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LEGAL SERVICES CORPORATION

BOARD OF DIRECTORS MEETING

June 28, 1986

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Washington, D. C.

A P P E A R A N C E S

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James H. Wentzel,	President
Robert A. Valois,	Vice Chairman
Thomas F. Smegal,	Member
Claude G. Swafford,	Member
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P R O C E E D I N G S

JUNE 28, 1986

CHAIRMAN DURANT: The Board of Directors meeting for the Legal Services Corporation is going to reconvene from its ...where we finished up on Friday. One of the people who is going to make a presentation on the '87 budget request item, Mr. Michael Coster is not here yet. He's over, I think, at the corporation. We've received two items, one from the National Organization of State Support Units, this morning, from Alan Rogers. Alan, are you here?

MR. ROGERS: Yes.

CHAIRMAN DURANT: I would appreciate it Alan, if you could, since I just saw this, if you would be willing to come forward and just simply make some comments on what you've presented.

MR. ROGERS: Thank you, Mr. Chairman. My name is Alan Rogers. I'm from the Massachusetts Law Reform Institute in Boston and I'm representing the National Organization of State Support Units. It is an organization of the grantees of the corporation that fall within the category of state support. The only indication that we have received as to any proposal on the budget mark is the letter

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of Mr. Mendez which is in the Board book and since that seemed to be Mr. Mendez' proposal to the rest of the Board, we wanted to respond to that and I here have the short memo, which I'll briefly summarize and then have him answer questions and you may want to participate in discussion a little later, if this issue comes up.

The proposal Mr. Mendez makes, as I understand it, is to distribute...take all the state support money which now goes to separate grantees, in some cases free standing state support centers, in some cases, field programs, who are directed to use that money for state support purposes and to distribute that money to field programs, state by state. That's, as I understand, a general recommendation.

We believe that this is not an appropriate thing to do for a number of reasons. First of all, we do not feel that there is any support for this particular move within the field programs. We feel that the field programs, by and large, have felt that state support is a valuable resource from them. The Nort report, which was done by the corporation, based on surveys of field growth program people in the summer of 1983, shows very convincingly that there is overwhelming support for a state support

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activity. People are pleased with the kind of support that they get. We do not believe that there is any support, that we know of, in the field for taking state support money, to the effect of distributing to field programs, and we feel that there would have to be some sort of demonstrative need or showing that the very people who depend upon us for it, would feel that this is a valid move to make.

Secondly, there are all sorts of practical problems that would be created if any support money were redistributed to the field programs. There is a sub-grant regulation, which I assume, for example, if there were a state support entity that still existed, had staff, and all of a sudden, at the end of a particular calendar year, and the beginning of a new year, it just can't stand, I hope, would if he wanted us to enter into agreements or relationships with the field programs, assuming that the programs would want to do that, and I think those kinds of relationships would be sub-grant regulations so that it would have to go through the sub-grant process.

Fortunately during this past year, there have been a lot of problems with the sub-grant process. I won't go into detail here, but there have been a lot of hold ups, questions raised, new conditions

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The next point I want to make is, even though this wasn't the context in which it came up, when the Corporation Board was considering the refunding regulation earlier this year, the question arose about whether state support grantees were sub-grantees off the normal state support grantees, which would like to intervene. It is now a refunding proceeding and the Board went through what I thought was an appropriate discussion of that issue, and finally concluded that at least until the end of this year, state support sub-grantees should have the right to intervene, at least to be allowed to intervene, as now refunding proceedings, and the reason why it was limited to this year, was that Mr. Wallace, among others, stated that he thought it was a good policy, that the state support grantees be direct grantees of the Corporation and not sub-grantees.

So, obviously this takes us in the opposite direction from what I thought had been a sensible way of trying to establish a relationship between state support programs and the Corporation.

Finally, it's a fact of life that all programs have needs, severe needs. Nobody can say that the combination of Federal and other funding is anywhere

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near adequate, so that putting support money into the field program, obviously creates conflicts for the use of that money. What that has the potential to do is to divide between field program needs and support needs. True, that's competition you can say and that's life, but when everybody has needs, I think one has to be very careful about putting people on the situation where people do compete with each other, where relationships could have been established, and support has been established very valuable, holds hostage to what is really a kind of deviciveness, that's perhaps created by putting these funds in the same place. So that's a troublesome thing. I think the support network has worked very well. I think the Nort report and other indications that the Corporation receives, shows that and for this reason, these well worked out relationships over the years, with the independent state support centers, I think has served the program as well, and I'm very anxious about any move by the Corporation that could cause those kinds of relationships to deterioriate and I think this has the potential for that.

So that's a summary of my remarks and I would urge that the Board not adopt the proposal to redirect

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state support funding to the field programs, for those reasons.

CHAIRMAN DURANT: Alan, let me offer some comments if I might. Ever since we first came together as a Board, I don't know, 15 or 18 months ago, whatever it was, I remember very much one thing that Bob Sable said at one of our early meetings and I think it was at the Hotel Washington, something that's a common thing that I hear in different places when I go in the field and other places, you know, if it ain't broke, don't fix it and that the emphasis...clearly we are providing a service that is needed, given the requests that we have for our services and come and see the kinds of things, or look at the kinds of activities that we do.

There is no question in my mind that in looking at the material that Bob puts out, my visit with you and others, that in fact a lot of the work that is being done, I haven't been out to the Youth Walk program in California, but Tom speaks constantly, very highly of its work. I think Sullivan is the name of the guy, what's his name?

MR. SMEGAL: Was he Executive Director...John O'Toole.

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CHAIRMAN DURANT: O'Toole, I knew it was an Irish name.

MR. SMEGAL: You have the right nationality.

CHAIRMAN DURANT: And I know from that...from those conversations and others, that the quality of the work seems to be, and is very good. The thing that has always been a part of our discussions and in our meetings and in the literature, is how evaluate. I went through when the Nort study came in and reviewing whether on state or national support, the questions regarding satisfaction levels, request levels and in many cases were quite good.

But I always wonder in terms of how ultimately do you...can you make the best judgments in terms of the people who are involved in the direct delivery of individuals. You see, I disagree with Pepe in that for example, in the letter talking about taking $2.5 million from national support, for example, and I don't know that there is a conceptual basis, or a practical basis that one could come...frankly that one could use that figure because...and simply apply it without having had some way of evaluating each and every program and how do you come up with... why $2.5 and whatever.

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Sylvia Ivey, I don't know whether you saw the piece that she sent around regarding the document as to evaluating whether there is duplication in national support and I thought it was a very good document, I've read it now twice. I think she makes, frankly, very valid points in terms of whether or not there is actually duplication or not duplication.

My feeling has always been, how do you enhance the ability of those people who are actually in the trenches, if you will, making the individual decisions, with clients coming into the office to enhance their ability to make choices about the services that they provide and it seems to me, whether you're talking about support services, pro bono, and the level and whatever, the best people to be making those kinds of decisions, are the local programs.

You are quite right, I mean, I have gotten copies of a number of letters regarding the sub-grant process. I have always asked, and I think Mr. Wentzel would verify that, that the Corporation were to simplify that process to make it speedier.

I know Peter Anderson in Boston and was having particular problems regarding the volunteer lawyers project and some of the other, but the question it seems to me, always has to come back to how you enhance

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a client centered delivery system, a system that gives client control, client priorities in terms of the establishment of the things that have to be done.

Reed Smith and I pulled a...I was going back over some of the testimony and I pulled a quote from one of the things that he said about at our Florida Bar meeting. He said that the proposition that we are here for is the delivery of legal services to poor persons and that direct delivery is the most important thing and the thing you've got to look at first is sustaining field programs which serve poor people directly. And if it means that support centers or law school clinics, or pro bono, even has to come second, then I think that's too bad, but that's the way it's got to go, that's the way the mop flops.

Well, I'm not as dower on that aspect, I think as my brother, Reed Smith is, but the point is if a particular support center, and I know there are going to...when I talked with Steve Brown or Lou Wesson of Michigan, if a particular support center is providing good and strong services, then it seems to me it is prudent and reasonable for a local program to...whether it's a contract or sub-grant or

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whatever to use those services, whether it be the training or the conferences or the meetings or the direct support on certain kinds of expertise, that the different people would have, the best person in the best position, it seems to me, to make that choice is the local field program and that more things that are done to enhance that ability and to expand in effect client control, it seems to me is important. The deviciveness that you speak of here and in your memo, is not an outgrowth of this, precisely because of the cooperative relationship that has existed, because if anybody then, it seems to me, would know the quality then of the services being provided, whether on a state or national basis.

It would be the local program who has to use those services and who therefore can judge whether or not there is and the extent to which there is value in those services.

The question I would raise, say for example, with Nort is, it is easy to do surveys that do not require an individual to make, you might say, accountable demand choices...choices that are based whenever we allocate our resources, in whatever hiarchy we choose, because of the particular values that we apply in performing our service. That tends to impose

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a certain kind of discipline in the way in which we allocate those resources and the way in which we make the choices and I think that by...see I would go farther in one aspect than Pepe would because on the national support centers, I would say the same thing...let the local programs decide as to whether or not these particular kinds of services are of value and let them decide by again, making the choices with their dollars...making their choices in a way so that it is an accountable demand, not a demand that is not.

One of the things that is, I think, also clear to me in terms of the visits that I've had around the country, is that many people, project directors and others, will say things to me and I suspect, to other Board members or others, when we come and visit and in the quiet over a cup of coffee, that frankly they'd never say publicly, and for a very simple reason. One told me almost a year ago, Clarke, you may be well intentioned, you may have an open heart and be good faith in the way in which you want to approach it, but you're going to be gone some day. But the people who are active in a variety of other ways who may disagree with you, they're going to be here a long time, and therefore if we did want to

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try to have an open debate about these kinds of things, there is very little in some ways to gain on it, when the perception may be, that as a Reagan Board or something like that, there is an adversary relationship, which I've certainly worked hard not to have that be.

So I think again it comes back to me, which is the essential...a woman who testified in New Orleans, her last name was Williams, said and some may disagree with it, but she said that for the first time in six years, which is longer than any of us has been here, that this was the most quiet centered Board that she had come in contact with. We may not always agree, I know that Carolyn Saunders is warning us to go with a particular kind of proposal, which it may or may not, but the point is, the ultimate choice always has to be, are the clients who are being served, having the maximum ability to make decisions and to control those decisions.

Even Willy Cook, said in response to some of the training thing, that we were thinking about, he said I've been training people for 17 years. I don't need the national to do any training, we just need...just give us the money. There's a real essential piece of wisdom in that observation, and that is, is that by

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being closest to his particular needs, support, training and otherwise, he can make certain kinds of judgments in a way perhaps that is better than may be directed either in the existing configuration of support organizations.

Most of the support organizations, state and national, have been around for a long time, therefore, people are in the best positions, it seems to me, to judge the quality and the direction and the kinds of services they provide and I would suspect that if we were to really expand choices and let, on both national and state support, let the field make the choices.

I suspect in some ways...many or part...most, all of the same configuration may in fact still exist, but the point is the person making the choice is the person directly responsible for having to deliver the services.

MR. ROGERS: Let me try to answer you in a number of ways. One is that fortunately, as I mentioned with all of the pressing needs of all programs, it's not quite so simple to take the state support funding and say to the people in the program, we're giving you X more thousands of dollars, this represents state support

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funding. You decide what you want to do with it. That program has lots of other demands for its time. It probably has the most salaries, it has severe client needs that may have closed an office or two recently and whenever an organization gets more resources, its got a number of different things it can do and so once again, those are legitimate needs. Everybody knows that, everybody is under funded, so what you end up doing when you take this additional piece of money, you end up in effect fitting those different interests within the program, with a high competing against each other.

Now, decisions may well be made to continue support, but in some programs and in other programs they may decide perhaps legitimately, even if the level is need, that some other use of that money is most appropriate. I think what the Corporation has to do as a general matter, is that it initially has to make a decision as to what kinds of programs, categories of programs, the resources are important enough for it to establish them and fund them separately and years ago, that's what the Corporation has done, It has decided that small, and very small, very litterally small amounts of money should go to things like national support, state support, most

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more recently, regional training centers, clearing house and the like.

If you add up the total amount of money we're talking about something less than $20 million. The field program budget is upwards of $260,000 to $270,000, so we're talking about a very small expenditure, even as a whole of the total budget.

Now, if the Corporation's decision through studies and all the careful attention it gave were right back in the '70's and early '80's, when a lot of work was done on this, then it is a national decision, it seems to me, that these kinds of resources should be provided and it's so important that's the policy decision, that at least some money, and again it's a small amount of money, should be devoted to these.

And I think that that's the national priority.

CHAIRMAN DURANT: But Alan, let me ask you a question. It seems to me, well two things, one that there is no question that if support needs are judged by an individual program to be necessary, that this Corporation isn't going to stand in the way of that Board based on its own local priorities and whatever, working out some arrangement to have those support needs provided.

I mean, if a local program came and said, you know, we want guns for the Contras or guns for the Sandanestas, we'd say well, I think you've got your priorities a little mixed and that's...we can't do that. I tried to make that vary...both sides... the point is that nobody I think is saying that support isn't something that could be of value. But the question comes, in all of those need studies, and I didn't review every one over the last couple of weeks or whenever Pepe sent his letter around, demand choices are not being made by the consumer directly in an accountable fashion, accountable in the same way in which choices are made by any other consumer goods, and that is how do I allocate my resources, scarce or not, in terms of my priorities to do the job that I am required to do.

MR. ROGERS: Let me disagree with that point because it seems to me the priorities process, the accountability mechanisms, that at least I'm aware of, most support centers are set up to in fact allow a review of client and program sway. The priority setting process is right, the programs have a chance periodically to review what the support center is doing, to review their own needs and to tell the support center that there are certain things

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that they need, that they might otherwise provide, by the way, not just something that could only be provided by the support center. There are certain needs that they have and they have a lot of influenceover their process, at least in the program that I am aware and the same with clients. There are sometimes client groups or a federation of clients that have direct relationships with support centers as well as the field programs. Those kind of groups have a lot to say about, for example, what our support center does, the kinds of issues, areas that we provide services and the like.

So it's not as if there isn't some sort of local influence over that. There's a lot of local influence and those decisions come both in terms of generally how the support center is organized, what kinds of services it provides and they also have a lot to do with the particular kinds of cases and assistance that support centers staffs give.

CHAIRMAN DURANT: But that establishes my point in the sense of which if that in fact takes place, then at a local Board meeting, when...say let's use Bob Sable because it's one that I think we can mutually agree is a very good program. Bob Sable comes and says look, I can provide and

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will provide these kinds of things to enhance your direct delivery. I suspect there will be very little question that Bob's services in fact will be used. There will be client discussion about the number of kinds of consumer complaints and consumer actions or energy kinds of things that might come up. In looking at Bob's regular reporters if you will, in terms of his how-to books and that sort of thing...and so when a local program is doing that, they then will be making the choice that in terms of serving the client who walks in who has the problem, they can say...and how that problem relates to all the other parts, it will be the same as any other operation having to make decision about how it allocates its resources.

MR. ROGERS: That leads me to my second general point, if that's so and applying large programs and clients are likely to choose the same resources then, you have to look carefully at what is the program, support programs that have to do in order to live under that regime.

What you're talking about in essence is all of these agreements, contracts, separate negotiations, sub-grants and so forth, there is an awful lot of paperwork, involved in trying to make inital or

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individual grievance programs. I may be on a case by case basis and stuff like that, what you're talking about is turning a program, which now has people on salary, which by and large are free of administrative duties and burdens, so that they can actually provide services and turning it into a consulting outfit where a lot of times, is going to have to be spent on the details of arranging the particular representation or assistance and particularly in states with a lot of people programs, that's an enormous...

MR. UDDO: Mr. Chairman, could I interrupt this discussion for a minute. I'd like some clarification to why we're discussing this at all.

CHAIRMAN DURANT: Well, because initially when we started, Mr. Coster who was to make a presentation on the '87 budget request, was at the Corporation and Mr. Rogers had sent around a letter regarding response to Mr. Mendez' earlier letter and that's how we got essentially into the dialogue.

MR. UDDO: I'm unaware of any formal proposal to the Board to do anything along these lines.

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CHAIRMAN DURANT: Alright that's...okay, then...

PRESIDENT WENTZEL: Could I say something here for one minute. There was a proposal by Mr. Mendez in the Board book, as a result of a specific request when Mr. Mendez and I testified before Senator Redman's committee, that he would like this Board to come up with a more specific budget request, a more itemized budget request. I'm not familiar that there's any staff program here...presentation or program. I know of several Board members that made requests from the staff of the Corporation concerning certain types of proposals and how to proceed, but I know of no staff proposal nor do I know of Mr. Mendez...what he wants to do and this is part of that, and that's why...

MR. MENDEZ: Mr. Chairman, may I get us on line.

CHAIRMAN DURANT: Yes.

MR. MENDEZ: Mr. Chairman, I move, so that everybody is on the same wave length, in page 64 of the Board book...on page 64 of the Board Book is where the lines...where they have the numbers on them of what we've presented

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under commitments to it. That with regard to National and State Support, Mr. Chairman, after my letter, I had some conversations with various individuals and I think it would be very appropriate for us to make that all private and move that up into Field Programs.

MR. WALLACE: You got any money for Clearinghouse in there?

MR. MENDEZ; Clearinghouse goes up into the Field Programs as well.

MR. WALLACE: Okay.

MRS. SWAFFORD: Is that a motion?

MR. MENDEZ: That is a motion.

MRS. SWAFFORD: I second it.

MR. WALLACE: So basically you're taking $13,470,000 which is everything but CALR grants and you're taking that amount and you're taking that amount and moving it up to Basic Field and that would increase $272,000 to $285,000 and do the math.

MR. MENDEZ: That's correct.

MR. WALLACE: Alright, I understand.

CHAIRMAN DURANT: Is there a second to that?

MRS. SWAFFORD: I second it.

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CHAIRMAN DURANT: Any Board discussion?

MR. UDDO: Yes, I have.

CHAIRMAN DURANT: Mr. Uddo.

MR. UDDO: Mr. Chairman, I would go back to my original question, I want to know where that proposal came from. To this time, the only suggestion that I've seen about doing something like that is in Mr. Mendez' letter and it only referred to State support and I'm unaware of any Committee report suggesting how this would be done or what would be the procedure for doing that so I think it is innappropriate at this time to consider that without some kind of Committee investigation of how it would be done.

MRS. BERNSTEIN: Clarke?

CHAIRMAN DURANT: Mrs. Bernstein.

MRS. BERNSTEIN: Could I just make a comment. I think that in a sense there is...there is no particular Committee report, but whenever we deal with the COB and we're looking at line items, that's exactly the kind of considerations that are made. As a matter of fact, however, Mike Wallace in Mississippi, suggested the very movement of that line, in the

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appropriate...the Audit and Appropriations Committee.

MR. WALLACE: Which died for a lack of a second.

MRS. BERNSTEIN: No, I seconded it and then took it back.

MR. WALLACE: Murdered for a specific

MRS. BERNSTEIN: But as far as procedure, I don't think it's procedurally inappropriate, I know every time we've talked about the consolidated operating budget or any line items and so forth, that the various Board members make various recommendations, Mr. Smegal has made recommendations in the past to take money from management and put it various other places and there have been various recommendations and so I think procedurally, it follows our general pattern.

MR. UDDO: I would disagree with you LeaAnne, because I don't think this is really an appropriations decision. I think it's a provisions committee decision because you're talking about changing the nature of the way the services are provided, so I don't think it's just the money decision.

CHAIRMAN DURANT: Can I have Mr. Mendez go?

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MR. WALLACE: Sure.

MR. MENDEZ: Mr. Chairman, I would invite the distinguished colleagues attention to my Board's efforts and my committee's efforts on numerous occasions to get information concerning national and state support in which programs were the most effect and which were the best ways of funding the various programs and further with regard to state support, we've had several studies that reflect that they are not uniform at all and I would...there is no uniform...the most characteristic part of state support, is that there is no characteristic, it's a conglomeration of various state units to do that and because of that, I think it's very appropriate for us to return all of the monies to them, there is no...there has been no systematic formation of why the monies came in and were funded to these groups in the first place, there has been no establishment of why these programs arose in the first place and how the money got there now and what we're doing by this, is we're telling all of the states, including those that presently have no funding, Kansas included, who made some very pointed and eloquent pleas to us, to allow them to have these monies to spend on state support

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if they should like and allow all of these groups...and I assume you've received the letter that they sent to me...sent to the Board concerning the duplication of efforts stating that there is no such thing as duplication of efforts and I will maintain to the Board that I think there is and that the easiest way for me to prove it, is that for them to bid against each other and to pay for it.

Further Mr. Uddo, I think with regard to the funding of Jim Bopp's group, I think that you'll find that under this procedure, that these groups will go out and buy services from him. I think it's very appropriate for all of the state support groups and all of the national support groups to have to go out and make bids to the local groups for funding. I don't think it's our business to do it. I've had some genuine reflection on Mike's proposal and I may be a slow learner but I have to tell Mr. Wallace, I've come around.

CHAIRMAN DURANT: Mr. Mendez, if I could...I might as well give you also the point of saying two thoughts, Mr. Mendez, I think in terms of the origination and purpose and how some of the state supports for example, initially grew up, Steve Brown gave us, I think, a fairly good and detailed

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report and I'm trying to think of which particular ... we've gone and bounced around in so many places in terms of how those decision were made and how they came about.

MR. MENDEZ: But they weren't logically brought forth.

CHAIRMAN DURANT: That's probably a matter open for some discussion, but Mr. Wallace you had been...

MR. WALLACE: I just wanted to respond to Professor Uddo's concern. I agree that basically our proposals ought to be generated in Committee and fully aired and brought up here as a general rule. I so moved last month with regard to closing the regional offices and that to...commit that proposal to committee for study, that motion failed by a vote of four to seven as I recall. The reason I thought we needed to do it was I saw no particular urgency at that time. I don't see any particular urgency for that proposal at this time, but that vote's gone.

We are in a slightly different situation here from my understanding of the dynamics of the appropriations process. The Sub-Committee chairman has asked us to give him some details, as to what we intend to

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do with the money we've asked for. We are almost to July. They go out on recess at the end of July, unless they plan to spend August trying Harry Clayburn and we need, if we're going to give them some details, I think we need to do it now. If we debate this matter and we can't reach any concensus on it, I think at that point we have to say to the Senate, we can't give you any details, we're going to recommit it to Committee and we'll try to give you something at the end of the summer. But we do have a matter...we do have a time question here that we didn't have, that we don't usually have and I think we ought to try to reach a concensus today and give the Appropriations Committee the answers it wants. If we can't do it, we can't do it and we'll have to send it back for further study.

MR. UDDO: Mr. Wallace, my response to that would be that we are not under pressure to make this decision because I don't think this is legitimately an appropriations decision. I think it's a delivery decision and I don't think that we're making it in the right context. We could maybe develop a concensus today but I don't know that anybody really is prepared to debate the ins and outs of how this is going to affect the delivery,

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the direct delivery or the support delivery, or whatever kinds of delivery we're going to talk about. Moving money around is one thing, but moving it around in a way that affects the way we deliver legal services, I think needs to be studied differently. I think that if the decision has to be made fairly quickly, the provisions committee ought to meet sooner than we thought we would have to meet and give this issue a more careful airing. I'm not disagreeing with the fundamental proposal. I haven't thought enough about it, and I don't know what the pros and cons are of it. I might eventually vote for it. I just don't see how I could possibly do that today, because I doubt that there are people here ready to speak to the question of national support. Mr. Mendez' letter referred to state support, not national support. Now the proposal is being made to do the same thing with national support and I kind of doubt that there is anybody here today that could give careful enough attention to what the impact of that decision might be on national support. So I don't think that under the pressure of putting some numbers down in different line items, we need to make a fairly dramatic decision about the way we deliver legal services. So I don't think we should feel pressured to do that and I think

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we ought to try to get the provisions committee together to make what I think is a delivery decision.

PRESIDENT WENTZEL: His letter does refer to national support.

MR. UDDO: A reduction of money.

MRS. BERNSTEIN: But Basile, I just have a question. How would a committee that comprises fewer members of the Board promote better debate than a consideration before the entire Board?

MR. UDDO: That's the Committee structure. If that's not the case, then we shouldn't have committee.

MRS. BERNSTEIN: Well, I understand but as Mike pointed out, we're in a situation right now where we've been asked for something specific from Congress and from their appropriations committee. It's not really a question of whether appropriations committee or provisions committee of this Board that is appropriate, the question is, is their appropriations committee has said do it.

MR. UDDO: They haven't told us to do this. They've told us to put some numbers down in the budget. We could put $14 million on this line and not make the decision that's being proposed here, to do it completely by a bid process, rather

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than the way we're doing it.

MR. MENDEZ: That's already presented.

MRS. BERNSTEIN: But maybe you're misunderstanding...as I understand the proposal, this is not a bid process that comes to us, this is allocating direct delivery money to the programs and they decide whether they want to serve more clients directly without the aid of support.

MR. UDDO: Is the money earmarked for support?

MRS. BERNSTEIN: No.

MR. MENDEZ: No.

MR. UDDO: Then it's a dramatic change in the way we fund support. I mean, let's not play shell and pea games.

MR. MENDEZ: I agree it's a dramatic change in the way we fund support, but it's also dramatic increase of funds to the basic fields.

MR. UDDO: I agree with you and I think that we have to more carefully consider how that process is going to work. I think there has to be some way to deal with the transition from the present system to that kind of system, so that centers that exist out there have some way of understanding

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how it is they are to compete for the services, what sort of money they could be assured of as some kind of base line, or do they just all go out of existence when we enact this and hope that enough money is going to come in to recreate them. I don't think things have been carefully considered.

MR. MENDEZ: Mr. Wentzel?

PRESIDENT WENTZEL: Yes, sir.

MR. MENDEZ: If we pass this today, it's my understanding that this would take effect January 1, 1987, is that correct?

PRESIDENT WENTZEL: Yes.

MR. MENDEZ: Would you be prepared within one month to send all of the basic field programs and national and state support programs a memo on how to transfer...how we're going to transfer these and how to conduct business in the interim?

PRESIDENT WENTZEL: I will attempt to do that Mr. Mendez. I'm not so sure of the mechanics of that, and how difficult that will be, but I will attempt to do that, yes.

MRS. BERNSTEIN: But I'm a little bit...I don't think that we really...we already have a structure, there's no new structure needed, because the programs right now, as I understand it, have purchased

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as much as $900,000 of services from the National Support Centers as it is. As I remember something that was in the budget fact sheet on national support before, they get in LSC income that is not through direct grants, nearly $1 million from the programs who purchase support from them.

Now it seems to me that that is an indication that they already know how to do it, if it is necessary, and what we are doing at a national level, by saying, well we're going to choose, without any sort of justification, without any sort of a preliminary analysis as to which ones are the ones you really need and we've heard time and time again that this is very disparate across the country in terms of the use of support. We are to do otherwise and I have said this for a long time, and Mike has brought it up before, it's not a new concept. We worried for a long time as to why we're not allowing these choices from the local programs. We have sub-grant regs, we have sub-grant procedures, there's no big deal. If they want to purchase the services, from the support centers, just as they provide a lease to a company for a Xerox machine, they purchase the support. What we're doing is allowing more money to go back closer to the client.

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CHAIRMAN DURANT: Mr. Uddo's point about shells and peas, I think if you recall, that the reason, the second on Mr. Wallace's motion in Mississippi was withdrawn was that Mr. Wallace had asked that the procedure by which the state... or the procedure by which the local programs could then make their choices...I think...

MRS. BERNSTEIN: I know the motion you're talking about. The motion you're talking about Clarke was that he said that they would not be subject to the sub-grant approval process. I could not...I had to withdraw my second to that, for a simple reason. I am a fiduciary of this Corporation and I cannot allow a situation to exist in which I am not in some way concerned with how the money is spent.

CHAIRMAN DURANT: I understand that but I think one of the points that Mr. Uddo is raising and I think was a part, as I recall of Mr. Wallace's point was, is that the time frame that had to be done in order to get approvals, or that sort of thing, was perhaps longer because it was new, than it perhaps ought to be, in terms of getting those approvals done. Granted they have to be in accord with, you know, the law under which we operate.

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As I say, I know from the correspondence that I have gotten from different people around the state, excuse me around the country, that some of the bugs in the sub-grant process, I hope most of them have been worked out, but we're causing some difficulties in some programs during the adjustment. One of the things Mr. Wentzel that I think, if we were to do this, would be terribly important, is to see if there isn't a way, in effect, to have a standardized...because I think the point is a good one. I mean is there a standardized form that could simply be used for the local programs that's...I guess we call it in the tax area, a safe harbour, so that this is an automatic approval in terms of buying services or contracting for services or whatever.

MR. MENDEZ: Clarke, I hate to have anybody think anything's an automatic approval, but a standard form and something that would be done within five to ten days or two weeks, something along those lines, I would agree. I wouldn't want you to go on record with saying anything's automatically approved.

PRESIDENT WENTZEL: There is a procedure for sub-grants.

MRS. BERNSTEIN: Yes, the sub-grant procedure is already there.

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CHAIRMAN DURANT: What I mean by automatic approval though...

PRESIDENT WENTZEL: You can't delegate your..

CHAIRMAN DURANT: I understand all that, but what I'm saying is that I think in fairness, that it is imperative that we have a way in which...for local programs who have made their priorities and made their choices, this is what they want that we be in a way that enhances and supports those decisions, assuming of course, that they are in accord with the LSC law and written regulations, because as I say, in reviewing some of the correspondence, and I'm particularly thinking of the Boston situation, I know there were bugs being worked out there and I think they were finally resolved.

PRESIDENT WENTZEL: No, I appreciate...

CHAIRMAN DURANT: If that were to happen on every program, then I frankly...

PRESIDENT WENTZEL: I appreciate what you're saying Mr. Chairman.

CHAIRMAN DURANT: Mr. Smegal.

MR. SMEGAL: Yes, I'm beginning to find myself at a substantial disadvantage, Mr. Durant.

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I've written you in the past about the lack of communication on this Board and LeaAnne has just made a statement that I'm just dumbfounded by. Whether she has access to documents that the rest of us don't see or what, she made the statement that $900,000, and if I understood her correctly, in support funds, are presently contracted out to the field programs. I haven't seen all those documents that she's obviously reviewed...

MRS. BERNSTEIN: Okay, that's there's...this is no documentation that was given to me for this meeting. There were documents that I had produced about two years ago, which showed LSC, non-LSC funding and I have since tried to keep up on where the non-LSC funding for our programs have been. If you will remember nearly every meeting we have discussed the budget. I have insisted that we should be considering access to other money. It has been a longstanding concern of mine. I do not apologize for checking into it.

MR. SMEGAL: LeaAnne, that is not what you said. You said there was $900,000 in LSC funding that went to support centers, if I understood you correctly and all I'm trying to find out now is that I'm not going to get the documentation...

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but I'd like to know what it was for, is it for public...

MRS. BERNSTEIN: I would have to go back through my files at home and I'm relying on my memory here, but the non-LSC funding that I was talking about...

MR. SMEGAL: You didn't say non-LSC funding, you said LSC funding.

MRS. BERNSTEIN: I'm sorry, LSC funding wasn't directly given to programs, but was from other than direct grant to the national support and state support centers.

MR. SMEGAL: Well, how did it get there, was it for publications that they produced extra copies?

MRS. BERNSTEIN: I really don't know.

MR. SMEGAL: How is it relevant to what we're discussing then. How can that have any relevance to what we're talking about?

MRS. BERNSTEIN: Because they've obviously...the programs have obviously purchased something from the national support or state support centers in order for that $900,00 to have shown up.

MR. SMEGAL: And they purchased paper from Xerox I'm sure too, and IBM and all kinds of

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other things. How has this got anything to do with the delivery of legal services?

MRS. BERNSTEIN: Tom, I'm simply saying that there is a relationship that can be developed between national support, state support and the programs without our being the high handed person to determine what that relationship should be.

MR. SMEGAL: As there can be a contract between IBM and Xerox to provide equipment or whatever. We're talking about legal services...

MRS. BERNSTEIN: No, you are absolutely on point with me. You are agreeing with me that the programs and the local delivery and the local decision making which you have emphasized in the past, mitigates toward the kind of proposal that Pepe has talked about. If they don't need 400 boxes of Xerox paper, we are not in a position on the national level to say, buy it, because we're decided that in the past, we've always had this. Maybe they've purchased a different machine now and that kind of Xeroxing materials are not appropriate for them. All I'm saying is that the local programs have boards which include clients, which consider priorities and those priorities may change and for us to fund

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specific entities which provide certain things from a national level, is not...it doesn't make any sense with how this program was started and the fact that it has grown up that way over about 20 years of this program, from 1965 on a gradual basis, does not make it right.

CHAIRMAN DURANT: Mr. Valois.

MR. VALOIS: This discussion seems to me the beginning a little bit more hypothetical and complex than necessary...I don't perceive all of this to be quite as complex as Tom and LeaAnne's and others suggest. It seems to me what we're doing as a very basic matter is permitting the people who need services to make the decision to purchase them and we do that every day in our law firm and I think that the programs are already doing that every day. They're making decision, whether they want to go to a support center to buy legal advice or provide professional testimony or expertise in a particular area, but they have a choice. I think they can hire outside counsel to do that. It seems to me that all we're saying, instead of all of us 11 wise guys in Washington, making some predetermination that a certain quantum of expertise should be bought and paid for in advance without regard to the need that the programs

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have. All we're saying is that the local programs if they need support from the, whatever center wherever it is, they're going to be making those decisions and I don't see anything that's so revolutionary about all of that. They make those decisions. Tom I suspect your firm hires expert witnesses from time to time, or maybe hires people to do research from time to time. I don't see anything that's all that...

MR. SMEGAL: Assume I ever get a chance to speak to this matter on the merits, I'll respond to what you just said.

MR. VALOIS: You have an opportunity right now.

MR. SMEGAL: Well, I want to finish. I'd like the documents LeaAnne has first Mr. Durant. Bob your point is a good one and I think it emphasizes what we're talking about here. I have a firm that specializes in intellectual property law so you can talk of it in a sense like a national support center or state support center. We do specialty law. That's all we do and there are a lot of general lawyers out there, Bob, there are 10,000 intellectual property lawyers in this country and about 650,000 general lawyers and I would suggest to you that to the extent that those 640,000 general

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lawyers decide they're going to practice Papillion, we're going to have an awful lot of malpractice in this country. I would suggest to you that what should happen in those areas, and not just my firm, but those who specialize in intellectual property law, should do intellectual property law. Even more specifically than that, I've got lawyers in my firm whose backgrounds are electrical engineering or chemistry, let's use those two as a contrast. If my lawyers with a background in electrical engineering start representing clients and writing chemical patent applications, I'll tell you, we'll have malpractice inside the firm also, and I think that's the point here Bob, you can't...you give a program, a field program, a minimum amount of money, less money than they had four or five years ago, and you tell them to deliver legal services to the poor, you tell them that with their $50,000, they would have to pay their own salary, they're going to have to pay for this paper that LeaAnne and I have been talking about, they're going to have to do everything. In addition to that if they want to get some expert advice in a particular area, they're going to have to give some of their money to somebody else, to give them that expert advice. Now, you're going to tell me that some

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young lawyer right out of law school, isn't going to write that chemical patent application. Rather than send the money to an intellectual property firm, the specialist who could do it more efficiently, more effectively for the client, rather than keep the money in-house where they can pay the meager salaries that they have the opportunity to pay. Bob, it's not reality. This whole thing is just a fantasy world.

MR. VALOIS: Tom, I think you're overlooking something and I'll use your firm or my firm as a...some proof of what I'm talking about. If a young lawyer, fresh out of law school, in our firm starts sitting down to write some complicated trust document for somebody...in the first place he would be supervised by somebody in that department who would overlook his work and so forth and so on and the same I'm sure it is with the program. There is a program director, there is somebody there who is in charge and I'm assuming that the management structure is such that people fresh out of law school, as you put it, do not rush out and make any of those kinds of decisions. I'll certainly hope not. But that's a management problem. I don't really see what that's got to do with...

MR. SMEGAL: That's a

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practice of law problem, Bob, it has nothing to do with management and I think your example is a good one, you've got a junior person in your firm, a senior person with experience in a certain area, as I do and that young person hopefully will go to you or I, and someone more senior with experience, in that particular area of law. But I don't know everything about every area of the law and neither do you and that's the point here. The point is that there can't be a program director no matter how long that program director has been there, who is supervising someone just out of law school on these programs, who is going to know enough about those 23 categories in Pepe's chart to allow that young lawyer to practice law effectively and efficiently and economically for clients. It's just impossible. You can't do it and I can't.

MR. VALOIS: I guess we just disagree. I would...if I had a complicated electronic intellectual property problem, I would call somebody with your expertise or somebody in a firm like yours. I would not attempt to do it. Likewise I have attorneys who practice real estate law calling me all the time about labor matters and I think that's just the way the practice of law is developing and has developed. But I see nothing about

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any of that which is different from the way that our programs should and probably do now operate. When they do not have the expertise in a particular area, I hope they get help or turn the case down or send it to somebody else.

MR. SMEGAL: Bob there's one difference that I think is absolutely basic to this whole discussion and the difference is that the clients you're talking about that you and I represent do not have a budget that goes down every year. The amount of money that your firm and my firm receive from clients we're representing and availing us of the opportunity to go to experts in specialty areas of law are not in the circumstance where every year the money they have available to provide...to bring to us, to provide them with legal services, is less and less and that's the difference. These field programs have less money every year and it's a basic tough decision. Do we eat or do we send the particular matter to Bob or Tom's firm where we can get some expert advice. That's the question. Do we have a typewriter, do we keep the lights on, or do we send this out to a specialist and pay the specialist part of the money that we have that we could otherwise pay the rent with. That's a very basic question and every

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year we reduce the amount of money we send to these field programs, we're doing it right again here now and that's the decision. It's not one that you and I can make on behalf of a client in the comfort of the capitalistic system that we operate in. It's a different environment and we've got to appreciate that and that is the basic problem you're talking about.

CHAIRMAN DURANT: Mr. Uddo.

MR. VALOIS: Just one line,

CHAIRMAN DURANT: Then Mr. Uddo.

MR. VALOIS: Tom I understand and Mr. Mendez will correct me if I understand his motion incorrectly, I'm sure that this...that we're not talking about sending less money out to the programs. We're talking about taking the money that's in the national support lines and sending it out to the fields, so in fact they're going to get more money and not less money.

CHAIRMAN DURANT: Mr. Uddo?

MR. UDDO: Bob, my concern comes from a different prospective than I think the ones that you're characterizing is simple and that is from the perspective of the support centers, I don't know the answers to some of these questions. I don't know if the demand for support is constant or if it's

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erratic, so I don't know that if in January and February there may not be any demand for a particular support center services, how they're going to operate, without any money, but then in February and March and April and May, the demand may be very high. I'm looking at it from the other side. How is it that you're going to sustain some kind of constant level of activity and funding if you happen to be in an area where there's a very erratic demand for what it is you're supplying, so that you have no predictability, no base line, no funding. You may go several months without anybody asking for your services and paying you any money and then down the line when you're understaffed and under funded, the demand may significantly increase. I don't know the answers to those questions.

CHAIRMAN DURANT: Mr. Mendez?

MR. MENDEZ: Let me just join this discussion. The budget, the overall budget in the last several years has gone up and in fact with the private funding, it's, last year, if my memory is correct, we.. it was $406 million. It's the highest it's ever been. That's including private funding so it's been consistently going up. Now, I would like to propose, so that I can understand your gentlemen's thought process, let me ask you this question. In your

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businesses, you buy books, you subscribe to books and in your business and in law schools, you decide that you're going to buy West... a West treatise versus a Mathew Bender treatise and you pay the subscription throughout the year. In January you use it, but you don't use it again until September, but you've got your subscription for the whole year. You also have made a conscious decision when you first bought it, you first subscribed, that you were going to pick one over the other, and you used your prior experiences with these programs...with West and with Mathew Bender in making the decision.

Now, that is the similarity that we have here. We're saying, look, you've had all of your experience, you've had ten or 15 years with these programs, it's now time for you to decide whether you're going to use the same programs, whether you're going to cut out some of them and whether you're going to increase and get more business from various others, and you're going to do it on a sub-grant basis.

Now the sub-grant basis is, once you get the sub-grant it's...it will run for years, so that if you have need of it in January and you don't have need of it again until November, you've got it.

CHAIRMAN DURANT: One other,

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let me respond to that, I think you raised a good point about the perhaps different levels of demand during different course of years, perhaps depending on case load or whatever. I ran into, as you know, in my other life, I am trustee of the Ann Arbor Railroad. We ran into a situation where, even the railroad business which is essentially a service business...in our case, it's primarily Ford Motor Company and American Motors and a place called Dundee's Cement. We have tremendously great swings in shipments that between April...early April, late September, early October, we've got a fairly constant pattern of demand, because that's the primary shipping season.

Between essentially October and March, we're pretty much scraping pennies together or whatever, to keep things together. We had to make a management decision about a year ago as to what kind of railroad this was going to be. Would we have a situation where we took our...we have engineers with 15, 20, 25 years of experience, linemen with the same kind of thing, people in the maintenance, and a variety who have tremendous...you know, they're your typical kinds of well experienced grizzly tough railroad people, and we had to make a choice, and we pay them good wages, we had to make the choice as to whether or not we would

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try and keep on full crews all year long, or hire people essentially from April to October and lay them off and then operate with a skeleton crew during those other periods of time. We made a choice that to maximize and best serve our customers, who were very demanding, that if we were to lay off our experienced people, we would possibly jeopardize the good times during April to October. So what we did was is that we changed a little bit in the way in which we operated, we worked out agreements with our people, so that we could keep the best people all year long, pay them even essentially...I mean there's always work to be done, but it wasn't the same kind of work any more, and it's clearly much easier between October and March, but so that we would have them all year long, so that even though we knew that there would be swings in terms of demand on our services, we would conduct our business in a way that would take that into account.

Now it seems to me here also that you're going to have different levels of demands or whatever, but I think clearinghouse is a good example. Clearinghouse consistently puts out a good publication, better than most in some areas and it therefore perhaps because of their expertise in publishing that some of the other...

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and this picks up really on Tom's point about the electrical and chemical engineers, some of the other publishing aspects, perhaps some other support services, are then centralized and are done just by the clearinghouse. It isn't as if we're working in a vacuum in which people don't know each other, services aren't known and that we're starting from scratch. I mean you really are talking about a context of a richness in a diversity and relationships, that have existed for a long period of time and that it's like any other kind of operation in terms of trying to make adjustments.

But the essential point is still the same and that is the ultimate user, the client, and the client members of the Board and the individual boards, and their local part, make the decisions as to really what serves their needs, in a way that is accountable and are.

MR. UDDO: But it sounds to me like you're not really suggesting that kind of a system because you're saying that they should buy the services, even if they might need the services, during the year. That's different from saying you buy them when you need them. If there's a fear that they're not going to be there when you need them,

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then you're saying, it's kind of a fine little exercise, everybody run out and buy up all the ones you think you might need, whether you're really going to or not and that might not be very efficient, and that might not be any more rational than what's being criticized as the way it's being done now. Because you're not saying you buy it when you need it, you're saying that if you might need it anytime during the year, you had better go out and buy it.

CHAIRMAN DURANT: You make it in the same judgment you bought about any other kind of service. I mean, if the...

MR. UDDO: I wouldn't buy Mr. Mendez' book in January if I didn't have any need for it until July...buy it in July, but if the company is going to be out of business in July, then maybe I'd better buy it in January and then I might have wasted my money, becuase I might not need it in July.

CHAIRMAN DURANT: Yes, but I mean those kind of decisions in terms of purchasing anything, we all make during the course of any of our lives.

MR. UDDO: As long as the supply is there when you need it and I think we're

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creating a situation where we have to artificially assure that the supply is going to be there, because you might need it down the road.

MR. WALLACE: Mr. Chairman.

CHAIRMAN DURANT: Mr. Wallace, if you might, so that...he hasn't had an opportunity to speak.

MR. SMEGAL: I just wanted to speak to Clarke's point, I'd like to speak to that.

MR. WALLACE: I think I want to respond to what Basile said because it seems to me we're all talking about subscriptions here and that's not the only way this thing could work out in the real world. We've got two sets of regulations, one which the Board adopted last night about hiring outside counsel, that as I understand, would not have to be approved with us. If you go out and hire somebody on a one-shot basis, you can go ahead and do it. If you want to have a continuing relationship, that would be a sub-grant for a year and I would think most people would have a mix of that sort of situation. They would subscribe to the programs they used the most often, because they figure they can get a bargain rate that way and they would contract on one-shot basis with programs they don't use very often because they get

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a better deal that way, just like you buy books, you subscribe to things you use all the time, and you get basically a discount for volume, but you can still go out and buy individual volumes of things, if it turns out that you need them.

I think you're going to have that kind of a mix all of which is permissible under the regulations we have now, if we decided to go to this kind of a system. I mean, it's not all that unprecedented sort of thing, to say some things you buy up front in volume, and other things you picked up retail, as you need them. We can do that and the market works that way and it usually allocates resources fairly efficiently. I don't see any reason to think it won't work here.

MR. UDDO: I think it might, but I think we're being precipitious in not thinking through those things and having at least one shot as a thorough Committee investigation of it, with all of the public testimony that we can take on it, because there may, and I'll be very frank about it, there may be some support centers that offer a service less in demand than others that we need to consider. We need to consider whether the volume of demand is the only consideration.

CHAIRMAN DURANT: Mr. Smegal,

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I promised you.

MR. SMEGAL: Yes, thank you, I think if I may go back to your analogy, I think the railroad analogy Clarke reinforces Basile's concerns. If I understood, you didn't quite finish, but if I understood where you were going with that in your railroad business it sounds like you let the non-skilled labor go in the slow periods and keep your experts in case you need them at some other time.

CHAIRMAN DURANT: No, we keep them all.

MR. SMEGAL: You keep them all, how do you keep them all and still turn a profit in this railroad, Clarke?

CHAIRMAN DURANT: Well, it makes it a little bit more difficult, but the point is that we made a judgment that by doing that, we could based on the charges that we make for the service primarily during April to October and because frankly Ford and Dundee and our small little shippers, recognize that they will continue to get a better service by paying the particular service fees that we charge, which still has to be competitive with trucks and every other kind of thing. We don't lay off for the...except in certain unique circumstances, we don't lay off the

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unskilled people, and we still turn a profit, barely but we still turn a profit.

MR. SMEGAL: This is a bankrupt railroad?

CHAIRMAN DURANT: Yes, it was.

MRS. SWAFFORD: Mr. Chairman, I second the motion.

CHAIRMAN DURANT: We now have $5 million in the bank and we started with $40,000.

MRS. SWAFFORD: I seconded this motion and I didn't realize it was going to get into all this complex controversy. It seems to me like we really need to refocus this debate and I thought it was very simple. I thought that we were talking about the needs of the poor and that it would be per client and that we would choose direct delivery. In your little speech there, and I remember that in Florida from Mr. Smith, he said that's the way, you know, if it's got to be, the emphasis and the priority and the bottom line's got to be on direct services, and I can always remember those little cliches, that's the way the mop flops and I thought that's what we were talking about and I think we've sort of gotten off into trivia, maybe there has not been communication as there should have been on the members part of the members of

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the Board. I've got the Board book and I know what the recommendations were and aren't we talking about nearly $15 million we're spending on research.

CHAIRMAN DURANT: Support services.

MRS. SWAFFORD: Well, support services, well that's basically what it is and I thought that's what it was all about and I would just suggest to the members of the Board, that we would refocus our debate.

CHAIRMAN DURANT: Okay, any other comment. Mr. Smegal?

MR. SMEGAL: Only to reply, certainly I've been talking about the delivery of legal services, Clarke, that's all we're talking about. We're talking about how you get it, the conversation Bob and I had was whether you let someone who has no skill such as one of Clarke's railroad people in the delivery of the legal services, deliver legal services, or where you have someone who has the skills, someone who is trained in a particular area of the law, who understands the problem, can get to the solution quickly and efficiently, that's what we're talking about, we're talking about direct delivery of legal services, how can we serve more people, how can we serve more

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efficiently, how can we serve them economically...it's all we're talking about, that's all I'm talking about, and I hope that's all Bob's talking about.

MR. VALOIS: Absolutely.

MRS. BENAVIDEZ: Mr. Chairman?

CHAIRMAN DURANT: Yes, Mrs. Benavidez?

MRS. BENAVIDEZ: To me this seems to be very simple. It's like giving money to the mother. She has different children, different ages, so she knows what each child needs, that way she has the money, she goes and purchase whatever the child needs.

CHAIRMAN DURANT: As usual you've cut right through us. Thank you, Mrs. Benavidez. Mr. Molla I promised to...

MR. JOHN MOLLA: Mr. Chairman, I have one question before I make my remarks, is there any budget line amount for basic field programs?

CHAIRMAN DURANT: Mr. Mendez?

MR. MENDEZ: Well, there will be a line and it will fluctuate depending on what happens here with this because this will add into...

MR. MOLLA: What you're saying is that there are certain recommendations on those

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budget line items, do you know what the total is based on those recommendations?

MR. MENDEZ: It's 3055.

MR. MOLLA: Basic field programs.

MR. MENDEZ: No.

MR. MOLLA: Have you calculated those line items for basic field programs?

MR. VALOIS: Isn't that the figure that Mike just added up.

MR. WALLACE: I haven't added it up yet, I'm doing that now, but you move 13 4 up here...

MR. MENDEZ: I just add it up.

MR. SMEGAL: While we're taking a moment to add that up, I'd like to turn to page 63 and if someone could tell me why the bottom line on allocation, for the fiscal year 1986 appropriation was $292, 363, rather than $355,000, I'm sure ... baffled.

MR. MENDEZ: Sure, that's Gramm-Rudman

PRESIDENT WENTZE: That's post-Gramm-Rudman figures...$423,000 we've got here.

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MR. SMEGAL: So I have to add 4.3 percent to each one of those to see where we were when we started with the $355,000.

MR. WALLACE: If I can add and subtract, which is not at all a sure thing, line A-1 under basic field programs should come out to $269,750,000, and what I did was move $13,470,000 from lines B-1,2 and 3 up to A...up to Block A and that would give you a total under field programs of $285,470,000, you subtract that to $7 million and change for native American Programs, $9 million and change for Migrant Programs and Components, there isn't anything reserved for special adjustments as far as I know, that would be zero, so what you get on line A-1 is $269,750,000. That's subject to correction, but that's what we were talking about.

MR. MOLLA: I think it's $268,000,000.

MR.WALLACE: Well, I think you may be right. I think you are right, $268,000,000, I see where I fouled up.

MR. MOLLA: And 1-A in total would be $285,270,000.

MR. WALLACE: $285,470,000.

MR. MOLLA: Mr. Mendez, if

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I may ask you, are these totals included in your motion?

MR. MENDEZ: Yes.

MR. MOLLA: Not as originally stated I don't believe.

MR. MENDEZ: No. I didn't state it...

MR. MOLLA: What you were talking about originally, so I understand what you're voting on, are you voting on basic field funding, line item 1-A in total of $272 million or $285 million?

CHAIRMAN DURANT: $285,000,000. That's what he said.

MR. MOLLA: That's not what he said before. He said he would get back to fill it in, he never did, the motion's been closed.

MR. WALLACE: I asked him how it would be filled in and I said, you take this and move it and add and subtract, and he said yes, you do all that, we didn't actually do the math, but now we've done it. That's what it comes out to.

MR. MOLLA: That's a hell of a way to do business with our funding. You have somebody in the Board meetings too long really to be surprised about today's procedures and process. We came prepared to talk about, as best we could, the materials

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in the Board book, which were incomplete 1987 COB, a May 19 letter from Mr. Mendez that talked about some of his ruminations, most recently before he penned that letter. Clearly the proposal gave us no notice of the significant changes you're now making from the incomplete information you gave us prior to the meeting. We are very, very concerned that a decision of this magnitude would be made without proper advance notice to the field...

CHAIRMAN DURANT: John, can I ask you a question? Mr. Mendez' letter specifically says that he is going to propose to transfer state support funding directed to the field programs. That's number one. Number two, that he proposed a reduction in national support by $2.4 million. It seems to me you are a very competent and capable fellow that if Mr. Mendez has suggested that in response to trying to break out line items, then obviously the Board is going to look at that and weigh it and make a determination as to whether or not they are going to follow or modify or reject or whatever. Those are the two primary areas in which anything is being talked about. Are you saying you didn't have any notice?

MR. MOLLA: Are you suggesting from Mr. Mendez' letter that we knew all of support

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would be moved into basic field on some sort of sub-grant basis.

MR. VALOIS: John, you don't ever know everything that's going to happen in a meeting before it happens. If that were the case, we wouldn't need meetings. We would send memos out.

MR. MOLLA: It seems to me, Mr. Valois, that over the course of the last year and a half or so, at least as long as this Board has been in office, that we've used a fairly orderly process that is there is a development of COB with detailed and budget line, there's a rationale they compared for the COB, it goes to appropriation committee, it goes to provisions committee, as Mr. Uddo said, if there are significant impacts on the delivery system, and then it comes to the full Board.

CHAIRMAN DURANT: But John, wait a second. We've had hearings...wait a second, John. We have had hearings...I can think of three different times, El Paso and then the one at the Hotel Washington and for the moment, the location is in Washington that escapes me, in which this whole subject matter has been talked about, Bert Fretts came with both written and oral testimony, Leonard Goodman did the same thing, Sylvia Ivey talked at one point in

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El Paso to me, I mean, I think you are being disengenuous to suggest that somehow or other this is springing up and catching the competent fellow like you unawares.

MR. SMEGAL: Let me just speak to Mr. Molla's position. I read Mr. Mendez' letter of May 19, also as all of you can read it, and I might suggest you look at the third paragraph from the end and what is stated there is entirely different than what Mr. Mendez has now stated. In fact even down to a simple little inocuous thing like how much for CLAR grants, he's got a different number. It says there I propose allocating approximately $6.3 million for other support. If I understood Mr. Mendez' motion a moment ago, with respect to item 2-B, it's to leave only $530,000 there, not $6.3 million. Clarke I think that's a lot different. I think Mr. Molla's correct.

MRS. BERNSTEIN: Clarke, could I...there are two things that I think need to be said with regard to what Mr. Molla said. First, we're talking about a budget marked to be sent to Congress, that's a lot different than when this Board discusses in appropriations and provisions committee meetings, changes in the COB within our current year and any adjustments that have to be made. This is a mark that's to be sent to Congress in response to Senator Rudman's

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request, Pepe's promise to him at the hearing...Pepe in the letter, and I will disagree with Tom, Pepe in the letter has pretty well set out where he intends to go. That gives notice as to what kinds of things that are going to be discussed here. I have never in the history of this particular Board, known us to do exactly what we started out to do, when we got here. We listen to things that are said by other Board members. We listen to things from the field and I think that we have to consider this as what it is, a time to discuss what our priorities are and where we intend to go. Pepe started that process with Senator Rudman, Senator Rudman asked us to continue that process, and I think we all kind of know what...it may be a situation in which the details and so forth are, would be nice to be able to get a concensus before we come to the meeting, but as Bob said, there's no point in having the meetings.

MR. UDDO: Let me just say, though LeaAnne, no reasonable person could read Pepe's letter and page 64 and deduce from that, that national support was going to be proposed to be dealt with, the same way that we propose state support.

MRS. BERNSTEAIN: But Basile, I'm willing to admit that you might not class me in the situation of a reasonable person.

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MR. UDDO: I think you are.

MRS. BERNSTEIN: But when I read the letter, I said, there's my opening to suggest this.

MR. UDDO: But it's not in the Board book, nobody else is aware of it.

MRS. BERNSTEIN: But you know that you could come today...

MR. SMEGAL: LeaAnne, an appropriate way to have that happen, is to amend the basic motion on the floor, not to come in with it loaded in there already. I mean this is a circumstance that we've had so often at this Board, we get here and somebody else has changed the script before we get here and you've done it again.

MR. MENDEZ: I have to congratulate everybody that changes.

MRS. BERNSTEIN: Yeah!

MR. MENDEZ: Because what it does is it says that we are...

MRS. BERNSTEIN: Open minded.

MR. MENDEZ: Willing to listen, and if you look at the last paragraph, I said please give me any information that you want, any comments and based on the comments that I received, I modified my position.

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My position is as I articulated it today.

MR. UDDO: That's fine, and I don't have any problem with that, but if it's not in here, people cannot be prepared to discuss it.

MR. MENDEZ: Basile...

MRS. BERNSTEIN: But you can call.

MR. UDDO: I don't mean just me, I mean people who are in the field who may be interested in commenting on it.

MR. MENDEZ: Fine, there's notice on the whole line...the whole budget mark...the whole budget mark...

MR. UDDO: There's nothing in the Board book to suggest that national support would be put into basic.

MR. MENDEZ: So...

MR. UDDO: So, what's the point of public comment if people aren't aware of what they're coming to comment on?

MR. MENDEZ: The whole point of this...of us to have Board meetings is to see if we can persuade other Board members as to our positions.

MR. UDDO: And I get persuaded by Board comment and by public comment.

CHAIRMAN DURANT: Again, I

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think it is fair to say that again, this is not an issue that has come up for the first time. I mean it really has been looked at.

MR. UDDO: Clarke, unless I'm mistaken, the instances that you are referring to only discuss state support centers.

CHAIRMAN DURANT: No...

MR. UDDO: I don't recall a meeting where this was...and I wasn't in El Paso, and you mentioned El Paso.

CHAIRMAN DURANT: But it was more than El Paso...

MR. UDDO: We were discussing... that was in Salt Lake City, wasn't it?

MR. MENDEZ: We had one at the Hotel Washington...

MR. UDDO: I only remember it in the context of state support.

MR. VALOIS: I would like to hear the rest of what Mr. Molla has to say.

CHAIRMAN DURANT: Mr. Molla?

MR. MOLLA: Thank you, Mr. Valois. Mr. Chairman, evidently we have a difference in legal opinion as to what constitutes proper notice in these Board meetings. I don't think the kinds of

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discussions that we've had in prior meetings, to which you make reference, gave us notice adequately, as to what is being proposed here today. Who knows what the Board's considering at any particular meeting, because a lot of those issues come up during the course of the meeting, only to be dropped and changed and replaced with new issues at the next Board meeting. I think that those are prime examples about why the procedure that this Board uses has to comply with notice, with full deliberation, within the committees, with full field input and then brought to the Board for final decision. You knew that this 1987 COB line item proposal should have been a part of your original submission to Congress. It is an integral part of a regular submission to Congress and it should have been done last year. You were reminded by Senator Rudman in early May, that you had forgotten to do it. This is the second meeting since Mr. Mendez and Mr. Wentzel testified before that Senate sub-committee...were reminded to prepare the line items. You never had a proposal done, either done by staff or by any Board member that went to a committee with notice to the field, even though we're two months later and two Board meetings later. This isn't an extraordinary procedure. It is regular appropriation procedure with any agency that

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deals with the Hill. So to say that you have a rush to judgment today because someone has put some time deadlines on you, is incorrect. It's a regular way of doing business and you're not following...we don't believe, the regular procedure and the proper procedure for doing it.

MR. WALLACE: May I say to that, that I have had a little experience with the Hill. There is no legal requirement that we do anything other than what we did in El Paso and I'm happy to leave it, what we did in El Paso. The Senate has asked for more information. If we're capable of arriving at a judgment today, on more information, I'm happy to give it to them. If we're not, I'm happy to rest on what we've done. I'm happy to refer it to Committee, but I don't think we've done anything that's illegal, immoral or unethical. This isn't the administrative procedure, you don't have 30 days notice in comment. You've got a fairly detailed proposal from Mr. Mendez and anybody who can look at a budget, knows that budgets are subject to amendment. I moved in Mississippi to do this with national support centers. I didn't get any support for it in Mississippi, and Pepe has decided now that that's a good idea. I mean it's not like this came up out of thin air. This

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is a subject that's been moved before this Board, this year and every once in a while, the Board goes back and revisits its prior decision, so we don't have to do anything today, but if we do, I think it's perfectly in order to do what Mr. Mendez has suggested that we do, and if we agree on that, let's get it done.

CHAIRMAN DURANT: Mr. Molla?

MR. MOLLA: Even without preparation, for example, I have been prepared to come and talk about a $2.4 million shift in national support, and found out this morning that that's not the issue on the table. I'd just like to say that some of the concerns that Mr. Uddo and Mr. Smegal raise, as to these drastic changes in support, are also concerns shared by PAG. If all the money is going to go out to basic field programs and then reallocated on sub-grant process for basic field to support entities, there are going to be major problems with transition. I would venture to say that by February, there probably will be no potential support vendors still in existence for us to purchase services from or for them to make sub-grants. Their money is only allocated through December 31...it is virtually impossible to give them sufficient base funding to maintain any kind of stability, within a short enough period of time to allow us to

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go through local decision making sub-grant processes which if we're lucky, will take four or five months to be approved by the Corporation. Those centers, both state support centers and national support centers, simply will not be around to sign those sub-grants. That's the major issue in the transition. There are other equally important issues like the erratic nature of support, our inability to judge in July what specific...I mean January, what specific substantive areas we're going to have support needs in. This whole issue needs to be clearly studied within the provisions and the appropriations committee with full field input. If not, I think simply by voting the COB, you are going to undo 20 years of analytical and thoughtful development and support within the legal services program, and you've got to do it without having looked at any of those issues in a significant way.

MRS. BERNSTEIN: Are you telling me that none of those support centers, state or national, have any means of support other than LSC money?

MR. MOLLA: I don't think that they have, if you will, sufficient face funding to allow them to maintain their programs without the legal services

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funding, no.

MR. MENDEZ: Do you think that you could have the transition done in two months?

MR. MOLLA: No.

MR. MENDEZ: From January and February?

MR. MOLLA: No, what are they going to do in the meantime?

MR. MENDEZ: How much time do you think they need?

MR. MOLLA: I have no idea. I've had literally, what about an hour, to think about this proposal.

MR. WALLACE: Mr. Chairman, I have had a little more than an hour to think about it because this was on my mind when I made the proposal in Mississippi and I've looked at the regulations since. As I said a while ago, we already have two sets of regulations that will tell how our programs can send money to support centers. One is sub-grants, which does have to come through our shop, and one is for one time of counsel arrangements, which don't have to come through our shop. I don't think we need any changes in regulations to get this implemented. I do agree that there is a four or five month wait for sub-grants

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to be approved, then that's not a regulatory problem, that's an operational problem, which is also under my committee. I don't see any reason in the world why our staff cannot put together a sub-grant...a model sub-grant contract that we're going to approve and say that, you know, just fill in the blanks...the East Framingham Legal Services Sub-grants X dollars to Mass and Law Reform, subject to the following terms and conditions, and if they can live with the terms and conditions and if they can fill a dollar amount in the blank, we're going to approve that and it's not going to take four or five months, on each of umpteen hundred sub-grant applications. It seems to me that that's the way it ought to be done, no reason it can't be done that way, and in six months, reasonably intelligent people can figure out what it is they want to buy, can get sub-grants entered into, and on January 1, we can be up and growing. Problems of transition don't concern me because I think that can be done. The question is, is this something that ought to be done.

MR. MOLLA: Mike, I understand what you're saying that it's an operational problem, but I wish that you were looking at it from our perspective. I know personally, and I know from talking with other people in the field, that things don't work that way within

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the Corporation. Months go by before sub-grant is even responded to. Months go by before you even get a response to a relatively simple matter. I can understand from a planning viewpoint that you think that this is operational and can easily be resolved. It doesn't work that way in reality. Even on simple requests for instructions, in my own case, I'm waiting now about two months for a response on a letter I sent down to the Corporation and it was a relatively easy thing. To go through sub-grant is not a relatively easy thing even if you have forms.

The second issue is...

CHAIRMAN DURANT: John, let's close that up...let's close the sub-grant process.

MR. MOLLA: Well, you know well...

MR. MENDEZ: Mr. Chairman, we have a 45 day sub-grant rule and I've been advised that we're meeting that regularly and I think that if we do this on an expedited basis, that on these particular ones for this particular type of activities, for the state and national support, that we can do that in a much quicker time.

MR. MOLLA: I'll tell you what the bottom line is, you don't get timely responses. I don't know what the problems are. It internal to the

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Corporation...

CHAIRMAN DURANT: What about this 45 day thing that Mr. Mendez was saying?

MR. MOLLA: If they adhere to a 45 day rule, that would make things better and you know because you talked with our Bar president about the delays we had in our Bar.

CHAIRMAN DURANT: Listen, every...

MR. MOLLA: You've heard them around the country.

CHAIRMAN DURANT: That is the one question that I probably hear more than any other but my feeling is and I think it's certainly clear, I think on this Board, that that should not, and as far as I'm concerned, cannot be a problem in terms of it being done expeditiously. If we have a 45 day rule, then dammit it should be adhered to.

MR. MOLLA: I wish you well.

PRESIDENT WENTZEL: Mr. Molla, can I ask you a question?

MR. MOLLA: Sure.

PRESIDENT WENTZEL: What happens if you get no response within the 45 days on the sub-grant approval?

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MR. MOLLA: What would happen?

PRESIDENT WENTZEL: Yes.

MR. MOLLA: Usually what would happen is we would contact someone in the Corporation to see what the status of it is. There are provisions... go ahead an read the provisions, there are provisions of what happens if the 45 day rule isn't complied with.

PRESIDENT WENTZEL: What if you don't get a response in the 45 days?

MR. MOLLA: It's being approved.

MRS. BERNSTEIN: The burden is on us so...and it bothers me somewhat because the tenor of what I'm hearing is not that it's wrong to put more power in the local program and give more say to the clients that serve on the Boards of those local programs, it is...that is not what you're saying is wrong, you're trying to say, from technical standpoints, that we've got to study this, we've got to...this is a policy decision that we think the direct delivery is the preimminent concern of this organization.

MR. MOLLA: LeaAnne...

MRS. BERNSTEIN: Just a minute, let me finish, the concern that I have here is that what I'm hearing is that we should put this off and if we did in fact put this off and I sure hope we don't, but

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if we did in fact put this off, then you will come back in a couple of months and say, now we don't have time to implement it before next year.

PRESIDENT WENTZEL: Mr. Chairman...

MR. MOLLA: That is a problem LeaAnne, but let me just respond to your concern. There is currently within every state support and in the national support context, ample opportunity for basic field programs and clients to be involved in decision making within those programs. There is priority setting, there are Boards of Directors, there are other meetings that occur.

MRS. BERNSTEIN: There are ample opportunity in the states that don't have support, national and state support...there's no ample opportunity to them.

MR. MOLLA: In the area of... that's a different issue, what you should be applicating for along with us is some increased funding to allow for equalization within state support.

MRS. BERNSTEIN: I think we have to settle the policy decision first as to what this Corporation was set up for...middlemen, or clients.

MR. MOLLA: But you don't settle the policy issue by giving poor leadership or

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poor policy direction.

MRS. BERNSTEIN: It bothers me, you and Tom Smegal have given an indication that somehow we've got incompetent attorneys out there who are going to take on cases that they're unable to handle...

MR. SMEGAL: LeaAnne, I never said incompetent...I said...

MRS. BERNSTEIN: Malpractice.

MR. SMEGAL: I said unskilled, untrained...law school graduates...

MRS. BERNSTEIN: It's going to be a situation where they make the decision, whether they have the professional expertise to do the work.

MR. SMEGAL: They are young lawyers who haven't had an opportunity to gain the experience in specific areas LeaAnne, just like you and I.

MRS. BERNSTEIN: The point is that they know whether they can handle it or not and malpractice and competence should not be a concern of the national board from the standpoint that we don't give the money to them to get the proper support they need, in order to handle the case, we let them make the decision and as far as I'm concerned the policy direction that has been suggested here, gives more credence to the

concept that these local programs can serve their clients better.

MR. MOLLA: In terms of the policy direction, I think that it is inappropriate not to earmark money for support. I think that's the proper leadership position of the Board. The field certainly supports that and the current delivery structure implements that policy. To turn all the money over to basic field programs at this point, I think doesn't give it an appropriate policy leadership direction from this Board. We all know that there are competing demands within the basic field program. We are faced with very, very difficult decisions about what to do with money. Unfortunately without the proper leadership and direction, support may be shortchanged and I think that's a short sighted policy. While I may use money instead of sub-granting with Bob Sable's National Consumer Law Center, to purchase a new Xerox machine, because that is a real need for me, the machine's going to wear out and I may not have the opportunity to give support and professional growth opportunities to my attorneys because I used the money I otherwise would have given to NCLC. I think it also has a negative impact on the efficient and high quality delivery of services when there is

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inadequate support as an integral part of the Legal Services National delivery system. You were simply removing the national policy and leadership direction where it is critical by removing earmarking of funding for support and I think it is not a move in the right direction.

Secondly, the logistical problems of this transition can't be overlooked. It's not simply a problem of efficiency and sub-granting. For support to continue there will really need to be over 300 individual decisions that pretty closely will match an aggregate sub-grant total equal to that which the support centers previously got in either direct grants or existing relationships.

If there is a shortfall, we really face the possibility of losing state support and national support centers. If all programs don't accurately calculate and make sub-grants to maintain base funding, we will lose the vital parts of our delivery system and hamper our ability to represent clients in an effective way.

MR. WALLACE: The question to be resolved, Mr. Molla, if I could Mr. Chairman, is whether these programs are vital parts to every system.

MR. MOLLA: What if they

conclude that they aren't...the Nort study, that we hear over and over from the field programs from clients is that we cannot...we cannot replace them and we cannot operate without them.

MR. WALLACE: What I hear over and over is testimony from the same people, about the same things over and over again and that's the difference between centralized decision making which works on the committee system, where the people who get organized come up and tell us what they think is important versus the decision where individual consumers of services have to vote with their money...the difference between centralized planning and the free market. I do not know of any way any better way, to determine what people want, than what people are willing to pay for. I mean people will sign a letter, people will give the preset responses to surveys and you know, as...you all know what the surveys were, you told people what position ought to be on surveys, and most of them answered accordingly. I mean I know how to stack a meeting. I've been in politics for 25 years. But the bottom line on what people really want is what they're willing to pay for. It's how this country works and it's why this country works pretty well. Now, it may be that if we go to this,

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a lot of the centers are not going to survive, and what that tells me is, they're not providing services that are really important to people who have to make real decisions with real money and I'd like to know that because signing petitions and signing letters and responding to surveys is an easy thing to do, but making real decisions about real money, is how most of the world...most of this country, decides what's really important. I think that's a sound model to use. I've thought so ever since I got here and if people prefer centralized decision by committee, that's fine. I don't...I think the best way to make decisions is to give people the freedom to chose and let them choose and I'm ..

MR. MOLLA: I don't think your tote board is going to show you that result though. I mean just think about what goes on in January, for example or in the first quarter of the local Legal Services programs. I think what you're going to see and unfortunately after it's already become reality, is that a number of programs are out of business and it's not because they couldn't compete in your free enterprise zone. I think what you're going to see is that because of a lot of busy projects perhaps some inability to early on define what support

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needs are going to be over the next 12 months, internal logistical problems in doing sub-grants and cutting checks that it's going to be March or April before very much money flows to support centers, and if they don't have funding in the first quarter, they're going to be dead.

MR. WALLACE: If programs really believe what they say in response to our surveys, which is the world is perfect as it is and everything ought to be allocated in exactly the same proportions that it is now. They're going to meet in November and December, they're going to fill in the blanks on the survey and they're going to give their per capita quota off to all the programs they're doing business with now and the world will go on just as it always has and if that's the way it happens, then by God, we've got a brilliant bunch of committee people that set this program up over the next 20 years. I don't believe for a minute that's the way it's going to happen, because I don't believe those programs when they tell me we like everything just perfect. That looks like a very carefully orchestrated response to me. I know how it's done and I can see one coming. But to give them the real money, ask them to put the money where the mouth is, and some of these centers are going

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to survive and are going to do good work and some of them are going to go out of business, and that's the way the world works and ought to work.

MR. MOLLA: What leads you to believe that we are going to be able to do that preplanning in the last quarter of '86?

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MR. WALLACE: Because all you're doing is duplicating what you've already done. I mean what we're doing is saying, here's X dollars that used to go to support centers on your behalf. We're giving it to you. All you've got to do is sign on the dotted line to give it back where it used to go. If you like the way things have been going, sign on the dotted line. If you don't like the way things have been going, here's your chance to say so. They really love it. It's simple.

MR. MOLLA: Who's going to do the calculation on what Rhode Island Legal Services' share is to the 17 national support centers? We know what our share is to State Support because I'm the Director of State Support. We're a single state-wide franchisee. How am I going to compute how much I have to...what's my fair share to the NCLC which we use all the time. What's my fair share is the American law of education.

MR. MENDEZ: NCLC should write you a letter saying we want you to support us to the X dollars extent and if NCLC doesn't get on the stick and doesn't do it, then they deserve not to get any funding. I also believe that there will be a half a dozen of these programs, national support programs, that will receive much more funding because I believe that they're doing an excellent job and that the local groups will give them much

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more money.

MR. MOLLA: They have those proposals and want to maintain them.

CHAIRMAN DURANT: John...John. Can I interrupt you for just a second. There are two women who I don't know. I notice that you've had different comments. If you'd like to come forward and give them, you're more than welcome to do so. Would you like to do that, right now? Please come forward.

MR. MOLLA: Does that mean, Mr. Chairman, that my time's up?

CHAIRMAN DURANT: No, no, not at all. Would you identify yourself for the record?

MRS. WATLINTON: Yes, I'm Ernestine Watlinton, an eligible client, of Harrisburg, Pennsylvania. I'm just very upset and can't understand how that you say on one hand, and especially Mrs. Bernstein when she said that she was interested in trying, but you're making such a decision that, for clients when you said that you'd try to do, but how can...I like the example that the gentleman here said, how can you state at one time that the support services can be purchasers by a program and this is what the clients want? Are you not aware that clients are not only on your programs and helping to set priorities and say what their needs are but

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they're also on your Boards of your support centers and your national centers and when you get that type of expert type of thing in that support, it is very...I can't understand why you're going to like what you just stated when you have to make a decision to buy a typewriter or a service, you're putting...you're competing. You're putting ...you're saying that you've taken what clients say they need and you've decided that you think this is the best way but you're definitely wrong because you're taking away...you can't look at the services that a private attorney is going to be giving to purchase when you're talking about a client's services. There's no comparison for you to see to make those decisions. You're definitely wrong and support service is when you're getting that expertise there, you're talking about a service not a purchase of something. It is really needed and you should not make that decision on a budget like you're doing instead of ...without proper planning, proper input, that you've said is a budget matter but it is not. You're talking about still delivery of services and I don't think you've really looked at it and used the type of input that you should be have given it to to make this decision today or the information and I think you're just totally...you've decided to make yourself God. You have said what the clients needed.

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MRS. BERNSTEIN: Clarke, I'd like to respond to her.

CHAIRMAN DURANT: No, no.

MRS. BERNSTEIN: No?

CHAIRMAN DURANT: I need a drink first. That's a prerogative of the Chair.

MRS. BERNSTEIN: Oh, I thought you were telling me no, I couldn't respond.

CHAIRMAN DURANT: Two thoughts, ma'am. It seems to me that, and let's use the Clearinghouse as one example, the National Clearinghouse which performs a very competently and excellent service in terms of the qualifications and the information they provide to both national support and state support and the multipurpose. There are a whole series of things, it seems to me, that in the way in which support is given that if the local Board and the local clients were sitting on those Boards, if they set the priorities within their localities based on the needs as they come in from clients in Harrisburg, Pennsylvania, or in New Orleans, Louisiana, or wherever, it is precisely because of not playing God to turn the...to turn the money over to those who are on the front lines of delivering services and allowing them to make those priority choices.

MRS. WATLINTON: What documents

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or what have you gotten to justify turning it over to the programs? I haven't heard anything to give you that to make that decision.

CHAIRMAN DURANT: I'll give you ...I'll suggest two things. One is that the assumption that I made that clients and local programs are in the best position to know what local needs and demands are and, second, that in the various hearings and testimony that we have had in other Board meetings and other committee meetings, these ideas have been talked about in terms of how best do you evaluate the services that are being performed, who best is delivering those services and who is giving, if you will, the highest quality of those services in a way that impacts directly on those programs and those needs of those clients? As I say, Willie Cooke here in the D. C. program, as I say, maybe he didn't intend to...I'm sure he didn't intend it in the sense in which we're talking about it here other than the fact that the point being, give me the money, says the project director, and I'll take care of the training, says he in that example. So I think the same principle applied in terms of give me the money and let me, i.e., local program, make the choices that serve our clients best and that's been going on for almost a year and a half.

MRS. WATLINTON: If you're still

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losing sight of the...you're saying, based on that, but have you done the proper type of analysis that could, just what you said he said, of that that would give you the indication that clients want quality service.

CHAIRMAN DURANT: Yes, ma'am.

MRS. WATLINTON: I feel that when you...you're still looking at when you have to decide, when you're putting on that preventative, that's very difficult. When you have to decide to buy that typewriter or purchase the type of services you're going to get from a support, it's a very difficult decision when there's not enough monies and it's very difficult that you're taking away that when you have to compete in that type of way. You still can't look at it directly and you're not giving it to the clients when you're putting it into the program that you still won't do it better when you put it in support service. It is trying to... it's no one or that is not competing. You have to try to look at what's best and service for all and this way is not the way to do it.

CHAIRMAN DURANT: Mrs. Bernstein?

MRS. BERNSTEIN: The concern that I have and I certainly am not...I agree with Clarke's eloquent explanation that we're not trying to play God. We're trying to get away from that and no more should we

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be in the situation of prescribing by giving direct allocations to these support centers, what kinds of services the clients need. We shouldn't be making that decision on a national level. That should be a decision that's made by the local Board in their priority setting process. I would oppose a system in this country that would go to, instead of providing food stamps for individuals to purchase the kind of diet their individual family likes and needs, I would oppose the Department of Agriculture saying, well, a nice healthy diet would include orange juice, potatoes, lima beans and a little bit of hamburger and sending that out to everyone instead of giving the purchasing power to the person who is actually going to use it and the position of playing God is what this Board's trying to get away from. Give the money closer to the client. I understand that there are clients that serve on some of the national and state support Boards and I appreciate your bringing that up but those clients have to, by necessity, look at the situation from a national level and they are not in communication with each individual locality because they can't be. They come from either Pennsylvania or Florida or whatever. They don't know what it's like out in the Navajo reservation. They cannot know that.

MRS. WATLINTON: You're still

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losing the whole point and I like the way you said the eloquent making described that you're playing God. I still feel that I'm doing it the eloquent way in saying that you are playing God because you send support back down there but you are dictating to say that the support isn't there but who's saying that the support center is pushing anything on the client. Now, the support center is there because the clients are staying and then they're in a better position to help the local programs as they need them so if you take them away, with the dollars like it is and the resources, there is no way, as the gentleman so eloquently said it there, that you can purchase this service that you can't so I appreciate your allowing me this time but being out there and knowing what it's like, this is...you're still making a decision I don't think you've really got the proper documents or the proper information to say what is best for clients and I'm very active on local, state and national levels and have had the input it is very important we have and when you're trying to take away client involvement, you have taken away that type of involvement. They're going to give that up all the way to make sure that it's the purpose best served in the clients.

CHAIRMAN DURANT: But if we... no, stay right there. It seems to me if it is precisely

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that same example on the national or state support, it seems to me in order to continue performing the services that are truly needed by local programs as support that in order to make those judgments, these individual programs will have to actively solicit client support, client understanding, client participation, so that when they go to Des Moines, Iowa, or any other particular programs and say this is what we are offering, it will be a proposal sensitive to those needs. Otherwise, those local programs will say, well, that's great in New York or Poughkeepsie but it doesn't work in Des Moines.

MRS. WATLINTON: What makes you think it isn't working that way and how do you think the support centers are doing the type of service that local people here are saying and what do you have? You haven't said anything today to justify your decision that it isn't working that way and that isn't the way you wanted to do it.

CHAIRMAN DURANT: No, that's a good question.

MRS. WATLINTON: And that's the part I still don't understand.

CHAIRMAN DURANT: Okay, and that's a very good question and it seems to me that the part of the response anyway is that the...no one is

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questioning the quality of the services being provided. We're not making a qualitative judgment.

MRS. WATLINTON: Well, what are you making?

CHAIRMAN DURANT: We are making a decision about who ought to make the decision regarding quality of those services.

MRS. WATLINTON: And what have you shown today that gives you or to justify that decision that that's to be in the better interest of the clients?

CHAIRMAN DURANT: If the... today is not a vacuum. We have been...this discussion regarding this idea and the different dimensions to it in terms of expanding choices for local programs, has been a part of many of our meetings of which this is a culmination of part of that in terms of that discussion.

MRS. WATLINTON: But anything you've mentioned that I have read prior to this meeting or anything, you know, we try to read but it's nothing that I have been able to get out of that that this type of decision would have been made today and it's so important to...I still say it's not a budget type as much as it is delivery of service and that decision, I don't think you should make based on the information that will

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give you all the prior notice when you say programs and clients are saying that that is not the best way to do it and I don't think when you're talking about the budget no one is really giving you the type of information that this transition is going to cost and it's still taking away from client service so I think it's really an injustice to...and just do it on saying that you're trying to get client input and client service. It's really an injustice to the clients and when you're in other hands, it's zero client involvement. So, you know, I still say that you're trying to play God. You haven't looked at the facts or gotten the information from the people who can directly give you that type of response. Thank you.

CHAIRMAN DURANT: Thank you for your comments. Mr. Smegal?

MR. SMEGAL: Yes, Clarke, I'm a little confused. Several months ago, I made a motion to transfer a lot of money, well, not a lot of money, several million dollars to the direct delivery of legal services to the poor. Among that amount was $432,063. My motion was soundly defeated and that portion of it, the $432,063, was placed in the national support center line for use in funding the National Legal Center for the Medically Dependent and Disabled, Inc. in an area where Pepe's charts, not part of the Board book but Pepe's charts, would

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lead me to believe there are already 12 national support centers delivering health care. I'm sorry, ten, so we added another one, making 11. I just hear LeaAnne making the argument the only concern we have now is direct delivery of legal services and, apparently, that's a total change from where we were several months ago when the majority of this Board voted to send $432,063 to create another support center, duplicating the work of ten other support centers. Now, what's happened? What did I miss, Clarke? When did this Board change its philosophy so dramatically?

CHAIRMAN DURANT: Well, I don't know that we have changed our philosophies so dramatically.

MR. SMEGAL: Well then, why weren't we sending that $432,000 to the field programs for direct delivery of legal services in March or in February when we had that prior vote on my motion to do that?

MR. WALLACE: Mr. Chairman?

CHAIRMAN DURANT: Mr. Wallace?

MR. WALLACE: If I may explain again, the reason I voted the way I did in February, I said that I thought that this support center in question ought to be treated like every other support center in question. I think the phrase that Mr. Molla and I used

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back and forth with each other was to bring it within the perimeter and that's all I did which was to say, if we're going to have national support centers, this ought to be treated like all the other national support centers. If we're not going to have national support centers directly funded from us, then, you know, they're going to suffer the same fate as everybody else. The question right then was, are we going to treat them like everybody else. My vote then was yes. My vote today is yes. Let's treat them like everybody else. But, we may decide today to treat everybody else differently from how we felt in February. They're going to have to compete for their grants like...for their money like everybody else if we adopt Mr. Mendez' motion.

CHAIRMAN DURANT: Mr. Smegal, we'll pick this right up but we've got to give the court reporter a break so we will take a ten minute recess.

(WHEREUPON, a brief recess was taken.)

CHAIRMAN DURANT: Mr. Smegal, I cut you off for the court reporter. The floor is yours.

MR. SMEGAL: Well, thank you. I guess my point was that it seems to me that we're being inconsistent. Either that or you all have changed your position on the direct delivery of legal services and, as I was pointing out, Mr. Durant, the...it seems to me the

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decisions that this Board made substituting its judgment for that of the local programs in priority setting, was an earlier issue and we funded the National Legal Center for the Medically Dependent. That is not the direct delivery of legal services. It was in an area where there already were, as Mr. Mendez points out, ten health care support centers. Yet we took $432,000 that I had proposed go to direct delivery of legal services and we placed it in creating another national support center. Maybe we should take that support center and use it as a test case, Mr. Durant. Maybe go out to the field programs and ask them whether they want to redistribute some of their money to the National Legal Center for the Medically Dependent and use that as a test case for a year and see how their funding would go.

CHAIRMAN DURANT: Well, I have two thoughts. One is that I think Mrs. Ivey's comments regarding Mr. Mendez' charts are correct so duplication, I don't think, is really the issue. The other thing is that if the...as I recall, you argued against that support center on the basis that there wasn't a defined need for it. I guess we will find that out in terms of following through with this particular motion of Mr. Mendez but I do know from your other comments that you don't think it's fair to single people out, if you will, to be tested and,

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therefore, I'll take your comment in the light that you offered it.

MR. SMEGAL: Well, there is one other difference, Mr. Durant, which I thought maybe my comments would have brought to your attention but that's that number 17 here on Mr. Mendez' sheet was created on a whole thought by this Board. The other 16 had been around, as Mr. Mendez continues to point out, for ten or 15 years created by someone with a lot more institutional knowledge than we have at this point so I think you have apples and oranges and I think, as I've indicated, we have a unique opportunity to test the waters, so to speak, with the theory that you all are advancing that some of the field programs would contribute a portion of their funding to such a center. Why don't we try it? Try it for a year and see what happens. If it gets funding, then we've proved your point. If it doesn't, maybe then you've proved your point also.

MR. MENDEZ: Mr. Chairman?

CHAIRMAN DURANT: Mr. Mendez?

MR. MENDEZ: Two comments very briefly. We've been here 15 months now and I believe that we have a fairly good institutional knowledge at this time and I'm tired of hearing this that everybody's going to qualify to determine what's best for this Corporation

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and we are. By this point in time, I don't care who anybody is or said we have had adequate opportunity to come to our decisions and have received adequate information and we are acting, at this point, based on our philosophical beliefs and with the knowledge that we've come in for the best, what we believe is best for this Corporation and what we believe is for the best of the poor people. Now, reasonable minds and reasonable people can disagree about what is best but concerning whether there's lack of information or lack of historical perspective, I would disagree. That's my first point. My second point, I would disagree with you or anyone else concerning this issue concerning duplicity of services. I think that there is a large duplicity of services by the national support centers and if Mr. Bopp's support center fails because there is not any adequate support for it, it fails and if there is an adequate number of support groups doing something, they ought to...those that are weaker ought to fail and if his comes out to be stronger than any of the other ones, that's fine but, if it fails, it fails and I'm particularly interested in that one but that would be one of the areas where every cloud has a silver lining and in every life some rain must fall and we'll find out...

MR. WALLACE: That's the way the

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mop flops.

CHAIRMAN DURANT: Policy by poetry.

MR. SMEGAL: Mr. Durant, if I may have just a moment longer. First off, Mr. Mendez, we've been here 20 months, at least I have, not 15, and, second, and I think more importantly, in that 15 months that you've been here or the 20 that I have, there's nothing different than when we got here, whether it's 15 months ago or 20 months ago. There's been no study. There's been no data collection on the functions of support centers. We have no more information now than we had when we joined this Board on December 5, 1984. Furthermore, and I think more importantly, what you're talking about is what you said, a philosophy you brought to this Board that has not changed, that's not been modified by any data...

MR. MENDEZ: Tom, I resent that thoroughly.

MR. SMEGAL: It's not been modified by any...

MR. MENDEZ: I resent that.

MR. SMEGAL: Just a minute. It has not been modified by any information. I don't have a survey. I don't have data here. I have nothing but a

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chart that shows me that you voted several months ago to add a national support center to a line where we already had ten, already had ten health care centers, health care deliverers, the most we've got in any category. Where's the data? Where's the survey? We have all these monitoring activities. Where's the information from which we can make...

MR. MENDEZ: Are you willing to use the data that's generated on that document?

MR. SMEGAL: Pardon me?

MR. MENDEZ: Are you willing to use the data that's generated on that document?

MR. SMEGAL: It's an absurd document, Mr. Mendez, to begin with. I'm only using it as an example of the absurdity of it. The point is, we have no information now that has been created since we joined this Board with respect to this issue yet here we sit again debating it, debating it in a vacuum, and it's a philosophical vacuum. That's right. You're exactly right. You've got it right on the nose.

MR. MENDEZ: And the vacuum is whether we give money directly to the legal programs for more direct legal services...?

MR. SMEGAL: Mr. Mendez, you had that opportunity in February when I made that motion which

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you voted against to give money directly to the legal service deliverers from money carried over from the year before and you voted against that. You voted against it in its entirety.

MR. MENDEZ: That's right and at that time there were national support centers and now I'm asking to change the entire theory of national support.

MR. SMEGAL: And what have you got to base your entire change in theory, Mr. Mendez? Where is it? What have you got that I don't have?

MR. MENDEZ: Tom, excuse me. Mr. Chairman, fellow Board members, this has been a fairly heated interchange but the market is what will set which programs are going to survive and which ones are going to fail and it's my belief and I believe it's the general belief of most of the American public that that's the appropriate way to do things.

MR. SMEGAL: Mr. Durant mentioned earlier the situation he has running his railroad which I assume is a monopolistic situation across the State of Michigan and he indicated to us that the way he gets around the ebbs and flows of the seasonal shipment is to charge whatever the traffic apparently will bear or whatever it takes to carry on his program and keep all of his people employed for the whole year. I think that's

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very interesting.

CHAIRMAN DURANT: It's not a monopoly. It isn't a monopoly.

MR. SMEGAL: You mean there's another railroad through that part of the State of Michigan?

CHAIRMAN DURANT: We have four, five. There's the Tuscoal in Saginaw Bay. There's the Grand Trunk Western. There's the Norfolk Southern. There's the Chessie, the Chesapeake and Ohio, and I mentioned the Anatoga.

MR. VALOIS: No trucks?

CHAIRMAN DURANT: Of course there are trucks.

MR. SMEGAL: Wheelbarrows?

CHAIRMAN DURANT: Central Transport is probably one of our major competitors and they own 10,000 trucks.

MRS. SWAFFORD: May I suggest we refocus our debates on delivery, direct delivery.

MR. UDDO: Mr. Durant?

CHAIRMAN DURANT: Mr. Uddo?

MR. UDDO: I want to briefly get into the Smegal-Mendez heated exchange here because I have a little bit different rationale for why I voted for

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national center that Tom is referring to and it's that very reason I believe we need to be more careful about what's being suggested here today. I'm not so sure that the demand always justifies supporting something and lack of demand justifies not supporting it. I think that national center I supported it because I thought that its work was important despite what might be a lack of demand for its services. It's important because it attempts to intervene on behalf of people who are particularly incapable of creating a demand or particularly incapable of defending themselves. I think that we have to view this whole question very much in those terms. Is raw demand going to be good enough indication of whether or not a support center should survive? I freely say that with respect to the National Center for the Medically Disabled in dependence, I don't feel that demand should be the only question as to whether or not they should be funded or survive. I think we need to take that into consideration in making this kind of a decision because it's true, and medicine is true in a lot of fields, there are sometimes services or support facilities that may not be in great demand but they're worth preserving for the important work that they do. Now, there have been several references to people's experiences in their law firms and let me use my place of employment to give an example of how I view some

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of this. In the university there are a number of programs that the students were left to their own devices would now be demand. I think at a Catholic university, religious studies are not really something that students demand but we make them take it in the university because we think it's a part of a well rounded education, particularly if you're coming out of a religiously affiliated university. If we just left it up to the students to decide what courses they demanded, there probably wouldn't be a religious study department. So, my point is that I think we have to refine and be sensitive to the fact that sometimes the pure demand will not tell us enough about what area should deserve support or funding and I think that that may be achievable in this context but I don't think that it has been thought through carefully enough to be assured that we have that kind of sophistication to decide whether or not those programs that may be in lower demand but still perform an important function can survive.

CHAIRMAN DURANT: Let me offer two thoughts because I think you, as usual, hit the essential aspect of the debate. It isn't necessarily demand from the medically dependent situation of those who are capable of making the demand. It seems to me that you have a situation whether it's a choice in coming to Loyola

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because of the program that you offer and there a choice is made and, therefore, that demand is reflected in the fact that those students or their families or whatever chose to come there but, for example, I think you have to have a broader notion of the notion of demand and that is, take the medically dependent again, I think it will be their source of support, it seems to me, would come from a variety of different levels. One would be from programs that find a particular need for their services but, second, there are all sorts of groups in this country, political and not political, charitable and not charitable, who support or would support that kind of activity because I mean you know how strong the movement is that supports the kind of work that Jim Bopp is doing in that particular center and, therefore, there's much support on Capitol Hill for the kind of work that he is doing. I don't think... you don't measure demand whether it be in the purchase of services or whether or not something ought to go on simply by a single voter or accumulation of votes of the individual necessary consumers because all sorts of things exist because people believe they ought to be preserved and ought to exist separate from whether someone would support a particular historical monument, the Statue of Liberty, the Washington Monument or Catholic education at Loyola and, therefore, those people who share that view get together to

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make sure that that, in fact, does survive because of the importance of the work that it does. I know that there's much of the work that would go on within the other support centers that is of the same character. Whether I would agree with it or not in terms as a lawyer is irrelevant but the quality of the work and the things that would be done would, in fact, be supported.

MR. UDDO: I think that that's the kind of information that needs to be developed. You say you know it. I don't yet. I don't know all the variables that affect...that will affect the outcome of this kind of proposal. I think it may be the sort of proposal that could be justified. I think there may be information there to suggest that this particular proposal could be workable. I just don't feel that I have the information at this point to vote on this and that's my concern. My concern is not really with the substance of the proposal. It's with the process and with my not having enough information at this point. I think things like the Medically Disabled Center could justify their existence in other ways. It may be that after all the cards are on the table and everything is clear, they will have to resort to other sources of funding to survive or to exist but I don't know enough at this point to vote and that's the point of my criticism of this proposal at this time.

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CHAIRMAN DURANT: Mrs. Bernstein, you had your hand up.

MRS. BERNSTEIN: Well, you took care of most of the things I was going to say. The students obviously have a choice as to whether or not they go to Loyola. There's more than one school.

MR. UDDO: To any university in the country and they will tell you that if you leave it to the students to choose, they're not going to choose the curriculum that the university proposes.

MRS. BERNSTEIN: But that's the point after they chose the university.

MR. UDDO: Then your only other choice is not to go to a university. Every university is going to limit their choices.

MRS. BERNSTEIN: Well, but I'm saying...

MR. UDDO: And many of the choices that are imposed upon them will be because of a policy decision or a judgment decision that certain things are important whether the students demand them or not.

MRS. BERNSTEIN: We're not disagreeing with you.

MR. MENDEZ: I would agree that we are now saying that we're going to impose something on

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the basic field programs and that is to each program, we're going to say make your choice and if your choice is between John's Xerox copier and a national support center and if John wants to say that a Xerox copier is more important than a national support center to his program, that's his every right to do that and it's a same for us up here to give monies to the national support center and deny him his right to make that choice.

CHAIRMAN DURANT: Is there any other comment, John? I cut you off there earlier.

MR. MOLLA: It isn't as simple as making a choice between a Xerox copier and support. I tried to outline before that there are difficulties in figuring out what money is available that's being transferred to us that used to be in state support and a whole host of logistical practical considerations that aren't going to allow this plan even if carefully based in some group leadership or policy decision won't allow this plan to become reality. It's just not going to work without some further thought and study.

The second thing is, just to finish up my comments, in the 1987 COB, there's another $2,000,000 for law school clinics. Most recently, on May 9th, 1986, Mr. Wentzel received a letter from the Senate Subcommittee on Appropriations indicating that we're programming requests

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for transfer of $700,000 into the law school clinics was denied. Congress indicated in that letter, at least the Subcommittee indicated in that letter, that the law school clinics and other experimental programs shouldn't be annualized at the time the budget was freed and, here again, this Board is going directly contrary to the suggestion of Congress on how to use Congressional appropriations.

Let me say that the only winner in the COB for 1987's corporation management and administration, as usual, that budget line grows. This year, by 5.2 percent. I'd like to test your word if you're so supportive of direct delivery. Why don't you get up off that $3,000,000 and give it to them. PAG recommendation...I won't bore you with PAG recommendation. We have developed our own COB since you didn't see fit to do it. Our COB has line items in it. I'm not going to give you all that detail because you really don't want to hear it but let me just tell you that our COB is based on principle. It's based on the deliberative process that involves the field and we continue to adhere to our principle that non-census and census base should increase in 1987 in an equal percentage across those categories.

You've made up your mind and in order to save my time and your time and my energy because you're not listening to us in the field, you're not listening to clients, you're

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not listening to Congress, you're listening to each other, and you're trying to apply what you learned from your railroad, Mr. Durant, and from private law practice and that just doesn't work in the delivery of legal services so good luck.

CHAIRMAN DURANT: Are there any other comments? Mrs. Saunders?

MRS. SAUNDERS: When I was listening...I was listening to Mr. Mendez stating that he thinks some of the programs will gain and some will fail and then I thought that this work was to insure the quality of legal services and the delivery of legal services and, for that reason, he should not want any of them to fail but he should be doing everything in his power to insure that they succeed. Mrs. Bernstein gave you an example of food stamps and the Department of Agriculture if they were to say, yes, buy this or the other. They find out that the number of food stamps to be given to these families is to build and that that should be taken into consideration when you're talking about the Legal Services programs. As Mr. Molla said, even if you're not taking into consideration what the project directors are saying, you're not taking into consideration what the clients are saying and you say that you really honestly are concerned about the resources but you look at your piece of paper

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where there's no monies available for client involvement, this leads to a different tone.

The other thing is when we coast on to the programs and the support, the one thing about the program is supposed to be designed to do was to allow the poor to have equal access in the court of laws and so the surveys or some of the surveys that you've passed has not given us that equal access inside of our courts. Instead, when a particular program is involved you will be saying that if you had no students coming into your programs that you would have somebody to supervise but because the poor people's programs are more complex and there's so many of them, then you take the Directors and take this expertise and you're going to take the time to teach them to a student on how to prepare for cases. This is done in the interim. We are not to be gainers of the system. I hope that's not where we're going and I hope that's not what you have in mind but in order for us to have equal access, the one thing Virginia is the quality of this program. I feel very hurt when I see that the clients through the program directors have come to this Board who are the keepers of the ark to deliver services to the poor and that when we go out of this room they're also fighting the opposition. We shouldn't fight in this room against each other but we should be sharing each other. That way,

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we'll give quality services to the poor and this should be on your mind, you know, that you have an obligation not only to the project programs but you also have an obligation to the clients as well to assure us quality legal services because that is the way you all set up.

I would suggest that you have a budget item on page 64 under Corporation Management and Grant Administration. Maybe you should take...and then you should give it to the program in the context of the programs so that you can know what you're doing and then have a true meaning in effect of how you're wishes affect these persons, local clients, lawyers, and also workers. Thank you.

CHAIRMAN DURANT: Thank you, Mrs. Saunders. Mr. Rogers?

MR. ROGERS: One practical observation about what would happen if this system was adopted. As you know and you can expect, there is quite a diverse use of support resources by various programs and particularly at your national centers and that is because the clients' needs are very diverse and they change from time to time. You can make use of a particular center one year a lot and the next year, not much. I presume that the way this thing was worked would be that you would allocate money to the support centers. The national centers would be one thing, 321 programs or whatever it is,

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and then on the state level, the same thing would happen, particularly those states with large numbers of field programs but then each program would get would be some small number of money most likely if you're going to allocate it on a per capita basis. Let's say they get $1,000 or $2,000. Well, that program then starts out the beginning of the year and they say, okay, center X, what are we going to do with center X? Well, last year we made four calls and they sent us the materials. Can we justify contracting for them for $1,000 which is their share? If we do, is that going to be a question of cost? Can we do the subscription thing or should we wait until we need it? I suggest to you that's a difficult decision and, in many cases, programs are not going to be able to make that easily and, if they don't make that decision easily or early, what that's going to do is deny the support center front-end money to keep it going.

Similarly, you have programs who use centers a lot and they're going to get a couple of thousand dollars and maybe they're going to figure out that last year they used that center $10,000, $15,000, worth. In order for them to continue to get those services, they're going to have to dip into their other money, maybe to a great extent, and do that either by subscription or otherwise. What you're doing then is saying to them that they're going to have to

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use their direct delivery money or they're going to have to go without salary increases or the typewriter or whatever so, because there is a great diversity and there's a mismatch between the use of support services by programs, I suggest to you that you've set up a very unmanageable system and I do not think that you have thought through how this particular system is going to work if you're talking about contracting by individual field programs for all of the 17 national support centers and, of course, especially those states that have large numbers of field programs how this is going to be done within the state support system as well. I must say, and I've just thought of this, I'm baffled by how that's going to work.

CHAIRMAN DURANT: Yes, ma'am?

MRS. SNYDER: My name is Cynthia Snyder. I'm on the staff of the Migrant Legal Action Program, one of the national support centers. I came today because I thought I was going to address the issue of duplication among the support centers since that was part of Mr. Mendez' letter where he was recommending the reduction in national support funding. I was not aware that the recommendations that had been made that national support center money be turned over to the field. The national support centers have addressed this issue

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before. Last year and early this year, Mr. Fretts from Senior Citizen Life Center appeared before this Board. We have voiced our objections to the proposal. We have raised many questions about the proposal which have never been answered either by this Board or by the Corporation and, in all honesty, we thought this proposal back in January was dead because we heard no more about it until this morning. I agree with the comments that have already been made. To us at this point, without more information, it is entirely inconceivable how this would work. We are very concerned about the quality of our services and the quality of representation and we believe that turning the money over to the fields that purchase our services will not enhance representation of the poor.

Another example that...

CHAIRMAN DURANT: Why is that?

MRS. SNYDER: Pardon?

CHAIRMAN DURANT: Why is that?

MRS. SNYDER: Examples in the past, that we've made in the past, is just the use of complex litigation. How would this work? At the beginning of the year, a program anticipates their needs, contracts with a support center. During the middle of the...and they did not anticipate a major lawsuit in a particular area. Let's take the are of public benefits. In the

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middle of the year, the state adopts a policy which local program believes does not comply with Federal law. In order to resolve the issue, there's need to be litigation. They didn't anticipate that. It's a small program. They cannot do this type of litigation on their own. They need the assistance of co-counsel of a national support center. They don't have the money anymore to purchase that service so, as a result, the quality of representation to the client is diminished. There may be other instances where at the end of the year services already the contract has either expired or they've reached their level of services that they've purchased and, at the end of the year, another client walks in the door with a problem where that local program needs the assistance of a national support center. They don't have money of their own to obtain that assistance where now that assistance is available throughout the year.

CHAIRMAN DURANT: But don't all sorts of, say, complex litigation that you...two aspects, one, depending on the issue, say a state changes its definition of disability and it comes in because of one particular...and makes it more stringent obviously, it comes in through the door through one particular client in Timbuktu, Kansas, or something. It seems that throughout the state are you not going to then have that common

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problem in terms of definition of whether the disability or the ability to receive benefits or whatever and that, therefore, it is no longer, number one, the problem of just that one little program. It becomes a problem of everybody. Second, again, depending on the nature of the complaint, there are all sorts of...Terry Roche told us months ago about the firm that helped him in Charlotte on a Social Security definition problem in disability or whatever that came in and put a substantial amount of time in to assist him with that litigation and they eventually prevailed. I'm not sure whether it was in the Court of Appeals or the Supreme Court but it isn't as if a situation arises that there are not skilled people available to deal with the problem. The question is, what is the nature of the problem and who then is available to, you know, draw on to assist them.

MRS. SNYDER: You're suggesting that if the problem were state-wide that all the field programs in the state would pool their resources?

CHAIRMAN DURANT: Not necessarily. No, I mean what you have is, if you have a common problem, then you would try and find a common way of solving that problem. Whether...it could take many forms. Maybe it wouldn't be that one program that would initiate the litigation. It would be a series of management choice as

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to how best do we carry on this litigation? I used this example in another context. There was a horrendous example of racial discrimination in Hamtramic, Michigan. It took a whole series of people, both in Legal Services and outside, to take an aggressive posture on that litigation. No one program would have been able to have necessarily afforded it because of the nature of the problem so they shared a common interest to crack that problem litigation has initiated and continues to this day which is another problem.

MRS. SNYDER: What I'm suggesting is that the management problem continues because you may find yourself in a situation where you come to the point where you've decided, the field program has decided, the only way this issue can be resolved is through litigation. The assistance we need for the litigation is not available because we can't afford it. We don't have those funds anymore and you may also be in a situation where the issue is a local problem, a housing issue that is not state-wide where you can't go to another field program in the state in the hopes that they have some funds left on their purchase contract where they can obtain the assistance from the national support center. All I'm suggesting here is that there are so many unknowns in this proposal that the proposal definitely needs further study and consider-

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ation. It is such a drastic change in the delivery of legal services that it should not be a change that is approved without further discussion and much further study and deliberation.

CHAIRMAN DURANT: Thank you. Pat, I promised you some time.

MR. CLARKE: Mr. Chairman and ladies and gentlemen, my name is Patrick M. Clarke. I'm the Director of the Heart of Texas Legal Services Corporation in Waco and last week I was elected Chairperson of the Board of the Texas Legal Services Center in Austin, Texas, which, from the comments that we've received from the training task force, is the model that should be followed by programs nationwide, which we're very pleased and happy with.

I think we need to address some issues before you all take a vote on this. First, let's not kid ourselves. Basic field programs aren't getting the increase in money, okay? You're going to give us some money that was going to national and state support centers. They were providing us a service so now, you're going to give us this money that we, for the most part, have been receiving, you know, without charge. Now, we're going to have to go out and pay for it, okay? So, basically, we're just switching dollars around. That's what we're doing. We're not giving

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field programs, by and large, an increase. Texas had the very plan you've suggested where everybody goes and bids and contributes and all this and it was disastrous. It was costly. It was time wasting. It cost us lots of money and that's why all of the programs in the state got together this report of the state support center in Texas. Different programs and different emergencies come up during the year and couldn't come through on their commitments and caused problems there, financial problems.

Secondly, I think you're increasing my time and my effort that I'm going to have to spend on services that I'm going to be satisfied with that the ultimate consumer that you're concerned about, the client, and that I'm concerned about, the client, is receiving. Now, I'm going to have to do bidding processes. I'm going to have to go around and find who's providing the services because that's what my share in the responsibility is when it comes down. I can't just say, you know, well, TLSC did this great in the past so I'm just going to go along with it. I now have a share of the responsibility that you've given me. I've got to go out now and find if there's other people that can provide it and can provide it cheaper and all this other stuff but we have a program that works and it's an effective program.

You have within house right now the strongest control

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over the support centers, even stronger than you would have through your monitoring and your auditing and your compliance and through your monitoring, your auditing and your compliance, you haven't funded any of these national support centers and what you're really telling us is, we don't know how to evaluate the services that are being provided so we're throwing them all out, the good with the bad, and that's what you're doing, passing up the opportunity to truly manage the cost effective delivery of services. That's all I have to say. I think this is a drastic step and I just hope and pray that the Congress doesn't allow you to do it.

MRS. BERNSTEIN: I really appreciate your comments because, as far as I'm concerned, you've given us three very good examples of why this can work. First, you had a co-operative effort in Texas that did, despite the fact that you had the money, get together to make a support center because they thought it was useful. Second, you said that the fiduciary responsibility, you have the responsibility to decide how the money is best used and you're in a better position to do that than us. I agree with you that's what we're trying to do. Third, just because the centers have been there before is not enough to justify further funding. That's what you said. Those were your words and that you would have to

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have a bidding process in order to justify it. I'm not sure that the bidding is necessary under sub-grants but I'm saying that you are in a much better position to know your clients and your needs than we are.

MR. CLARKE: Not on a national level, Mrs. Bernstein. How can I go about getting support...

MRS. BERNSTEIN: You're not going to do it on a national level. You're going to...

MR. CLARKE: To get benefits from the national support center, how can...or national services.

MRS. BERNSTEIN: All right. From a fiduciary responsibility, let me ask you a question. Have you analyzed on a fiduciary basis whether the money that you would be getting under this would be sent in the same proportions to each of the centers now if you were making the decision rather than us, not before this because it gives you the fiduciary responsibility?

MR. CLARKE: I don't have figures. How can I plan that? Now, you're talking about we're a very small program. We're talking about $25, $50, differences and the amount of time and effort that the smaller programs in the state and the isolated programs in states are going to have to spend on contracting this

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help. It's going to take away from your exactly stated purpose of doing this, more direct delivery.

MRS. BERNSTEIN: Your analysis is correct. Your conclusions are wrong.

CHAIRMAN DURANT: Thank you very much. I appreciate it. Any other comments? Ma'am?

MRS. GRADY: Mr. Chairman and members of the Board, I'm Thelma Grady and I am a client eligible for legal service and I'm very concerned about the budget as written. I can hear that we're all in support of clients. We're all for our clients but when I look on page 63, number two, in three, Client Training and Involvement, I see zero. Without client involvement in the budget, there's no way clients can be involved. Therefore, how can clients have any input if there's nothing allocated for client involvement? So, I would like to know...I'm waiting until they finished their conversation.

MRS. BERNSTEIN: I'm sorry, he was asking me a question.

CHAIRMAN DURANT: I apologize. I interrupted you, I apologize.

MRS. GRADY: Okay. So, I would like to know is this Board considering client involvement money because when I read here and maybe I'm not reading

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it right, it's zero balance, zero funding? Are you all intending to put client involvement in the budget?

MR. MENDEZ: Mr. Chairman?

CHAIRMAN DURANT: Mr. Mendez?

MR. MENDEZ: With regard to training and technical assistance, we stated previously that we're reserving this until we see what the status is of the reserve for training task force. We have a training task force and as soon as they come in, we will make some specific determinations about what we will do with clients.

CHAIRMAN DURANT: But I have another question. This doesn't reflect, I think, some of our earlier discussions and certainly...was this the line item where the National Client's Council was and that was defunded? In other words, the money here was what the hearing officer in the Court determined was inappropriate action on behalf of the Client's Counsel and that this is where that money should come, Mr. Mendez?

MR. MENDEZ: Training and technical assistance.

CHAIRMAN DURANT: The one that this woman has just mentioned, two A three?

MR. MENDEZ: No.

MRS. BERNSTEIN: The difference

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is between what is in this current year's budget and what is projected for next year and next year is on page 64 and there is a million dollars there and the allocation as to what part goes to client training, what part goes to training attorneys, what part goes to training other Board members, has not been determined yet. That's all part of that big concern and I would just make the distinction, too, there is a distinction between our dedicating $268,000,000 to client services and our talking about a million dollars, possibly, for, you know, or in a line item that would be at the end of that study applicable to client training. I mean the client services is the majority of the function of this Corporation but the other has not been ruled out by this Board.

CHAIRMAN DURANT: Why then are we not making an allocation in 2(a) on 64 in terms of... what are we waiting for?

MR. MENDEZ: Because we've got a study.

MRS. BERNSTEIN: Training task force.

MR. MENDEZ: Training task force study. It's almost completed and as soon as they bring us their results, then we will make the specific line allocations within that line.

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MRS. SAUNDERS: It does not include client involvement. If you're talking about task force and you're talking about training task force, it does not include client involvement. We want training but we also want to be involved.

MR. VALOIS: You're here aren't you?

MRS. BERNSTEIN: You're here and you're on the Board.

MR. VALOIS: You're here.

MRS. SAUNDERS: I'm here but what the hell good is it because you don't listen to what we're saying in the first place because if you were listening to what we were saying, you know, I mean we hear from Mrs. Bernstein, you know, saying that we don't know about the other problems that are across the nation. Well, we gave you a resolution that would handle that kind of problem by saying to you that if we're in a room and we're sitting down discussing those things, then we will know what is involved around other regions or whatever. You know what I mean? Not only are you not acting on it but you promised that it was going to be on the Agenda. It's not on the Agenda and then you tell us, you know, there's $1,000, you know, that's not spelled out to exactly what is going to be a client training, client

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involvement, you know. We have no idea what you're talking about here, you know. I want a break down of that, you know. Since the Senate Appropriations Committee is asking for a breakdown, you know, I think we deserve a breakdown.

MR. VALOIS: Mrs. Saunders, you have been at a number of meetings since you first started coming. I don't remember when that was and I can't count how many. You've had an opportunity to talk every time. The same materials have been available to you as to everybody else. You've had the same opportunity to contact people for information, to call and so forth so, you know, what you say, there's a distinction between not doing what you're telling us to do and not hearing what you say.

MRS. SAUNDERS: We're not telling you to do anything. The only thing we've asked you to do is to involve clients. We have not intimated in any kind of way except to say that whatever you do at this point affects the client community and there is another way to do it even better if you allow client involvement. That's what we've been saying and it's been going in one of your ears and out the other. The other thing that I hear constantly from this Board is how much you truly, truly are concerned about the delivery of

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service for the client but every time we go back home, we are faced with another problem on how much you're not permitting us to have equal access to our courts. I mean it becomes a problem. It really becomes a problem.

CHAIRMAN DURANT: Where specifically are you being denied equal access to the courts in this specific instance?

MRS. SAUNDERS: For one thing, okay, we'll talk about priority setting. We're saying okay the client is down and this is what our priority is. Three months from now, you know, that changes a little bit. We may have something else that we don't have involved in priority setting and then he's come back and stipulated that to the Board. That's not only the ones that we set priorities for but it's something else that needs to be added because we can't predict what's going to happen two or three months from now and this presents problems.

CHAIRMAN DURANT: Don't you have that in Pennsylvania?

MRS. SAUNDERS: Pardon me?

CHAIRMAN DURANT: Don't you have that in your Pennsylvania program?

MRS. SAUNDERS: We have that somewhat in Pennsylvania but, like I said, three or four months those things that we were saying might not be a

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priority this month, might become a priority next month.

CHAIRMAN DURANT: In Pennsylvania?

MRS. SAUNDERS: In Pennsylvania, all over. I'm quite sure it's going to be all over. I don't know whether it's all over because we've never gotten a chance to sit down with the clients one to one and that was the reason for the resolution and if we're sure of what is effecting the people across the nation, then it will be easier to work with that and it will be easier for us to give some input, you know, some support so that you will know is effecting us also.

CHAIRMAN DURANT: Okay. One other thing, if I could, Mr. Smegal, just quickly. You asked me last night in terms of a time in which the matter was coming up before the Provisions Committee. I did talk with Mr. Bovard last night and he is going to set up a Provisions Committee meeting on August 2nd. I think on August the 2nd, they'll deal with that. Mr. Smegal?

MR. SMEGAL: Well, there is one difference. Where they started off with this was on page 64. They see no line item for client training and development. That's correct. It's gone. It was on page 63 under Training and Technical Assistance and for some reason, it wasn't carried over at all and I think that's

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part of the concern that I hear being expressed. Client Training and Involvement has disappeared in the transfer of the data from 63 to 64.

CHAIRMAN DURANT: Mrs. Swafford?

MRS. SWAFFORD: Mr. Chairman, let me speak to this about client training. As all of you know, this really is about training but not just client training, training for all and I think it is extremely important that we not separate clients out and say they're entitled to some different kind of training. I think all who need training and I have been assured by the people who are working on this training task force that there's going to be training for lawyers, as there certainly needs to be, and that there is going to be training for clients and I'll give you my word that there's going to be some training...before I vote on it, there's going to be some training for clients in this million dollars. It is a million dollars instead of a thousand. So, you know, I don't think it's broken down now because you've been asking us to say and that's what we're doing and I've been assured by members of the Staff that this is going to come under the training task force and I'd like also like to see training altogether rather than having so many different kinds of training and nobody knows what anybody else is doing.

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MRS. SAUNDERS: Is it possible that we will get the task force together or is it together?

MR. MENDEZ: It's almost finished.

MRS. SAUNDERS: It's almost finished?

MRS. SWAFFORD: Well, I haven't been to any of the meetings and, you know, I've been assured that I'm going to be...I don't want to go to the meetings until I know what the proposals are going to be.

CHAIRMAN DURANT: Hold on a second. Who's going to give the presentation.

MR. WALLACE: Mario.

CHAIRMAN DURANT: Mario. Is Mario here?

MRS. SWAFFORD: He was.

CHAIRMAN DURANT: I remember asking Mario directly at that meeting that there be client involvement and I will ask him after this meeting and find out exactly what that was. At that meeting, I asked him to do that.

MR. LAVIN: I was present at a meeting of the task force when members of the task force asked Mr. Devore to have clients present and participating on the task force. I believe he refused that request.

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CHAIRMAN DURANT: I'd like to find that out.

MRS. MILLER: Hortencia and myself was at the meeting in Denver, Colorado, last month, task force meeting.

MRS. SWAFFORD: So there was client involvement.

CHAIRMAN DURANT: Were there other people invited to that meeting in addition to our own Board?

MRS. MILLER: Yes.

MRS. SAUNDERS: Who were the other people?

MR. MENDEZ: We don't have to justify our existence to anybody.

MRS. SAUNDERS: It's not to justify your existence. It's how sincere your existence is and that is what we're talking about, you know. It's not in justifying. It's how sincere you are and on these costs. Every time we go to these meetings, we sit down and talk about something that is so hard and I tell you every time I leave this Board, I am so disgusted and I am so perfectly worried to go back to the clients and cannot report anything that is positive. I'd like to once report back to my people to say that something positive is

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happening on the LSC level, please. It's important to us.

MRS. BERNSTEIN: What you should report back if this passes is that the clients on your Board will have direct input over those dollars that they did not have before.

MRS. SAUNDERS: How?

MRS. BERNSTEIN: Because they're serving on the local Boards and the local Boards are going to make the decisions.

MRS. SAUNDERS: Like we were saying, we're going to tell them of the agreements, the way you're doing, okay?

MRS. BERNSTEIN: I'm simply saying that if you want to report back what the effect is, that's the effect.

MRS. SAUNDERS: Well, I won't report that back because that's a lie. I don't tell other people lies.

CHAIRMAN DURANT: Any other comment? Two things before we vote on your motion, Mr. Mendez. Is Mr. Smegal here? Tim, could you see if Mr. Smegal is just outside. You want to get Mr. Smegal? Is Mr. Wentzel here, Charlie? I am concerned about...I've indicated my feelings about the motion and whatever and I intend to support it but I am concerned about some of the

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particular issues in terms of transition that have been raised, Mr. Rogers' point regarding...maybe it was Mr. Molla's, regarding some of the lag time or lead time in terms of some of these things and I am prepared at the appropriate time, if necessary, to examine these other numbers if necessary to make allocations to assist in that process because there is a sense in which there may be transition problems that, if there are, in specific ways, I'm going to ask Mr. Wentzel to begin immediately to explore those and to see how some of those ought to be handled, if they can handled, and what the costs associated with them might be because I think that...I disagree that this is something that is new and out of whole cloth because it has been discussed a number of times and there has been presentations by Mr. Fretts, Leonard Goodman and others but I am sensitive to some of the particular concerns that have been raised and, during the course of Mr. Valois' scheduling a Provisions meeting for August the 5th but even before that...

MR. VALOIS: Second.

CHAIRMAN DURANT: Second, excuse me, I am going to ask Mr. Wentzel to meet with different people in the field to discuss the transition problems and in what ways we can be of greater assistance, either financially or otherwise on the horizon. I have nothing

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else to say. All those in favor of the...

MR. SMEGAL: Where are we?

CHAIRMAN DURANT: We're going to vote on Mr. Mendez' motion.

MR. SMEGAL: I do have a comment, if I can have another moment.

CHAIRMAN DURANT: That's why I asked Tim to go get you.

MR. SMEGAL: Thank you. Let me see if I can summarize where I think we are and I don't suggest that anyone else who has spoken agrees with me in this particular analogy but let me give you an analogy as I see it.

MR. MENDEZ: Bob has hired a young lawyer in his firm and he's agreed to pay him $27,000 a year and I got that number from Leon Bernstein's report to the Congress on what the budget should be, $27,000. You tell that young associate, Bob tells that young associate, you're going to be paid $27,000 and I don't expect you to know everything there is to know about the practice of law and I expect you to come to me when you have areas in which you're not sure of how you should be representing these clients but I want you to know that every time you do that, I'm going to deduct the time I spend from your $27,000 and you'll get the net of what's

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left at the end of the year. So the amount of time you spend talking to me in terms of the expertise I can bring to your client's problems, you're going to lose that. What I want you to do then, I want you to come to me under any circumstances where you don't have a full appreciation for that legal problem and that's what you're voting on today. Thank you.

MR. SMEGAL: I'll just make a brief rejoinder. I submit to the Board that it is not that at all. It is more in the nature of a subscription to your legal publications. This is what you're voting on today.

MR. VALOIS: Well, Tom, it doesn't work that way in a law firm.

MR. SMEGAL: I hope not, Bob. I hope it doesn't work that way in the real world. Now, there's a fantasy world of just people but that's another world.

CHAIRMAN DURANT: Mr. Wentzel, while you were out of the room, I stated that I am concerned about some of the transition problems that have been raised by Mr. Molla and Mr. Rogers.

MR. MENDEZ: Clarke, let's vote on this first and decide whether it's going to be...

MRS. BERNSTEIN: Yes, let's vote

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on it first and decide whether it's up or down and then you won't have to make your speech again.

CHAIRMAN DURANT: That's fine. All right. All those in favor of Mr. Mendez' motion signify by saying aye.

VOTING:

BOARD MEMBERS: Aye.

CHAIRMAN DURANT: Opposed?

VOTING:

BOARD MEMBERS: No.

CHAIRMAN DURANT: The ayes have it. The motion carries.

MR. MENDEZ: I'd like a roll call.

CHAIRMAN DURANT: Fine. Mr. Mendez?

MR. MENDEZ: Aye.

CHAIRMAN DURANT: Mrs. Bernstein?

MRS. BERNSTEIN: Aye.

CHAIRMAN DURANT: Mrs. Miller?

MRS. MILLER: No.

CHAIRMAN DURANT: Mrs. Benavidez?

MRS. BENAVIDEZ: No.

CHAIRMAN DURANT: Mr. Wallace?

MR. WALLACE: Aye.

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CHAIRMAN DURANT: Mr. Valois?

MR. VALOIS: Aye.

CHAIRMAN DURANT: Mr. Durant? Aye.

BOARD MEMBERS: No, aye, no.

CHAIRMAN DURANT: Carries, six to four.

MR. SMEGAL: Six to four.

CHAIRMAN DURANT: What I said publicly was is that...while you were out of the room, is that if there are...I want you to...there have been transition problems and questions that have been raised. I want you to meet immediately with mainly the people who raised the objections, Mr. Rogers and Mr. Molla and others who are in state or national support or project directors to discuss both in terms of financial cost and the ease with which sub-grant agreements and whatever can be done because I need to be persuaded that those ultimately will not be problems. I'm persuaded at this point that it is an appropriate thing to do but I want you to have those meetings when they take place.

MR. WENTZEL: I would be delighted to do that.

MR. WALLACE: Mr. Chairman, may I make a similar request in my capacity as Chairman of

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Operations and Regulations? I have looked at the Regulations which will govern this process. It is my opinion we don't need new Regulations but I don't work at this job full-time and we have people that do and I would make the particular request that our Staff, my Committee counsel and Office of Field Services and whoever is involved in it within a reasonable time which I would think would be 30 days, would either tell us no, you don't need any new Regulations to implement this or tell us, yes, you do and here's a proposed set ready to be published. I don't think we do. I think we can live with what we have and I think the way to expedite what we have is to have a standard form sub-grant for state and national support. As I said earlier in this meeting, if the Staff upon analysis thinks we need new Regulations, I'd like to see them in 30 days. Let's publish them and get the show on the road.

MRS. BERNSTEIN: Could I suggest ...we've already mentioned the sub-grant Regs and the Cost Regs as impacting on the move that the Board has made today. I would simply ask that in drafting up that particular document or whatever it is that the Priority Regs also be considered.

MR. WALLACE: I think that's important.

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CHAIRMAN DURANT: Mr. Valois?

MR. VALOIS: As the Chairman stated, the Provisions Committee would like to have a meeting on August the 2nd which is a Saturday. However, I don't think we want to have that meeting if not enough members of the Board are going to be there in addition to the Committee. Of course, I don't know about Mr. Egland but can I just sort of get some idea from the other members of the Board whether or not they can attend?

MR. MENDEZ: I cannot.

MRS. BERNSTEIN: I can.

MRS. MILLER: Yes.

MRS. BENAVIDEZ: Yes.

MR. WALLACE: I think so.

CHAIRMAN DURANT: Probably not.

MR. UDDO: I think I can.

MRS. SWAFFORD: No.

MR. SMEGAL: Tom, is that one of the ABA dates in New York?

MRS. SWAFFORD: Yes.

MR. VALOIS: That's the eighth and ninth, isn't it?

MR. SMEGAL: No, that's...

MRS. BERNSTEIN: No, the ABA dates the week after that.

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MRS. SWAFFORD: I thought it was the sixth, the ABA meetings started on the sixth.

MRS. BERNSTEIN: Yes, but this is the second.

MR. VALOIS: Well, we don't need to take up more time. If there's a more suitable day, let me get Mr. Rathbun, if you don't mind, to poll you all on Monday and we'll select a place and get some idea of the agenda.

MR. RATHBUN: What is the anticipated agenda.

MR. VALOIS: Well, the Provisions Committee has the matter of the inquiry we made out of the mediation, arbitration and...business. That may or may not be on the agenda. It will either, in my opinion, have been disposed of without need for a Committee hearing or it will be on the agenda for a report and then inquiry any member of the Committee wishes to make. The matter that Mrs. Saunders has referred to, I think should be on the agenda at that point in time. What else, Mr. Rathbun?

MR. RATHBUN: Those are the two items on here.

MR. VALOIS: Those two items.

MR. UDDO: Mr. Chairman, I'd

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suggest that the transition recommendations for what was voted on today might be presented to the Provisions Committee at that time for the Provisions Committee to satisfy itself that they are workable.

MR. VALOIS: That's perfectly acceptable to use the Provisions Committee for that purpose. It's all right with us but I really would like, because, in my opinion, these three matters are very, very important to what we're doing, I'd like as many of the Board members there as necessary and I'll ask Mr. Rathbun to poll you next week and if August 2nd is not the best day, there may be some other day that will suit more of you and, of course, Mr. Egland is not here.

CHAIRMAN DURANT: And Mr. Rathbun, you call Mrs....before you leave, will you get a phone number for Mrs. Saunders and call her and let her know so she does not have to wait until there is published notice in terms of the meeting. Any other...

MR. MENDEZ: Mr. Chairman, I move that we adjourn.

MRS. BERNSTEIN: I second that.

CHAIRMAN DURANT: Any discussion? All in favor, signify by saying aye.

VOTING:

BOARD MEMBERS: Aye.

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