each other. Fifty million dollars is a whole heap lot of difference and I would hope we can come closer than that.

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your hide.

MR. ENGELBERG: No, I don't -- you see, at this point, you're -- first of all, I regard the earlier discussion as still very preliminary in how the budget will be broken down. I mean there's no doubt in my mind that whatever figure you come up with, you can justify it. I'm just assuming that. I don't think that the increments of five or ten million dollars make that much difference. In other words, at this level, you're talking about very gross, in my opinion, very gross assumptions.

I just -- you know, intuatively, based on what my sense, which is only as a lawyer that practices law and deals with the Hill and knows people that are particularly involved in the Legal Services program, is that in these gross numbers I'm afraid that we're going to lose some credibility.

Obviously, I will strongly support and do whatever I can to help whatever figure -- whether it's 400 or whatever the board approves.

MR. SACKS: So you're saying the 352 will cause us to lose credibility?

MR. ENGELBERG: No, no. I think that -- I guess that I would sort of agree with the kind of rough process that the staff sort of came up with which was looking at a figure that was ample enough to give some cover and to provide at least enough of a request that you could hope to get a substantial increase and yet not so big as to run the risk of not being

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MR. [illegible]: So you're saying the 35% will cause us to lose credibility?

MR. ENGELBERG: No, no. I think that -- I guess that I would sort of agree with the kind of rough process that the staff sort of came up with which was looking at a figure that was ample enough to give some cover and to provide at least enough of a request that you could hope to get a substantial increase and yet not so big as to run the risk of not being

listened to.

Again, Howard, obviously these are very gross assumptions. In answer to your question, I don't think it makes much difference whether you go up or down in terms of the request five or ten million dollars. You know, I don't think that's a factor. I do think $50 million increments in this type of budget is a big factor.

But again, everybody is going to just have to vote their own feeling of what's politically correct. I don't like being put in the position that somehow I have all political wisdom. I would like to hear Mary's assessment, particularly for this -- no, seriously, Mary, I think -- I don't know if Mary wants to take a substantive position, but I'd like to hear what she hears on the Hill because she's more in contact with these people than I am, unnamed as they may be.

Why should I do all the dirty work?

MS. BOURDETTE: Because you're Chairman of the Committee.

(Laughter.)

MS. BOURDETTE: I can really only echo Steve's remarks. There is no way to know for sure what the numbers should be, what would be acceptable. There has certainly been expressed to us many, many times the expectation that at the completion of minimum access we will not come in with those huge increases that we have in the past.

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You may not want to hear that, but I've certainly heard it probably every single time I've talked to anyone on the Hill about our budget for the past two years -- that at some point I would hope -- they would say to me, I would hope these large increases would stop. They recognize the need, but they also have pressures from a lot of other social programs, not to mention other kinds of programs that are in need of funding.

The only other factor, I think that Steve didn't really discuss and I don't have an answer to it, but it's really the difference between maintenance pretty much and new initiatives. I think we are going to be most vulnerable on new initiatives in 1981. I think that is going to be the one area where both the administration and Congress are going to look most carefully and say, in effect, why is this necessary in this budget year.

We certainly can, and we know we can, support and defend without any doubt the need, for instance, for service to the institutionalized, the need for cost of service increase, the need for national support just to keep up with the increased demand, and I hope we will defend that. But, as I say, that's just a factor that really is going to be looked at most carefully. That doesn't have anything to do with the dollar amount.

MR. BRADLEY: It may be helpful to recall also we

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asked for about a, I suppose, about a 25 percent increase this year and we got -- from 270 to 300 --

MR. McCALPIN: 10.5.

MR. BRADLEY: We got about 10.5. My assessment from the short time that I've been on the Hill, we wouldn't have gotten that increase but for the last round of minimum access. We now have the last round of minimum access and now we're asking in a range from the staff recommendation from 17 percent to PAG to about 25 percent --

MR. McCALPIN: That's right, 33-1/3.

MR. BRADLEY: That's right. I'm sorry. I just have to reiterate what Mary said. When I made my rounds on the Hill to pay courtesy calls on the staff and the Senators and the Congressmen, they're not interested in my courtesy; they just want me to know that don't you come up here next year. And I'm talking about -- and this was the shock that I brought back to the senior staff after my first week on the Hill -- the friends that I was visiting -- and I quote "friends" -- it was my friends who are telling us that they are not going to support us next year if we come up and ask for additional increases. And I say, "But -- " -- no buts, Dan. I'm up for re-election this year; it's a difficult election year; the President wants to balance the budget. No, no, no. Don't come ask.

Now, the question is how does that translate into a

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Now, the question is how does that translate into a

budget request and I flat out don't know. Your guess is as good as mine. Everyone in this room has an opinion. My sense is that if we ask for $300 million, we'll get it and we'll make a lot of people happy, except ourselves and our clients. It would be irresponsible to do that. How much further above $300 million we could go -- $350 million, $344.9 million, $399.7 million -- it's up for grabs.

I think that we could in some legitimacy go in and argue -- I don't know how successfully -- for something in the nature of a 10, 15, 18 percent increase. I do think that the staff is going to have to do a lot more refinement, consistent with some of the comments and observations, especially that Hillary made. I noticed the gentleman from OMB just sitting with us --

MS. RODHAM: He just left.

MR. McCALPIN: He walked out when somebody said the 400 figure.

(Laughter.)

MR. BRADLEY: They have certainly visited with us and Hillary has a letter that some of you are aware of that the President has already put us on notice that he's going to recommend $292 million --

MR. ENGELBERG: No, MacIntyre.

MS. RODHAM: MacIntyre.

MR. BRADLEY: I'm sorry.

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MR. ENGELBERG: No, MacIntyre.

MS. ROGHAM: MacIntyre.

MR. BRADLEY: I'm sorry.

MR. ENGELBERG: Maybe the same.

MR. BRADLEY: Mr. MacIntyre of OMB --

MR. ENGELBERG: Your friend.

MR. BRADLEY: -- has recommended $292 million. We're going to try to get them to go at least to $300 million and all they want to talk about to us is more productivity and improvement of the quality of existing staff, existing programs for less money. They were very argumentative with us; they were not even -- they were less than kind, less than polite. They were mean and vicious.

(Laughter.)

MR. BRADLEY: And how all of that comes up to setting a budget mark, I frankly don't know, except that Mr. Engelberg and Madame Chairman and Mr. Bradley are going to be testifying before those committees next year and we've got to, I think, present some credibility to those committee members and those staff persons that we deal with almost on a daily basis.

MS. RODHAM: There's a motion on the floor which was made on behalf of the committee that we accept the staff mark.

MS. ESQUER: I don't think so.

MR. McCALPIN: I don't think anybody made that.

MS. RODHAM: I thought you did.

MS. ESQUER: No, I asked if I should and we decided to listen to --

MS. RODHAM: Okay. Is there a motion?

MR. ENGELBERG: Maybe the same.

MR. BRADLEY: Mr. MacIntyre of OMB --

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MS. RODHAM: Okay. Is there a motion?

MR. McCALPIN: I'll move that.

MS. RODHAM: Okay.

MS. ESQUER: Excuse me. Before we do that, I'd like to make one additional observation. I really agree with Mickie's recommendation and PAG's recommendations that we really look at salary comparability. Even if we don't change the mark, I think that I would really like some strong thinking in that direction.

But one thing in addition to that that is important to me is that this morning we voted for a -- I forget -- in the reauthorization process, a guiding principle, I think is the terminology -- that had to do with improving the involvement of clients and increasing that. I don't see anything in this budget outline that directly supports that principle that we adopted. I would like to see that mentioned and maybe -- I don't think that we would be able to increase a total mark by the -- I'm not suggesting that in the PAG thing, but I would like some reflection of that principle evidencing budgetary terms.

MS. WORTHY: Madame Chairman?

MS. RODHAM: Yes?

MS. WORTHY: I would just like to echo what Ms. Esquer has said. I was just going through the staff budget and I did not see that emphasized. I would very much like to see a figure in there.

MR. McCALPIN: I'll move that.

MS. MODHAM: Okay.

MS. ESQUER: Excuse me. Before we do that, I'd like to make one additional observation. I really agree with Mickie's recommendation and PAG's recommendations that we really look at salary comparability. Even if we don't change the mark, I think that I would really like some strong thinking in that direction.

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MS. WORTHY: I would just like to echo what Ms. Esquer has said. I was just going through the staff budget and I did not see that emphasized. I would very much like to see a figure in there.

We are always talking about client involvement kind of involvement, but most of the times when I look at the figures I don't see the figure there, the amount of money that that reflects what we are saying. I would very much like to see that.

MS. RIGGS: I don't mean to suggest that the staff has adequately dealt with this issue in any way, but part of the calculations that make up the support item is increases in client board training, money for client board training and for community legal education. I realize we are talking a lot about -- about a lot more but --

MS. ESQUER: I still feel it would be more significant if it were included as a topic.

MR. ENGELBERG: Procedurally, as I understand it, all we have to do now is to recommend a mark. Clearly, from the discussion, there's a lot of feeling that way about the breakdown. I happen to agree with Cecilia particularly on the point about comparability, salary comparability and I don't know how that all fits in. I think it's very important and I certainly don't want to adopt a very tentative proposal which would freeze us from trying to figure out a way to get at that item. Maybe Bruce is right; maybe you just can't do it at 352. You know, you had a request for 352.

MS. RODHAM: Gerry, can you respond to that?

MR. ENGELBERG: What I was going to suggest is that we could -- whatever the figure is, that we simply approve a

We are always talking about client involvement kind of involvement, but most of the times when I look at the figures I don't see the figure there, the amount of money that that reflects what we are saying. I would very much like to see that.

MS. RIGGS: I don't mean to suggest that the staff has adequately dealt with this issue in any way, but part of the calculations that make up the support item is increases in client board training, money for client board training and for community legal education. I realize we are talking a lot about -- about a lot more but --

MS. ESQUER: I still feel it would be more significant if it were included as a topic.

MR. ENGELBERG: Procedurally, as I understand it, all we have to do now is to recommend a mark. Clearly, from the discussion, there's a lot of feeling that way about the breakdown. I happen to agree with Cecilia particularly on the point about comparability, salary comparability and I don't know how that all fits in. I think it's very important and I certainly don't want to adopt a very tentative proposal which would freeze us from trying to figure out a way to get at that item. Maybe Bruce is right: maybe you just can't do it at 352. You know, you had a request for 352.

MS. RODHAM: Gerry, can you respond to that?

MR. ENGELBERG: What I was going to suggest is that we could -- whatever the figure is, that we simply approve a

figure with the understanding that the staff --

MS. RODHAM: Well, what we need to know, though, Steve, is whether within this figure we are foreclosing those options that have been mentioned that interest people. Like, for instance, is our choice if we recommend this figure to eliminate part of the technological improvements in order to put it into one of these other categories. How much flexibility do we have, particularly on the salary comparability issue to make these kinds of adjustments.

Gerry?

MR. SINGSEN: Well, we are dealing just with a mark so that were we to ask for 352 and obtain 352, our flexibility in the use of the 52 would be as great as we chose to have it be. The staff's recommendations on particular items are that and they do not become the fixed items within the mark when you approve the mark.

The work this fall is going to be looking into not only -- it's going to be looking into all of the justifications for what we're proposing, but there's obviously going to have to be a subsequent decision about the specific make-up of the use of the 52 million.

On one level yes, the answer is, if you put money in for salary comparability you have to take it out for something else. It is possible, as Mickie has suggested, to vary rather than providing a flat eight percent, but there are massive

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MR. [illegible]: Well, what we need to know, though, Steve, is whether within this figure we are foreclosing those options that have been mentioned that interest people. Like, for instance, is our choice if we recommend this figure to eliminate part of the technological improvements in order to put it into one of those other categories. How much flexibility do we have, particularly on the salary comparability issue to make those kinds of adjustments.

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problems with doing that. The staff has not discussed it so that I don't think I can speak for the staff -- I can't anyway; I'm not on the staff.

(Laughter.)

MR. McCALPIN: That may make you more qualified than anybody.

(Laughter.)

MR. SINGSEN: My own personal feeling, having worked in a field program for nine or ten years before becoming a consultant the last year and a half, is that that would not be a viable approach.

In terms of the cost variation study or comparability problems, it would be necessary to deal above that eight percent figure to do something meaningful on comparable salary.

Comparable salaries are an extremely difficult issue to approach on two levels. As Bruce has already mentioned, some programs are paying fairly close to comparability while others are 20 percent behind. Nationally, all of our figures and statistics, both the programs figures and the cost variations means salary figures for different geographical areas and sizes of location indicate that our programs are bbehind comparability.

To make a move to comparability, though, requires that we deal with that two attorneys per 10,000 or some other unit base, in order to, for example, deal with the programs that are

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comparability and fairly bring them up while moving salary levels up.

Additionally, there is a very serious problem in the corporation entering this field heavily having to do with collective bargaining. We have a number of programs now engaged in collective bargaining. If the corporation mandates comparable salaries or mandates some kind of a national scale or even mandates some kind of attorney general scale, I think the collective bargaining implications may be staggering. We may be engaged in collective bargaining nationally. So that I think there are a lot of hard issues which would need to be looked at and that the board would want to consider before deciding on that element, for example, in the budget.

I think that's the job of the next few months. I think that all of us working on this have to be in a position to make recommendations which you can look at seriously on the kinds of issues that have been raised today and make priority decisions on the request. Then, of course, we'll find out what we have and have a whole different process.

MS. ESQUER: I have a question that I think was mentioned at the very beginning, but the only thing that we submit to OMB at this time is just a figure. We don't submit this broad outline?

MS. RODHAM: No. That's right.

MR. BRADLEY: They include that as a footnote in their

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MR. BRADLEY: They include that as a footnote in their

transmittal of the President's recommendation.

MR. McCALPIN: Let me say -- I think everybody's saying pretty much the same thing so I might just as well join the crowd. I don't have any problem about voting for the benchmark. I have a lot of problem about the items which go to make it up as everybody else here is.

My understanding of the difficulty with that is that the staff is not going to live on a barren desert between now and the 6th of December; that they have to begin putting together what will be much more specific documents to be transmitted to the proper authorities whomever they may be -- what the 15th of December or --

MR. SINGSEN: No, that's January 20th.

MS. RIGGS: The documents go to the Congress on or about January 20th. We aren't bound -- we always try to submit them at the time the President submits his budget, but we don't really have to do it then.

MR. BRADLEY: What we would attempt to do if -- whatever mark you use, you set today, that's your decision, we have benefited and made notes of all of the observations and comments that each board member has made and any other persons have made. We will have a meeting with the Audit and Appropriations Committee between now and December 6th and 7th to further review with that committee the further refinement of these issues that you've discussed today, leading up to a full discussion and

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argument and debate and final decision at the December board meeting that would still give the staff about six weeks to refine and prepare the final grant papers.

MR. McCALPIN: Okay. I just want to pull together one comment or suggestion and that is it seems to me that in this very difficult process of bargaining with the Congress at this particular time, one of the obvious approaches is to respond to the requests or demands that the Congress has made of us and one of those is 1007 and that's why I think that this numbering here, Item C, is so terribly important because it does attempt to respond. I didn't understand how it responded and that's why I asked the question yesterday.

The other requests that the Congress made to us even more anciently is the delivery system study and I don't think you can take a year, Dan, as I think you suggested earlier, and tell the Congress that well, you passed this law in 1974 and you created a board in 1975 and we've been looking at it since and we want another year. I think you're going to have to have something in there that responds tangibly to the Congress on that issue. You catch a lot more flies with sugar than with vinegar.

MR. ENGELBERG: That is, I think, a very good point. Obviously, again, if you go that route, you're going 352. Then there are certain serious problems. But I do think that Bill is right to the extent that we can piggy-back onto the 1007-H,

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MR. ENGELBERG: That is, I think, a very good point. Obviously, again, if you go that route, you're going 352. Then there are certain serious problems. But I do think that Bill is right to the extent that we can piggy-back onto the 1007-S,

at least in part. Then as part of your justification, argue that this is the corporation's response to a Congressional mandated study.

MS. RODHAM: Yes?

MR. MORRISON: At the risk of being repetitive, just one -- some points have recently been made about additional things that you should have in the budget that the board should support and that would get more support from Congress. At 352, you can't do those things. You can't get any salary comparability at 352. You can't. The amount that you can cut out of other things is not enough to do anything meaningful and you can't make any substantial allocation with respect to the delivery system study.

If you want those things to be in the budget presentation as things you're going to do and try to get Congress to buy, you've got to raise the number.

We are going to be back here screaming at you if you try to promise those things to Congress at 352. It can't be done. There's not enough money. You've got to raise the mark if you're going to do those things or you've got to decide you're giving those things up, but you can't have it both ways. That's why our number is $400 million.

MR. McCALPIN: Let me answer you by saying I reluctantly give up the salary comparability and do the other out of some of the things that are in here.

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MR. McCALPIN: Let me answer you by saying I reluctantly give up the salary comparability and do the other out of some of the things that are in here.

MS. RODHAM: Okay. Are we ready for the question, -- Judy?

MS. RIGGS: I would just like to go back and talk a little bit -- just make one comment about what makes up the mark. We urge you to give us the flexibility to come back -- to work with these numbers over the next few months. At the same time, we do have to -- we will be going to the authorizing committees very shortly, as you heard this morning, to talk about the future of this program and to talk about reauthorization levels. We -- I think we are -- between now and December, we are going to have to be talking at least in general terms about what we're looking for in 1981 and beyond.

Now, I'm not so sure but that we can't do that within the context of what's already been discussed here, that we can't talk about the broad outline; but we are going to have to be having some discussion about, in the broadest terms anyway, about what this number makes up over the next few months. I don't think that needs to lock us into specific numbers or commitments to very specific activities, but we can't just say 350 million and we'll tell you in December how we're going to spend it.

MS. RODHAM: Any other questions or comments?

(No response.)

MS. RODHAM: We're ready to vote on Mr. McCalpin's motion?

MS. RODHAM: Okay. Are we ready for the question, -- Judy?

MR. RICOS: I would just like to go back and talk a little bit -- just make one comment about what makes up the mark. We urge you to give us the flexibility to come back -- to work with these numbers over the next few months. At the same time, we do have to -- we will be going to the authorizing committees very shortly, as you heard this morning, to talk about the nature of this program and to talk about reauthorization levels. We -- I think we are -- between now and December, we are going to have to be talking at least in general terms about what we're looking for in 1981 and beyond.

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MS. RODHAM: Any other questions or comments?

(No response.)

MS. RODHAM: We're ready to vote on Mr. McCalpin's motion?

MR. McCALPIN: There's no motion.

MR. SACKS: I made a motion.

MS. RODHAM: Yes, Howard did. Howard made the motion.

MR. McCALPIN: What is the motion?

MR. SACKS: The motion is to approve the 52,792 figure as the mark.

MR. McCALPIN: Three -- 352 --

MR. SACKS: I'm sorry -- 352,792.

MS. RODHAM: The staff figure.

MR. SACKS: One digit, more or less, among friends.

(Laughter.)

MS. RODHAM: Judy?

MS. RIGGS: One other very, very minor point, but it is sort of important. However the motion is phrased, I think it would be wise to talk about a little bit of a fudge factor, approximately or something, with the understanding that we don't need to change dramatically from what you're doing, but particularly if you end up with a number like 352.792, when you refine all these numbers, you end up playing funny little games to get the numbers to add up to exactly those figures.

MS. RODHAM: Mr. Sacks, would you make it approximately 353?

MR. BRADLEY: Let me ask you this. I hadn't thought about it on that point because I haven't checked with the members of the Appropriations Committee. You may want to meet

MR. McCALPIN: There's no motion.

MR. SACKS: I made a motion.

MS. RODHAM: Yes, Howard did. Howard made the motion.

MR. McCALPIN: What is the motion?

MR. SACKS: The motion is to approve the 32,792 figure as the mark.

MR. McCALPIN: Three --- 232 ---

MR. SACKS: I'm sorry --- 332,792.

MS. RODHAM: The staff figure.

MR. SACKS: One digit, more or less, among friends. (Laughter.)

MS. RODHAM: Judy?

MS. SACKS: One other very, very minor point, but it is sort of important. However the motion is phrased, I think it would be wise to talk about a little bit of a fudge factor, approximately or something, with the understanding that we don't need to change dramatically from what you're doing, but particularly if you end up with a number like 332,792, when you refine all these numbers, you end up playing funny little games to get the numbers to add up to exactly those figures.

MS. RODHAM: Mr. Sacks, would you make it approximately 3532?

MR. BRADLEY: Let me ask you this. I hadn't thought about it on that point because I haven't checked with the members of the Appropriations Committee. You may want to meet

before October 15th to consider the refined -- you won't have time to do that?

MS. RIGGS: I don't think we'll be prepared.

MR. SACKS: No, I don't. No.

MS. RODHAM: Would you --

MR. SACKS: Approximately 353?

MS. RODHAM: To coincide with Judy's recommendations.

MR. SACKS: We just picked up $208,000. That's a gain.

MS. RIGGS: It would be our understanding that that doesn't mean some place between 374 and 350; it might mean the difference between --

MR. SACKS: Right, sure.

MS. RODHAM: Right.

MR. SACKS: No problem.

MS. RODHAM: Any other questions or comments?

(No response.)

MS. RODHAM: All those in favor --

MR. ENGELBERG: Did you get a second?

MR. SACKS: There's no second.

MS. RODHAM: Yes. I got it from my right-hand mumble here.

(Laughter.)

MS. RODHAM: All those in favor of the motion, please signify by saying "aye".

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MR. SACKS: No, I don't. No.

MS. RODHAM: Would you --

MR. SACKS: Approximately 3.5?

MS. RODHAM: To coincide with Judy's recommendations.

MR. SACKS: We just picked up $200,000. That's a gain.

MS. RIGGS: It would be our understanding that that doesn't mean some place between 374 and 350; it might mean the difference between --

MR. SACKS: Right, sure.

MS. RODHAM: Right.

MR. SACKS: No problem.

MS. RODHAM: Any other questions or comments?

(No response.)

MS. RODHAM: All those in favor --

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MR. SACKS: There's no second.

MS. RODHAM: Yes. I got it from my right-hand mumble here.

(Laughter.)

MS. RODHAM: All those in favor of the motion, please signify by saying "aye".

(Ayes.)

MS. RODHAM: All those opposed?

(No response.)

MS. RODHAM: We accept the mark at approximately 353.

Any other business from the Audit and Appropriations Committee?

MS. RIGGS: I just ask one question for clarification. We did not specifically deal with the staff recommendations about the allocations of some portions of the one-time money. I don't know if you considered that implicit, but I do think it's important that at least -- as you recall, there were four components of the $4 million we requested: 2.4 for a one percent one-time adjustment to field programs; 300,000 for management and technical assistance; 375,000 for the Legal Services Institute; and then the 250,000 for the contingency reserve.

There's no particular reason for you to act on that latter; we're not going to spend it between now and December. I think our expectations in the field -- you know, plans that need to be made in the field for those other amounts and I think it would be useful if we could do it to approve those amounts, assuming the money is there.

MR. ENGELBERG: I would like to move the acceptance of the estimated uncommitted balance as detailed on Page 49 of the board book.

MR. McCALPIN: Wait a minute. What you have to do is

(Aves.)

MS. RODHAM: All those opposed?

(No response.)

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MR. ENGELBERG: I would like to move the acceptance of the estimated uncommitted balance as detailed on Page 49 of the board book.

MR. McCAFFIN: Wait a minute. What you have to do is

remove the allocation.

MR. ENGELBERG: That's what I said -- I'm sorry -- I thought I said that.

MR. McCALPIN: The 2.4 and the 375 are the two we're interested in.

MR. ENGELBERG: Yes, 2.4 million at one percent across-the-board one-time adjustment to field programs; 375,000 for the Legal Services Institute; right, Judy?

MS. RIGGS: Right. The 300,000 for technical assistance, which I think probably would be useful to do two because of regional office --

MR. ENGELBERG: And 300,000 for technical assistance. I so move.

MS. RODHAM: Is there a second?

MR. McCALPIN: Second.

MS. RODHAM: I just emphasize again, as we've stated before, that we would make absolutely no decisions about the commitment of anything else before discussions of the board in December.

Any question or discussion on this issue?

(No response.)

MS. RODHAM: All those in favor, please signify by saying "aye".

(Ayes.)

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(No response.)

MS. RODHAM: All those in favor, please signify by saying "aye".

(Ayes.)

MS. RODHAM: All those opposed?

(No response.)

MS. RODHAM: I think the next item on the agenda refers to our treasury arrangement.

MR. ENGELBERG: Yes, I have -- we yesterday decided, as I understand it, the Appropriations Committee decided that we would renew the agreement to 1980, as I recall, with the understanding, however, that the staff would begin discussions with appropriate staff people on the Hill as to whether or not under some type of arrangement we could consider some type of investment of appropriated funds and at this point, that would simply be renewed for discussion with the understanding that I guess a report would be made to the committee at its next meeting. Is that correct, Bill?

MR. McCALPIN: Let me suggest, Steve, that the focus is really on the phrase "draw down on an as needed basis".

MR. ENGELBERG: Right. Okay.

MR. McCALPIN: And whether we have to do that literally so that we do not have funds that could be anticipated and, therefore, invested.

MR. ENGELBERG: But as I understand it, this is not something that requires any action by the board. We simply --

MS. RODHAM: The board needs -- as I understood the committee yesterday, what the committee was going to recommend is that the staff be authorized to enter into the usual agreement if they were unable to work out, through negotiation and

(No response.)

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MR. RODHAM: The board needs -- as I understood the committee yesterday, what the committee was going to recommend is that the staff be authorized to enter into the usual agreement if they were unable to work out, through negotiation and

discussion prior to the time it was necessary to enter into that agreement, some arrangement to either alter the draw down of funds or -- and/or to obtain authority or permission to invest funds.

MR. ENGELBERG: Well, there are two different things. The agreement does not deal with the investment issue. That's something that has to be worked out with the committee staff.

MS. RODHAM: Right.

MR. ENGELBERG: My understanding was that the agreement -- we assumed yesterday that the agreement was sufficient because it says "as needed". We were not attempting to change the agreement with the treasury.

MR. McCALPIN: Hillary is right -- that they need the resolution to authorize Dan to sign the agreement.

MR. ENGELBERG: Okay, fine.

MR. McCALPIN: Subject to the understanding that he'll try to do better if he can.

MR. ENGELBERG: Okay. I so move. Second.

MR. BRADLEY: We are actually on a point of order, Bill. There is an existing resolution approved by the board which I have a copy of here somewhere.

MR. McCALPIN: Which authorizes them to do it.

MR. BRADLEY: It's already authorized me to do that, subject to your revocation of that authority which you expressed to the meeting previously.

discussion prior to the time it was necessary to enter into final agreement. Some arrangement to either alter the dress code of Toads or -- and/or to obtain authority or permission to in- vest funds.

MR. MACDONNER: Well, there are two different things. The agreement does not deal with the investment issue. That's something that has to be worked out with the committee staff.

MR. NORMAN: Right.

MR. MACDONNER: My understanding was that the agreement was limited very strictly that the restaurant was multicultural, period -- we wanted variety that the agreement was multicultural, period -- we wanted variety that the agreement was multicultural, period -- we wanted variety that the agreement

You did not because you were not on the board then, but the prior board.

MR. ENGELBERG: I withdraw the motion.

MR. McCALPIN: I thought that's why we had it before us, because it needed action.

MR. KUTAK: Let's not also be naive -- I mean when treasury is in the market at ten and a quarter and ten and a half on its funds, for it to know that it's got to borrow at rates that allow us to draw down, money that they have to borrow at ten and a half so we can invest is something, I think, extremely naive and I think it was subject of criticism.

If what you are saying, Bill, is that we can't always draw down to the little penny and there is some miscellaneous funds of a few thousands of dollars, which we have to put into a deposit and then we put them into a deposit where we can draw some interest, that's our right.

But I think we go to the Treasury now, much less to the Hill, and seriously anticipate that we're going to draw down any substantial amounts of money in advance of our need to use them, knowing the Treasury is having to pay what it is having to pay for its money, is going to subject us, I think, to criticism.

MR. McCALPIN: Bob, we talked about this at some length yesterday and nobody is suggesting that we go back to the earlier arrangement and ask them for $300 million on the

You did not because you were not on the board then, but the prior board.

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MR. McCALLIN: Bob, we talked about this at some length yesterday and nobody is suggesting that we go back to the earlier arrangement and ask them for $300 million on the

morning of October 1st. But we did suggest that we might very well be able to justify in terms of handling our own cash flow requirements a quarterly draw down or some other arrangement such as that in order to be able to properly husband and handle the requirements of our cash flow. If we can't, we can't, but if we can get some more, we can get some more.

MR. KUTAK: When you get -- when they're wire transferred on a fed fund basis, Bill, you don't need cash flow. You get your pay --

MR. McCALPIN: But we're talking about our pay out.

MR. KUTAK: Yes, that's right. But we pay out and instantly Treasury wires in. The Comptroller, I'm sure, is able to negotiate that money.

MR. McCALPIN: My understanding is we send checks. We don't wire funds.

MR. KUTAK: No, but we cover those checks that we send by a wire transfer from Treasury and we have authority now to have wire transferred and they're going to say to you, do you know what you're talking about because we cut checks and the minute we cut the check we know how much we are obligated and Treasury wires that instantly into our accounts in order to cover it. It's a simultaneous transfer. So it's not for the purpose of cash-flow management.

The only purpose would be to be able to use it to gain an interest at an expense when Treasury is borrowing at

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ten and a quarter. I think they're going to be -- I think we're going to be subject to criticism.

I invite you to do it, but don't press the issue, gentlemen.

MR. ENGELBERG: I think that the sentiment, Bob, was I agree. I don't think it's going to float, but the sentiment was that nothing ventured, nothing gained. The staff was going to make some discrete inquiries --

MR. KUTAK: In terms of credibility because we have a very sophisticated Comptroller and he knows how to match our obligated funds with wire accounts from the Treasury.

Right, Bobby Opal?

MR. ENGELBERG: Bobby retired.

MR. KUTAK: Oh.

MR. ENGELBERG: But in any event, I think that's an important item that the staff will make a subtle inquiry; hopefully not to humiliate us.

MS. RODHAM: Does that complete your report, Mr. Chairman Engelberg?

MR. ENGELBERG: Yes.

MS. RODHAM: We move on then to the reports from the President. Do you have any reports for us, Mr. Bradley?

MR. BRADLEY: Just a comment; no reports, because it's late in the day and everybody wants to leave. There are three comments, just brief items, that I'd like to mention in 25

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MR. BRADLEY: Just a comment; no reports, because it's late in the day and everybody wants to leave. There are three comments, just brief items, that I'd like to mention in 25

words or less.

One is that I have -- I want the staff to know -- I'm sorry -- to know that I have made it not only a practice, but a policy to spend one day a week visiting our programs. This is the only week since I've been named that I haven't visited a program. As Josephine knows, I visited her program on my first visit and I think I've hit 14 programs, primarily just on a listening and learning experience.

I won't share with all of you today what I have heard and what I have learned, but I personally have profited from it and learned a lot and heard a lot. I've visited big city programs, small city programs, DSS programs, Indian programs, migrant programs, in all parts of the states as I've traveled around. We usually called the entire staff together, the support staff up through the director, and sat around a room and we just talked as we've been talking today about the issues that concern them, the problems, the frustrations, and the criticisms we have of the corporation, of the board, of the Congress, of society, and it's very, very helpful for me to do that as we chart the future course for the corporation in 1980.

Along those same lines, I would encourage each of you board members -- I know some of you have done it. I know Howard has done it and I know some of the other board members -- I would encourage you in your busy schedules to make occasion as you travel on legal business or other business to stop

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in and go through that same kind of refreshing and, I think, rewarding and a very, very good experience.

On those same lines I've also had the occasion to visit with the GAO representatives, with most of our Congressional committees; I've attended the ABA and given six or seven talks to their sections at ABA. I've attended the National Bar Convention and I've attended the National Clients Counsel Convention and I'm sure I've attended a lot of other conventions that I've forgotten about. I've also visited the regional offices and I plan to continue to do that.

I have encouraged the senior staff and I think that now that we're getting past some of the immediate needs, like the board meeting, I've encouraged the senior staff to also go out and visit programs, not in a minor evaluation sense, but just go out and meet and listen and learn. I will keep you posted of the results of that activity.

The second thing, which is unrelated, the President -- not this President -- the real President, President Carter has proclaimed next week as National Hispanic Week and in recognition of that, the Legal Services Corporation and the Community Services Administration, which is the successor in interest to OEO, and some other agencies, are jointly sponsoring an event here in Washington next Tuesday in recognition of the unique contribution the Hispanic Americans have made to America.

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activity, cultural activities. The Legal Services booth will be on display there. We'll be explaining to a lot of people what the Legal Services Corporation is all about and I'll report to you further in our newsletter notes about some of the activities that took place on that date.

The third thing, and then I'll conclude -- you will remember at the end of the June 2nd board meeting, a Mr. Milton Olgle, who is a very good friend of mine, who is the director of the Appalachian Research Program in West Virginia, made a brief appearance at the tail end of that meeting. The gest of his statement was some concerns that he, his client community, his board and his staff and some other people had about the decisions that the corporation had made earlier this year -- in March of this year -- on making the expansion grant decisions within the state of West Virginia.

Mickie, as you recall -- and I spoke with Mickie twice this week about that and since he wasn't going to be here, Mickie asked me to look into that matter. Mickie, as you know, gave a very strong statement of concern about any political consequences or influences or considerations that influence any decision that we make at the corporation or that you make as a board.

I went last week and visited the Alpared (phonetic) program. I spent some time with their staff, with their board chairman, with the director, reviewing some of those concerns

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and some of those issues.

I feel like I must say that of all of the programs that we fund in America, the two programs that I guess that spiritually and otherwise and that I know most about and have been more closely identified with is South Florida Migrant Legal Services and Alpared, primarily because I sort of put the program together in 1970 and lived with them, their frustration when the government vetoed their program in 1973 and 1974 and succeeded in manipulating the Republican White House to permit us to override the government's veto to permit the program to survive. As Milt knows, that is one of the reasons that Mr. Arnett got fired as director of OEO, because of some of those things that we did in those days. But I think that he was a worthy sacrifice because it's a very, very worthy program.

I would be remiss in not saying in all the programs that I've visited, I have not seen a program that when we talk about the effectiveness of client representation and the effect of client advocacy, I haven't seen a program that I visited yet that comes close to what I saw and what I learned when I visited the Alpared program.

What I propose to do and what I've informed Milton that I'm going to do and what I've informed the board chairman that I'm going to do because I was just there a few days ago, is I am sending a report to their board and to their board

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chairman about my impressions of their program.

I do not think that it would serve any purpose for me to go back and try to cross-examine, to inquire into and to try to search out all of the considerations and all of the factors and all of the consequences of all of the options and all of the issues that were brought to bear in making that grant earlier this year.

I am confident that the programs, and I visited all the programs that are there in Charleston, West Virginia, and I'm confident that all the programs there are operating. I'm especially impressed with what I saw and what I know is going on in the Alpared program and I think we can be very, very proud of the kind of representation that the Appalachian poor people are recieving from that program.

I think that that probably is about all that I can possibly do on those issues that were expressed at the last board meeting. I will make sure that I send to the members of this board copies of the correspondence that I have with the board chairman of that program. I think that would be satisfactory.

I have nothing further.

MR. KUTAK: Madame Chairman, I need to know as soon as we can what our scheduled hearings -- scheduled meetings will be next year.

MS. RODHAM: That's our next item on the agenda.

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MS. RODHAM: That's our next item on the agenda.

MR. KUTAK: Oh, we have only one listed and that's --

MR. ENGELBERG: That's a wrong date. That 7th and 8th is not the correct date. I was told it was the -- it was Thursday and Friday.

MS. RODHAM: It's the 6th and 7th.

MR. KUTAK: It is 6th and 7th.

MS. RODHAM: That's because we are going to be meeting in conjunction with the consortium.

MR. KUTAK: Oh, okay. Well, what about next year? Do we have a --

MR. ENGELBERG: Well, wait a minute. Let's get December straight.

MS. RODHAM: Yes, let's get December straight.

MR. ENGELBERG: December 6th and 7th in San Francisco. Right?

MS. RODHAM: Right.

MR. BRADLEY: Embarcadero Hyatt House.

MS. RODHAM: I hope, though, that board members will try to make plans to stay part of the 8th, too, right? Is that right?

MR. BRADLEY: Yes, the ABA is having a major activity on Friday afternoon and up until about 3:00 o'clock on Saturday. Bob, Bill, Hillary and maybe other board members would be participating in some of those discussions and presentations and one of the reasons they are planning this is that they

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hope that the entire Legal Services community, not only the board, but the client representatives and program representatives, will also come and participate in their day and a half activities.

So it's a joint endeavor that would cover basically three days.

MS. RODHAM: Now, does that answer your questions as to the December meeting? The legal -- the ABA Consortium which meets on issues about the delivery of legal services wanted us to meet with them and after polling the board by telephone there seemed to be quite an agreement that that would be a good thing to do. So that's why we're meeting in San Francisco.

Now, for 1980, our usual schedule is to meet March, June, September, December. There has been some talk about meeting in April instead of March or meeting in conjunction with the ABA in August instead of September. But the President recommends that we meet March 7th and 8th --

MR. ENGELBERG: That's too early for me.

MS. RODHAM: Okay. Let me just give you the dates and then we can discuss them.

June 6th and 7th; September 5th and 6th; December 5th and 6th.

Now, much of -- the reason why we key these meetings is because of the budgetary planning process. Now, Steve, you say that March --

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MR. ENGELBERG: I would just say that early March is not a good time for me because I try to go away then. So I would prefer something after the middle of March unless that's inconvenient for everyone else. If everyone else can't make it then --

MS. RODHAM: Would the first part of April make that much of a difference to either the staff --

MR. ENGELBERG: No, I just request that it not be in early March. Any other time is okay with me.

MS. RODHAM: How about the end of March, is that --

MR. ENGELBERG: That's fine as far as I know now.

MS. RODHAM: Any other problems that people have?

MR. HAUSEMAN: Could I just say one thing. Yesterday I was asked to have done before that meeting an evaluation of Legal Services Institute. It's not possible, I don't think.

MR. ENGELBERG: For what meeting, Alan?

MR. HAUSEMAN: For that March meeting. I just want everybody to understand I don't think it's possible given -- it's possible to do something. I don't think it's possible to have the kind of work that you wanted done done by then. I'm not suggesting you change your meeting; I'm just -- I want you clear that I cannot come back by March to do what you asked me to do.

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MR. ENGELBERG: So what you're saying is in order -- you have to be able to give us the report prior to then so that we --

MR. HAUSEMAN: You wanted me to complete my evaluation and come back to this board based on that evaluation. I'm not -- I'm not -- that's what you asked me.

MR. ENGELBERG: No, I understand that.

MR. HAUSEMAN: I just want it clear what the problem is. It is not, I don't think, fair to the Institute or to the staff to have to prepare, do an evaluation with a complete report by a March meeting.

MS. RODHAM: Okay.

MR. HAUSEMAN: I don't think that's a problem --

MS. RODHAM: Okay, Alan, I've got your -- we've got your point here. What about, then, the first weekend in April?

MR. ENGELBERG: Does that help you better?

MR. HAUSEMAN: It's a little better.

MS. RODHAM: Oh, it is.

MR. ENGELBERG: I don't know whether we were talking about some -- well, we were talking about a basis for the board to be able to make a decision with enough information to credibly make a decision about what to do, which --

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MS. RODHAM: Shall we settle on the 28th and 29th of March?

(No response.)

MR. McCALPIN: Hillary, you can't change for individuals, but the 5th, 6th and 7th of June, I'm committed.

MS. RODHAM: Okay.

MR. ENGELBERG: So am I, Hillary.

MS. RODHAM: That's a bad time because of a lot of activity in early June.

MR. McCALPIN: It's probably the same thing -- the CAB Board of Governors.

MR. ENGELBERG: Well, -- and it's the Consortium on Discipline and I've got to make my presentation.

MS. RODHAM: Okay. How about the -- either the -- how about the 20th and 21st of June?

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MR. McCALPIN: Okay.

MS. RODHAM: All right, now, September 5th and 6th. How does that --

MR. BRADLEY: That's the week of Labor Day. You may want to --

MR. KUTAK: No, no, no.

MS. RODHAM: No, we don't want to do that. How about

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MR. BRADLEY: First Monday in each month.

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MR. ENGELBERG: Well, that's all right if it's after Labor Day. As long as it's not part of Labor Day weekend.

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MR. McCALPIN: Just like this one?

MR. BRADLEY: Yes, just like this one.

MS. RODHAM: Yes. So what about September 5th and 6th; how's that?

MR. ENGELBERG: All right, just so long as they can block it out.

MS. RODHAM: Okay. And then December 5th and 6th.

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MR. BRADLEY: We'll go to the mansion.

MS. RODHAM: The Governor's Mansion. I'll get you a state trooper to drive you around.

(Laughter.)

MS. RODHAM: For some of you that may be an experience -- being treated nicely by a state trooper.

MR. KUTAK: Do you mean in custody or out?

(Laughter.)

MS. RODHAM: But that's the only remaining question, whether we want to meet somewhere outside of Washington.

MS. ESQUER: I have one question.

MS. RODHAM: Yes?

MS. ESQUER: Dan, what is the -- have the vacancies at the administrative level been filled or what is the calendar on that?

MR. BRADLEY: I'm sorry. We reported that last night to the Operations Committee and I guess we -- we have completed the advertising process. We expect to start the interview process and to complete the interview process and to name those persons within the next three weeks. That's my expectation.

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MR. McCALPIN: Dan, what positions are those?

MR. BRADLEY: The principal positions are general counsel and vice president. We have some other staff positions that are now being advertised -- a couple of regional director positions; four or five support personnel in OPS -- but the principal positions are those.

MR. SACKS: You have one vice president?

MR. BRADLEY: I'm sorry. I said the vice presidents positions -- the two vice presidents.

MR. SACKS: Two.

MR. BRADLEY: Vice president for Finance and Management and the vice president for Operations.

MS. ESQUER: Then there's just one other observation that I would like to make. I think that relatively speaking this budget year was a lot more comfortable and a lot more enjoyable than last year. From the comments that I've heard and the procedures that we adopted and followed really are the main -- the chief reason for the results. I really want to commend you for that.

MR. BRADLEY: Thank you.

MR. McCALPIN: I just asked Hillary out of an abundance of ignorance whether having elected or re-elected the chairman this morning at what I gather is the annual meeting, whether the committees expire at this point and are subject to being named or renamed or revised or whatever, and she said

MR. McCALPIN: Dan, what positions are those?

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"Good question. Why don't you ask it?" So -

(Laughter.)

MS. RODHAM: Because I know that there's something in the regulations that says the committees are constituted for two years. But I can't remember exactly what that says and I don't have my --

MR. McCALPIN: Which two years?

MS. RODHAM: That's the problem. I don't have my --

MR. McCALPIN: Well, I think that's obvious. Isn't that a chairman's authority and responsibility?

MS. RODHAM: Sure.

MR. McCALPIN: I expect you'll do whatever the regulations say.

MS. RODHAM: Right. Be very right.

Is there any other business to come before the board?

(No response.)

MR. McCALPIN: Why don't we adjourn?

MS. RODHAM: Is there a second?

MR. ENGELBERG: Second.

MS. RODHAM: All those in favor, please signify by saying "aye".

(Ayes.)

MS. RODHAM: Those opposed?

(No response.)

(Whereupon, the meeting was adjourned at 6:03 P.M.)

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(Discussion off.)

"Good question. Why don't you ask?" So --

(Laughter.)

MR. COLMAN: Have you ever thought about becoming

an Uber driver? Think about that.

(Laughter.)

MR. ROSENBERG: Why don't you ask?

(Laughter.)

MR. ROSENBERG: Why don't you ask? Is that

right? Okay. Yes, sir.

MR. ROSENBERG: Why don't you ask?

(Laughter.)

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(Laughter.)

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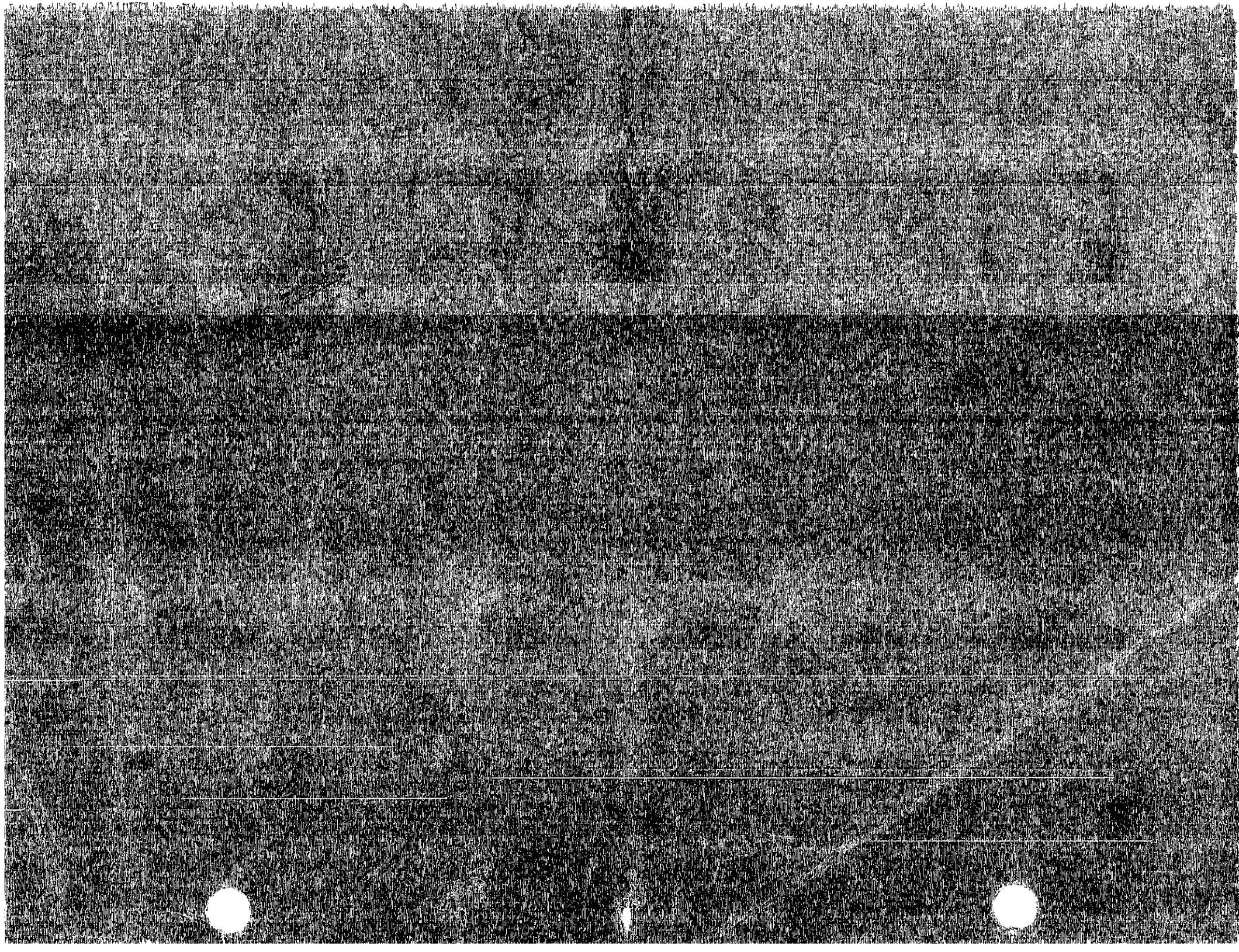
(Laughter.)

CERTIFICATE OF REPORTER

This is to certify that the attached proceedings, Meeting of the Board of Directors of Legal Services Corporation, held at George Washington University, Marvin Center, Room 410, 800 21st Street, N.W., Washington, D.C., on September 7, 1979, were held as herein appears, and that this is the original transcript thereof.

Neal R. Gross

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