

Kentucky Equal Justice Center

Board Minutes

April 28, 2023

Board Members Present: Tiffany Pyette (Client Members); Bob Brown, Lisa Gabbard, Dawn Howard, Bruce Simpson (Community Members); Amanda Young, Robert Johns (Program Directors); Brandie Ingalls (Staff Reps).

KEJC Staff: Miranda Brown, Ben Carter, Natalie Chambers, Raaziq El-Amin, Ebony Lee, Paola Schwartz, Rich Seckel.

Welcome and Introductions

As the group gathered on Zoom, members greeted each other. In the absence of chair Bob Brown, Treasurer Lisa Gabbard initiated the roll call. Bob joined the meeting during roll call.

Newest board member Bruce Simpson described himself as a semi-retired solo practitioner willing to help with cases and issues. Rob Johns noted that the following week, he would transition from director of AppalRed to director of Legal Aid of the Bluegrass. Lisa said that her organization, Kentucky Coalition Against Domestic Violence, had recently rebranded as ZeroV to make clear it was working to end violence.

Rich gave a special welcome to Bruce and to KEJC's new Communications Director, Natalie Chambers, who had joined the program just as the General Assembly was ending. He noted that several staff had taken advantage of parental leave recently with the arrival of new children, including Ben, Allison, and Tyler, whose new arrivals were Nico, Theo, and Hazel, respectively.

Highlights of Recent Activity

Bob next recognized Rich to present highlights of recent activity. Rich offered them as follows:

- **Lexington Housing Grant:** The evening before the board meeting, Rich had watched the Lexington city council online as it approved complementary and substantial housing stability grants to KEJC and Legal Aid of the Bluegrass with a theme of right to counsel.
- **RJDEI retreat:** Rich said that the program's recent RJDEI retreat had engaged participants in challenging discussions and intriguing exercises. He said that board member and co-facilitator Tiffany Pyette would report later in the meeting.
- **Legal Impact Network:** Rich said that he and Ben had attended the recent LIN convening, which brought together programs like KEJC from around the nation—statewide, impact-oriented, unrestricted, varied in size, but all grappling with the meaning of authentic community-based lawyering.

- **General Assembly:** Rich said the General Assembly had ended. He said the adjective that came to mind was “sad,” as lawmakers had focused on limitations on health care affecting trans kids. On the upside, he noted that:
 - Medicaid expansion was fully funded.
 - Lawmakers had approved regulations making multiple improvements in KTAP, the cash benefit program for children and relative caretakers, among them an increase in the asset limit from \$2,000 to \$10,000.
- **Newsletter responses:** Rich gave a shout out to Natalie and Raaziq for the 47% open rate of their first KEJC email newsletter together.

Bob asked whether KEJC reported to legal aid programs on the General Assembly. Rich said that KEJC did so, primarily through the statewide legal aid task forces. He gave the example of the recent public benefits task force meeting, during which Health Justice Attorney Chloe Atwater had presented a walkthrough of multiple bills. As well, KEJC published an extensive Bill Tracking Chart during the session.

Approval of Minutes

Bob Brown invited a motion to approve the minutes of the last board meeting.

- Motion:** Rob Johns moved to approve the minutes of the December 15, 2022, board meeting.
- Second:** Dawn Howard
- Action:** Approved unanimously

Administration: Financial Report FY 2022

Bob next recognized Rich to provide the financial report. Rich said there were two reports, one for the end of 2022 and one for the first Quarter of 2023. He said the reports reflected the transition from himself to Charity CFO as bookkeepers. The first report was in his usual format and the second was produced entirely by Charit CFO.

Rich recapped the cover sheet for the first report as follows:

Profit and Loss Budget Overview FY 2022: anticipated a loss of \$176,401 to be offset primarily by one-time carryover funds.

Profit and Loss through December 31: showed a loss of \$318,972 compared to the anticipated loss—a negative variance of \$142,932 that included \$31,811 in Vanguard brokerage losses.

Balance Sheet as of December 31: showed Total Current Assets of \$909,832, up from \$779,921 on September 30, 2022.

On Budget vs. Actual, Rich said that income had come in at 140.67% percent of budget, a substantial increase, while expenditures came similarly above budget, at 148.34% of projection.

Rich said that the main new dynamic driving the variances was the Kentucky Housing Corporation grant totaling \$2.05 million, about three quarters of which was to be passed through to legal services partners. The grant came on top of an underlying budget of about \$1.2 million.

Rich said the KHC grant had created an unpredictable cash flow, since the programs had started billing at different times and in different amounts. On average, he said, between \$400,000 and \$500,000 would go out the door each quarter. Rich said the unusual cash flow might account for the larger than expected negative balance for the year.

Bob asked why the line item for consultants appeared so high. Rich said that initially KEJC did not have a line item for subgrants and so used the consultants line to track the KHC money going to legal aid programs. He said that KEJC would add a line for subgrants going forward.

Bob noted that Rich used to estimate how long reserves would last. Rich said that given the accounting transition, he had wanted to step back and make room for the Charity CFO's reports. However, he said, he had done a projection and it appeared that total reserves would last about six months and unrestricted reserves about a month in the hypothetical event that KEJC had to operate on them alone.

Administration: Financial Report for First Quarter

Rich next did a walkthrough of the Q1 Management Report provided by Charity CFO, in part to see whether it met the board's needs as is, might need changes, or might need supplements that he could prepare.

He said that the Charity CFO Executive Summary was similar in content to his traditional cover page. He said that, year-to-date, revenue was \$730,338, representing 24% of the annual budget, almost exactly on target. By contrast, year-to-date expenses were just 17% of the annual budget, yielding a net positive \$205,490 through March 31.

Turning to the Statement of Financial Position (balance sheet), Rich said that cash in the bank was unusually low at \$117,725 but receivables were very large at \$670,548. Rich said that both figures appeared to reflect the new dynamic of having a large grant sit on top of the program's normal budget. Overall, he said, Total Current Assets at \$941,669 on March 31 were substantial and sufficient for program operation.

Board member Dawn Howard asked what the receivables were. Rich said they were a combination of:

- Money that KEJC could be paid for its own work already done under grants (primarily VOCA and Kentucky Housing Corporation)
- Bills paid or owed by KEJC to the legal aid programs for which KEJC could get paid back under the KHC grant
- Balances in grants that were paid down monthly, like United Way.

Dawn said that it would be useful to have an Account Receivable aging report, with detail on how long each receivable had been on the books. She also noted that the CFO Budget vs. Actual report compared year-to-date spending with the annual budget rather than with the budget for the year-to-date. She said that she found it more useful to compare spending with the pro-rated budget for the same period.

Rich said that the board could ask the Charity CFO for what it needs. He said the reports were a little bit unfamiliar but that there was at least one advantage to the new arrangement: KEJC now better met the best practice standard of having a division of labor in its processes, with more than one pair of hands and eyes on transactions.

Bob noted that the substantial balance and new grants underscored the need to build KEJC's administrative back office. He said that beneath the dynamic of the large KHC grant, KEJC appeared to have the same underlying safety net and balance as before.

Rich said that the cash flow dynamic would moderate when the KHC grant ended. He said that the Lexington housing grant did not involve payments to other legal aid programs, just KEJC's own work.

Dawn observed that the unused leave balance looked high. Rich explained that KEJC employees could be paid for up to a year of unused leave upon leaving the program.

Administration: Budget Update

Chair Bob Brown noted that the KEJC budget for 2023 had been adopted provisionally, with the knowledge that two substantial grants might be awarded early in the year. Rich said the two grants were the city of Lexington housing stability grant and a grant from Vital Strategies focused on discrimination against people affected by substance use.

Rich said that both grants had been approved and the program was on track to bring a revised budget to the board for consideration at its July meeting.

Administration: Audit Bid

Bob said that the Executive Committee had asked Rich to obtain a bid from auditor Vickie Richardson to conduct the audit and prepare the 990 for FY 2022. Rich said that Ms. Richardson had bid \$4,300 for the audit \$640 for the 990. He said that the total of \$4,940 was almost identical to the previous year. Bob invited a motion on the audit bid.

Motion: Treasurer Lisa Gabbard moved to accept the bid of Vickie Richardson, CPA, to conduct the audit and prepare the 990 for FY 2022.

Second: Robert Johns

Action: Approved unanimously

Administration: Executive Committee Survey

Bob asked about the status of the staff survey recommended by the Executive Committee (EC). Rich said the EC had recommended that KEJC conduct a survey like one used at Kentucky Legal Aid. He invited KLA director Amanda Young to describe the survey

Amanda said that KLA had sent staff a survey that touched on the areas set out in the ABA standards for civil legal services, including technology, management, and clarity and fulfillment of mission. She said the survey had worked well in her program, leading to the creation of staff focus groups for follow-up. She said the survey helped KLA get a picture of what staff liked and what they were struggling with.

Bob asked Rich when the survey might go out. Rich said it could go out the following week.

Strategic Plan Implementation: RJDEI Retreat and Next Steps

Bob recognized board member Tiffany Pyette to report on the recent Racial Justice DEI retreat. Tiffany said it had been a “wonderful time to get so many of us together.” She said the group met at the Red River Gorge, engaged in community building and communications exercises, shared hard topics, sat with conflict, and affirmed group agreements. She said she had led the group in a round dance reflecting her culture.

Tiffany said that everyone present showed a common love for the organization and showed care for communities and colleagues. She said the group agreed to observe “ethical space,” an indigenous concept in which different types of expertise are accorded equal weight. She said topics to explore going forward including what governance structure, conflict resolution, and leadership transition might look like.

Outreach Coordinator Miranda Brown asked for a timeline on the rest of the process. Tiffany said that she and co-facilitator Mizari Suarez would provide a report with recommendations by the time their contract ended in July. Before then, she said, they would conduct education sessions on racial justice and disability rights. Tiffany emphasized that the retreat was not a board meeting and did not take the place of board action on policies.

Senior Counsel Ben Carter said he hoped the RJDEI recommendations would inform board decisions on an ongoing basis, so that KEJC would “institutionalize the good process” experienced at the retreat.

Tiffany said she had an “ask” of the board. She said that she and Dan Wu had been participating members of KEJC’s RJDEI working group. She noted that her role had changed, and that Dan had left the board when he was elected as Lexington’s Vice Mayor. Tiffany asked for board volunteers to take their place on the committee and to serve as liaisons to the board. New board member Bruce Simpson volunteered. In the meeting chat, an attendee recommended another new board member, Bonifacio Aleman.

Strategic Plan Implementation: Personnel Policies

Rich said that it was part of the Strategic Plan to update KEJC’s personnel policies. He said the process had been on hold it part so it could be informed by learnings and ideas that emerged from the RJDEI discussions. He said it was now time to revisit the topic and that Bob had been considering potential members of a newly constituted Personnel Committee. Rich said that once

the committee was formed, it could produce a work plan and timetable. Bob said that he had put out invitations to potential members.

Governance Tasks: Vacancies and Expiring Terms

Chair Bob Brown opened the discussion of governance tasks by pointing out that KEJC had one Community Member vacancy and an existing nomination of former Appalachian Citizen Law Center director Steve Sanders as a potential member.

Rich gave an overview of vacancies and expiring terms. He said that:

- Former board member Rick Clewett had opted to go further into retirement early in the year, giving up his Community Member seat.
- Three Community Member terms would reach their end during the year, including Rick's term and Bob's.
- Two elected Staff Representatives from the legal aid programs had left their programs, creating vacancies in the Paralegal and Support Staff Rep positions.

Rich said that, under the bylaws, the Staff Rep vacancies would have to be filled through a nomination and election process, with nominations and votes by legal aid program staff.

Rich added that board officers serve one-year terms, so that their terms would also expire in the next few months. Rich said that, as a first step, he would reach out to members with expiring terms to find out whether they were interested in continuing their service on the board.

Governance: Meeting Dates 2023

Bob said that the board dates for the rest of the year were in the board package. They were:

- July 21 (subsequently changed to July 26)
- September 21
- December 14

No changes were suggested.

Big Picture: Legal Services Funding

Rob Johns reported on legal aid funding. He said that, for FFY 2023, the programs had received a 15% increase, continuing a pattern of increases over the last several years. He said that with the change in composition of the House and the upcoming debt ceiling debate, the pattern could change, but he expressed hope that the programs would not lose ground.

Rob said that the day before the board meeting, representatives of the four legal aid programs went to the Kentucky State Capitol for a press conference. During it, Attorney General Daniel Cameron had announced the first Opioid Abatement Commission grants. Rob said that each of the four Legal Services Corporation-funded programs in Kentucky would receive a \$250,000 grant as part of a project they had named "Project Renew." The purpose of the project: to provide civil legal aid to help people stay on their recovery journeys.

Chair Bob Brown congratulated Rob on his appointment as director of Legal Aid of the Bluegrass.

Staff Reports: Highlights and Discussion

The board next 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 April 28, 2023, heading at <https://www.kyequaljustice.org/board-meetings>.

Adjournment

Motion: Robert Johns moved to adjourn the meeting.

Second: Dawn Howard

Action: Approved unanimously

Reported by:

Richard J. Seckel, Director
July 23, 2023