

## Kentucky Equal Justice Center

### Board Minutes

December 10, 2020

**Board Members Present:** Aka Kpla, (Client Member); Bob Brown, Rick Clewett, Chris Frost, Lisa Gabbard, John Rosenberg (Community Members); Joshua Crabtree, Robert Johns, Neva Scott, Amanda Young (Program Directors); Kristin Brooks, Jacob Taulbee (Staff Reps).

**KEJC Staff:** Miranda Brown, McKenzie Cantrell, Ben Carter, Nathalie Dietrich, Leah Engle, Michelle Haubner, Rich Seckel, Alexandra Werner Winslow.

### Welcome and Introductions

As the group gathered on Zoom, members greeted each other. Chair Bob Brown convened an executive session to consider director Rich Seckel's salary. Rich left the meeting room during the executive session.

Bob called the full meeting to order at 11:12 a.m. and invited Rich to do a roll call. Bob noted that staff members Tyler Offerman and Betsy Stone were absent for a happy reason: they were on parental leave following the birth of their first children. He said, "It's a good thing we have our parental leave in good shape."

### Approval of Minutes

Bob Brown invited a motion on the minutes of the previous board meeting. Jacob Taulbee asked that he be included with other LSC-funded board members in the list of recusals for the resolution on Breonna Taylor. Rich observed that the list of recusals probably should include Kristin Alexander from Appalred, too.

**Motion:** Neva Polley Scott moved to approve the minutes of the September 25, 2020, board meeting with the changes in the list of recusals.

**Second:** John Rosenberg

**Action:** Approved unanimously

### Highlights of Recent Activity

Bob invited Rich to give highlights of recent activity. Rich said that, for him, highlights included:

- A strong showing in the Good Giving Challenge, with close to \$50,000 in donations
- Widespread use of the eviction declaration app that Ben had created
- Ongoing work by KEJC staff on the CHFS Notice Improvement Project

- Creative work at Maxwell Street Legal Clinic to keep cases going during the pandemic

### **Administration and Development: Financial Report through November 30**

Bob next recognized Rich to give the financial report. Rich began with a walk-through of the cover sheet of the financial report in the board package, as follows:

**Profit and Loss Budget Overview FY 2020:** anticipated a gain of \$44 counting only \$80,000 of the \$250,000 in Public Welfare Foundation funds received during the year.

**Profit and Loss through November 30:** showed a gain of \$303,966 compared to the expected loss of \$5,757—a positive variance of \$309,723 including Vanguard brokerage account gains.

**Balance Sheet as of November 30:** showed Total Current Assets of \$663,816, down from \$688,806 on August 31 but up 93.35% percent from \$343,321 on November 30, 2019.

**Income and Expense Charts:** 84.68% of spending was payroll. 73.02% of income was from grants.

Rich said he had revised his end of year carryover prediction to focus on expected gains and losses in December, including projected Good Giving proceeds and average monthly expense. The resulting figure was \$621,126.

Rich said that since he had prepared the report, he would add several adjustments to the carryover prediction, including:

- a potential payment of attorneys' fees to Southern Poverty Law Center for their work on KEJC's open records case
- payments to the legal aid programs for participation in "Boots on the Ground" health outreach grant activity

Rich said those payments were counterbalanced by good news on income: KEJC was included by Kentucky Center for Economic Policy as a subgrantee for \$25,000 in each of two years as part of a "Safety Net Initiative" grant through the Center on Budget and Policy priorities.

Rich said that he estimated unrestricted funds on November 30 at \$197,607. He said he took the favorable figure into account in constructing the budget to be considered later in the meeting. Walking through the supporting documents in the financial report, Rich noted that:

**Budget vs. Actual:** Income YTD was running at 127% of budget, while expenditures were at 96.5%, a favorable ratio.

**Balance Sheet:** The high level of Total Current Assets (\$663,816) was buoyed up by two large, restricted funds:

- \$125,000 in Public Welfare Foundation funds to be saved for a grant year beginning July 1, 2021;
- \$111,469 in the Mason Fund “quasi endowment” for Maxell Street Legal Clinic

**Months of reserves:** Rich said that unrestricted funds would last just over 2 months in the unlikely event that KEJC would have to live on them alone. He said Total Current Assets would last about 8 months under the same scenario.

**Recent fundraising:** Rich said he had just learned that KEJC would receive \$25,000 as a subgrantee of Community Farm Alliance for a project funded by Volunteers for Healthy Kids to increase funding for SNAP “double dollars” at farmers’ markets.

Among a variety of unexpected and pleasant surprises in development, Rich said that the Paycheck Protection loan of \$142,562 was the largest.

Bob asked for further explanation of the Community Farm Alliance connection. Rich noted that CFA had been an ally since the 1990s, when farmers were hit by big increases in health insurance rates.

John asked for an explanation of the disparate figures for Good Giving results. Rich said that he made different report pages at different times, capturing both a projection and a point in time result while Good Giving was still underway.

Rich said that the final Good Giving figure with prizes and match would likely approach \$50,000. He said KEJC had exceeded 230 donors. He thanked Alexandra and Raaziq for their work to coordinate the campaign, as well as staff who wrote personal appeals for different days.

**Administration and Development: Audit and 990**

Rich said that he had distributed KEJC’s 990 report for 2019 to board members before the November 15 filing deadline. For the benefit of new members, he explained that the 990 is the nonprofit equivalent of a tax return. Since nonprofits don’t owe tax, he said, the purpose is to demonstrate that funds are being used properly to carry out the nonprofit’s charitable mission.

Bob said that he and past chair Chris Frost had met with auditor Vickie Richardson by Zoom to review the draft audit. He said the committee suggested a couple of minor corrections. He said that Vickie found no areas for concern and made no suggestions for improvements in internal control.

Chris commented that Vickie felt board oversight was a strength, including reconciliation of accounts conducted by the Treasurer and the detailed financial reports reviewed at board meetings.

- Motion:** John Rosenberg moved to accept the report of the Audit Committee.
- Second:** Joshua Crabtree
- Action:** Approved unanimously

Bob pointed out that the audit was for the period ending December 31, 2019, and so didn't capture the tumultuous year of the pandemic.

### **Administration and Development: Budget for 2021**

Bob said the board had met in executive session just before the full meeting and had approved a 2 percent salary increase for Rich as director. Bob then invited Rich to present the remainder of the FY 2021 budget for consideration. Rich said he had prepared two budgets:

- one with standard salary increments for full-time staff of \$900 or 2%, whichever was higher, and
- a second which implemented a first step toward new salary scales

Rich said that the fringe benefits in each case in the budget were based on known rates. For operational costs, he said, he had looked back over two years and made projections to reflect spending trends. Turning to income, Rich said that a degree of uncertainty was built into each budget in the form of:

- \$61,000 in new grants from sources not yet known
- \$12,000 from exploration of major gifts

Rich said the bottom line in the original budget was a negative \$161,000 offset by \$125,000 in advance funds already received in 2020 from Public Welfare Foundation. He said the remaining \$36,000 to balance the budget would come from unrestricted reserves.

For salaries, Rich said, the Personnel Subcommittee and Executive Committee had approved taking a step toward new salary scales. He thanked Chris and Neva for acting as sounding boards for the process.

Rich said the new Attorney scale was benchmarked for purposes of comparability at 105 percent of the average of Kentucky's LSC-funded programs. He said the scale reflected many civil legal aid program scales in that increments were larger in the early years and topped out in the later years. Rich said the second scale, for non-attorney Professionals, reflected a similar progression and the market reality that attorney salaries tended to be higher than many other professionals.

Rich said that the Personnel Subcommittee approved the idea of having add-ons for special expertise and supervision but wanted to keep them the number of add-ons small, so as not to render the scales themselves meaningless. Overall, Rich said, the scheme was relatively "flat," with a modest gap between attorneys and non-attorney professionals.

Rich said he had projected the cost of moving to the new scale all at once compared to doing it in two or three steps. He said the Personnel Subcommittee and Executive Committee had recommended the two-step approach. Rich said that the cost was affordable the first year, in part because increments would phase in on anniversaries rather than simultaneously for all staff on January 1. Rich said the cost would rise considerably in the second year, but KEJC's reserves could help cover it.

Personnel Committee Chair Neva Polley Scott commented that KEJC was in a good position for resource development to support the new scales. Bob said that the Executive Committee had discussed the new scales at some length with a focus on affordability but ultimately concluded that KEJC was “pretty secure” and could take implementation step by step.

Rich said he had incorporated the two-step approach for full-time staff other than himself into the alternative budget before the board. Rich said that increments for part-time hourly staff would be \$1 an hour on anniversaries, instead of the usual 50 cents.

DOJ Accredited Rep Michelle Haubner expressed concern that legal assistants and DOJ accredited reps appeared to be placed on the same scale. She said the work of a DOJ rep more nearly resembled the work of attorneys than legal assistants. Rich said it was possible that he missed something and that perhaps a third scale for legal assistants was needed.

Joshua Crabtree asked how Rich had projected VOCA funding, given rumors that the VOCA grants might decline as the trust fund behind them was drained. Rich said that he had projected VOCA funding at a continuation level. He said the grant for VOCA immigration law services was relatively small. He said he hoped it would go “under the radar” in future cuts.

- Motion:** Joshua Crabtree moved to accept the proposed alternative budget including the recommended first step in salary comparability.
- Second:** Amanda Young
- Action:** Approved unanimously

### **Governance: Staff Reps Special Election**

Rich said that he had gone ahead as described at the previous meeting to issue a call for nominations to fill the Attorney Staff Representative vacancy on the Board. He said that three nominees had stepped forward, representing three out of the four LSC-funded programs. He said that he would announce the ballot and open an online Survey Monkey poll as early as the week after the board meeting.

### **Governance: Strategic Planning Next Steps**

Bob invited Rich to describe next steps in strategic planning. Rich said that facilitator Marian Guinn had held listening sessions with staff, board and stakeholders and had prepared a draft survey based on the ideas and themes that emerged. Rich displayed the draft survey and did a walk through.

Rich said that during Executive Committee discussion, John had suggested adding a question focused on long standing state support functions for legal aid programs such as task force meetings and legislative and administrative advocacy.

Rich said he could send out a Word version of the document. He invited board and staff to send any suggested changes to him to share with Marian. He said the intention was to get the survey out before the end of the year.

### **Governance: Personnel Committee Update**

Rich said that topics considered by the Personnel Committee had been addressed in the budget discussion on salary scales.

### **Governance: Conflict of Interest Forms**

Rich said it seemed like the board had just done its annual updates of Conflict of Interest forms, but in fact it had been a year. He said the forms were included in the board package. He invited members to fill them out and return them soon. Rich said the purpose was to disclose any other interests that might conflict with KEJC's best interests.

### **Governance: Meeting Dates 2021**

Rich drew the board's attention to his proposed meeting dates for 2021, as follows:

April 9	Friday	Board Meeting
July 15	Thursday	Board Meeting
September 24	Friday	Board Meeting
December 16	Thursday	Annual Meeting

### **Big Picture: Legal Services Funding**

Legal Aid of the Bluegrass Director Joshua Crabtree reported on Congressional and state funding for Legal Services Corporation-funded legal aid programs. He said the CARES act had provided \$50 million in extra funds nationally, with a focus on pandemic-related legal needs. Josh said the potential for more funding in new relief packages was unknown. He said the passage of a budget bill was uncertain as well, but current versions contained increases for civil legal services.

Turning to state funding, Josh said that the appropriation for civil legal aid through June 30, 2021 already was in place, but funding for the next state budget year would have to be addressed by the 2021 General Assembly.

### **Staff Reports**

The board heard staff reports on multiple issues and projects. No board action was required in response to the reports. For details, see the [Staff Reports](#) on the KEJC Board web page under the December 10, 2020, heading at: <https://www.kyequaljustice.org/board-meetings>.

### **Adjournment**

<b>Motion:</b>	John Rosenberg moved to adjourn the meeting.
<b>Second:</b>	Robert Johns
<b>Action:</b>	Approved unanimously

**Reported by Richard J. Seckel, Director, April 18, 2020.**