

LEGAL SERVICES CORPORATION
AUDIT AND APPROPRIATIONS COMMITTEE MEETING
MARCH 25, 1988

The La Fonda Hotel
New Mexico Room
100 East San Francisco
Santa Fe, New Mexico 87504

PRESENT

Pepe Mendez, Chairman
LeaAnne Bernstein
Hortencia Benavidez
Lorain Miller
Thomas Smegal
Michael Wallace

Staff

John Bayly, President
Maureen Bozell, Secretary
David Richardson, Comptroller

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P R O C E E D I N G S

CHAIRMAN MENDEZ: Okay, let's get started.

The Audit and Appropriations Committee of The Legal Services Corporation is called to order with committee members, Tom Smegal, Lorain Miller, LeAnne Bernstein, Pepe Mendez and Hortencia Benavidez is present as well.

The first item on the agenda is the approval of the agenda. Do I hear a motion?

M O T I O N

MS. BERNSTEIN: So moved.

MS. BENAVIDEZ: Second.

CHAIRMAN MENDEZ: Is there any discussion?

(No response.)

CHAIRMAN MENDEZ: Hearing none, the agenda is unanimously moved.

The second matter is the approval of the amendments, January 29, 1988.

M O T I O N

MS. BERNSTEIN: So moved.

MS. BENAVIDEZ: Second.

CHAIRMAN MENDEZ: Is there any discussion?

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MR. SMEGAL: I have a comment on page six, the last full paragraph. I think I have the right minutes.

There was an exchange between Mr. Bayly and Mr. Wallace about vouchers. The last sentence reads, "Mr. Wallace said he did not want to cancel one project in favor of another, and asked the staff to investigate the possibility of funding both."

There is no indication what they are talking about there.

CHAIRMAN MENDEZ: I think what he was talking about was funding for the voucher project and Mr. Wallace wanted to intermix the timekeeping and functional accounting.

So, if you were to clarify that would you say --

MR. SMEGAL: If you could just add some words in there?

CHAIRMAN MENDEZ: Let's just add some words in there.

MR. SMEGAL: In place of "both" insert timekeeping and personal accounting.

CHAIRMAN MENDEZ: Without objection, that will be done. Is there any further discussion?

(No response.)

CHAIRMAN MENDEZ: All those in favor of approving the

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minutes as amended, say aye.

(A chorus of ayes.)

CHAIRMAN MENDEZ: The minutes are approved.

The next matter is consideration of the FY '87 audit report. If you will remember at the last minute we accepted the audit report. I wanted to give everyone some time to consider it. Are there any comments or any further discussion concerning the FY '87 audit?

My recollection was that you wanted to have some time to study it.

MR. SMEGAL: That is true.

CHAIRMAN MENDEZ: Then, I would move that we adopt the '87 audit report for approval.

M O T I O N

MS. BERNSTEIN: So moved.

CHAIRMAN MENDEZ: Second on that? It has been moved and seconded. All in favor?

(A chorus of ayes.)

CHAIRMAN MENDEZ: Opposed.

CHAIRMAN MENDEZ: Third, as a review of monthly expenditures for December and January. We also have today, Mr. Richardson brought in the February material. I will tell you

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that that is pretty timely to get them out as quickly as you did.

Is there any discussion on any particular parts, among the Board members? Are there any questions of Mr. Richardson concerning that?

MR. SMEGAL: I have a couple of comments. Mr. Richardson, as the cover sheet indicates, there is a breakdown which appears, at least on page twenty-four, showing that budget categories for various activities and that is exactly what I had in mind.

With respect to that document, I am always curious as to how many employees we have. One of the comments I made quite a while ago -- my experience on the board of governors for the State Bar of California was we came in with an administrative budget and asked for personnel increases.

We got an opportunity to see how many people they had, where they wanted to put new ones. I have not seen that kind of document; I do not see it here. I am not asking that it be here but my question is, my understanding is, we have two hundred and some odd slots, two hundred and twenty historically.

I am wondering personnel composition wise if that is funding that will be necessary to fill all those slots. My

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second question is, why is temporary employee pay so high? It represents over twenty-five percent of the amount of budget reflected for permanent employees.

Why is it necessary to have that big of a budget allocation for temporary employees?

STATEMENT OF DAVID RICHARDSON

MR. RICHARDSON: For the record, my name is David Richardson, Comptroller. As far as the personnel compensation money, there are approximately two hundred and twenty-two positions within the corporation.

At present time we have approximately one hundred and twenty-five full-time employees. We have another -- at the present time approximately fifty temporary employees. The reason that line is so high is we do hire a number of temporary secretaries, temporary personnel.

For instance, this year we pushed to get the monitoring reports completed and had to hire additional secretarial staff on a thirty day or sixty day contract along with hiring additional consultants and monitoring people, but they have hired temporary employees because there are in headquarters for a thirty to sixty day continuous period.

Again, to get those reports in final form, where they

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can be published and made public.

MR. SMEGAL: The feeling is that that is a seasonal occupation in a sense, and that when it is over with these temporary employees will not be needed. There will not be an ongoing need to continue to prepare monitoring reports? There is a backlog which we are trying to catch up on. Once that is over with the temporary secretaries will be no longer necessary.

MR. RICHARDSON: That is true. We do have another period usually in the summer, additional staff is put on because again, increased number of trips, increased number of reports come in, so it is a cyclical in that it is a couple times a year.

Usually it is just in the summer. This time it is abnormal in that we did have a three or four month period early in the year. I would also make comment to your consulting lines. It is the same type of situation.

There are some of the employees who are hired as consultants. At this point, getting those reports in final form, there is a high percentage of the budget already used there.

MR. SMEGAL: Let's go back to that first line item, four million and seventeen thousand. Does that reflect salaries

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that would be paid for 222 full-time personnel? Is there a budget sheet that shows salary for a particular slot, and if you total all those up you get four million, seventeen thousand dollars?

MR. RICHARDSON: No, sir. We do have sheets that show the budget categories for each position. To hire this many additional employees, would probably take double the amount of money that is already there.

MR. SMEGAL: So where does the four million seventeen thousand come from?

MR. RICHARDSON: Each budget manager presents a budget to my office, to the vice president, treasurer for our review. They do not anticipate filling all the slots, just simply because there is not enough room in the Corporation to house everyone.

The way that we do get the job done, of course, is with increased temporary employees, seasonal, and the consultants.

CHAIRMAN MENDEZ: Tom, I just have a follow up.

MR. SMEGAL: Let me follow up to that. So there are some documents that reflect that from which this four million and seventeen thousand number generate. Obviously, there are

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some documents?

MR. RICHARDSON: Yes, sir.

MR. SMEGAL: Are they sufficiently compact? They are not voluminous are they? I would like to see them, assuming it would not take a truck to ship them. Is it something that would come in fifteen or twenty pages? Do you have fifteen or twenty managers each who will give you a budget that you, then, in effect put a cover sheet on it and make it four million, seventeen thousand?

MR. RICHARDSON: We can prepare something like that, yes. It does not exist in that form right now. But, it can be done.

MR. SMEGAL: I would appreciate having it and maybe a brief explanation on how you get to these numbers.

MR. RICHARDSON: Sure.

MR. SMEGAL: Thank you very much.

CHAIRMAN MENDEZ: Let's see if we can maybe just do something a little bit more formally here. I would much rather look at the overall numbers of people that we have. You know we have been batting this two hundred and twenty slots around. We have been there and I think it is time for us to revisit that at our next meeting, and specifically determine what number of

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slots -- I do not think that we should have this pie in the sky number.

I think we should have something that we are using. I do not want to have this two hundred and twenty. I do not think that is appropriate.

I think that what we should do is have what -- you come to us and tell us the exact numbers of what you think that you should have for each one of these areas, and how many you have in each of the areas now. We will set the appropriate numbers.

MS. BERNSTEIN: Could I ask a question, Pepe?

CHAIRMAN MENDEZ: Yes.

MS. BERNSTEIN: It just seems to me that -- I know we have talked about this for four years, anyway, the fact that there are "x" number of slots and they are not filled.

It seems to me that that is just a matter of the administration of the Corporation just looking at it and saying, "They have not been filled, there is no realistic expectation they are going to be filled and we are going to stop reporting to you two hundred and forty-two."

I do not think that it is a board function. I frankly think it is a waste of our time and is -- you know, I think that

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we are perfectly entitled to ask for that report to us and any back-up materials, and I support Tom's request for any justifications for whatever decision is made.

I really think it is an administrative function.

CHAIRMAN MENDEZ: That is fine, but I want to see it and I want to make some sort of determination about that.

MS. BERNSTEIN: Okay, well I think maybe as the Chairman of the Committee that he should confer with you, but I really do not think it is the board's -- I mean we have got to --

MR. MENDEZ: However, if we are setting budgets, Here is Tom's point and correct me if I am wrong, Tom.

MR. SMEGAL: So far you are doing fine.

MR. MENDEZ: If we say we have two hundred and twenty slots we ought to be budgeting for two hundred and twenty slots. If we are not budgeting for two hundred and twenty slots, we ought be budgeting exactly for what the number we are, and eliminate all the rest of the slots.

MS. BERNSTEIN: But everything else that comes to us from the Corporation in terms of recommendations, is just that, a recommendation from the Corporation. We do not have to get down to the two hundred -- I am just saying that it is simply an

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administrative function to decide that we are not going to budget for that many slots, we did not budget for that many slots.

MR. MENDEZ: If we do not budget, then we should not be bantering this around.

MS. BERNSTEIN: Right.

MR. MENDEZ: I want to make sure that we longer say that we have those numbers.

MR. SMEGAL: LeaAnne, I think we are not at the board level at this point. I think this is a committee activity and I do not see it as amiss to advise the board a little bit, either.

Thank you, Mr. Chairman.

MR. MENDEZ: Do you have any more discussion? Anything else on any of these --

MS. BERNSTEIN: I have a question about February. The document -- this is the first I have seen it this morning. Am I reading this correctly that we have now actually expended two hundred and seventy million dollars in the field program category?

MR. RICHARDSON: There are two hundred and seventy million in annualized contracts and short-term funding through February 29. Money is not an expense.

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MS. BERNSTEIN: Okay, that is what I was confused -- I had understood we are still sending the -- even for annualized contracts, we are still sending out monthly checks rather than sending an entire year's grant at the beginning of the year. There is no change in that?

MR. MENDEZ: I think what it is doing --

MS. BERNSTEIN: All right. I just wanted to make sure.

MR. MENDEZ: The procedure we have adopted is that once we sign the contracts it is shown as expended and that is consistent throughout all of our budget.

MR. MENDEZ: Are there any other questions from board members?

MR. SMEGAL: I have another one but I cannot find it. Just a moment, please. Following up what LeAnne said on the January sheet on page 22, for example, the basic field programs you got eighty-five million, what does that represent?

It looked to me like it was three months, it looked like it was three-twelfths and two sixty-two roughly, is that what it is?

MR. RICHARDSON: That is correct. If you recall, we did not submit any annualized grants until March because of

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board recommendation. We short-funded all the grantees until we could review the congressional language and everybody was satisfied that we could continue with the annualized funding.

MR. SMEGAL: So that I understand the process, three twelfths represents January, February and March allocations to the Corporation?

CHAIRMAN MENDEZ: Tom, remember we sent two checks out at the beginning and we made that agreement that we would do that?

MR. SMEGAL: So by the end of January we sent two checks, plus --

CHAIRMAN MENDEZ: January and February's checks, plus the double payment rather than at the end of the year -- at the end of that period of time, between January, and then entered our agreements.

Any further questions from the Board?

(No response.)

CHAIRMAN MENDEZ: Any questions or comments from the audience, public comments?

(No response.)

CHAIRMAN MENDEZ: None appearing, we are adjourned.

(Whereupon at 9:30 a.m. the meeting was adjourned.)

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