Kentucky Equal Justice Center  
Board Minutes  
December 16, 2021

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

**KEJC Staff:** Miranda Brown, Ben Carter, Yoko Dionisio, Raaziq El-Amin, Allison Hight, Tyler Offerman, Shannon Rempe, Becca Schimmel, Rich Seckel.

**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 Zoom meeting during the executive session. Upon conclusion of the executive session, Bob called the full meeting to order and invited Rich to conduct a roll call.

**Highlights of Recent Activity**

Bob invited Rich to present highlights of recent activity. Rich said highlights included:

- **Housing Outreach:** Launch of a new Housing Outreach project under a subgrant of funds from Legal Aid of the Bluegrass, with new outreach worker Emma Anderson already monitoring the courts and walking neighborhoods;

- **Comms Coordinator:** Gathering sufficient funds to hire a full-time Communications Coordinator, experienced journalist Becca Schimmel, while also bringing on talented candidate Ebony Lee part-time to help and to gain experience;

- **Good Giving success:** A successful Good Giving season, energized by creative work by Resource Organizer Raaziq El-Amin, with proceeds exceeding the campaign goal of $36,000 and likely to go higher when matches and prizes were tallied; and

- **UI grant:** Collaboration with the Kentucky legal aid programs on a $100,000 grant proposal to the Families and Workers Fund for joint work with state administrators of the unemployment insurance program around equitable access to benefits.

Rich said a discussion with the Families and Workers Fund grant officer was coming up—a good sign of interest in the proposal. He welcomed Jefferson Coulter, newly hired as successor to Neva Scott as director of Louisville Legal Aid Society.
Approval of Minutes

Bob Brown invited a motion on the minutes of the previous board meeting.

Motion: John Rosenberg moved to approve the minutes of the September 24, 2021, board meeting.
Second: Lisa Gabbard
Action: Approved unanimously

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 report in the board package, as follows:

Profit and Loss Budget Overview FY 2021 anticipated a loss of $175,438, offset primarily by $170,000 in advance Public Welfare Foundation funds received in 2020.

Profit and Loss through November 30 showed a gain of $19,866, compared to the expected loss of -$165,312—an positive variance of $185,178 that included $28,966 in Vanguard brokerage account gains.

Balance Sheet as of November 30 showed Total Current Assets of $719,652, up from $719,007 on August 31 and up 11.76% percent from $643,957 on November 30, 2020.

Income and Expense Charts showed that 84.69% of spending was payroll, while 69.43% 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 Good Giving proceeds and average monthly expense. The resulting carryover figure was $673,913.

Turning to unrestricted funds, Rich said that he thought of them as a measure of financial health, but also as a rainy-day fund and potential innovation fund. He tracked the balance on the cover sheet from a low point of about $24,000 in 2012 to the current estimated level of $258,654.

Rich said he thought of the unrestricted balance as falling into three functional “buckets”: $80,000 in rainy day reserves, as much as $80,000 to support implementation of the new salary scale, and another $80,000 to support back-office improvements and initiatives under the new strategic plan.

Rich said the current level of unrestricted reserves would last just under 3 months if KEJC had no other funds, while the current balance of all funds would last almost 8 months—in each case, a good sign of financial health.
On the Budget vs. Actual report, Rich said that income was running at 110 percent of budget compared with expense at 92 percent. He said that was a favorable ratio, though some of the savings on the expense side came from staff vacancies that could take weeks or months to fill.

Turning to fundraising, Rich highlighted “good news” developments set out in green text in the Recent Fundraising table. In each case, the new income could not have been predicted at the beginning of the year. Good news items included:

- A subgrant from Community Farm Alliance for work on food justice issues, including expansion of the double dollars SNAP program at farmers markets through a state appropriation
- A $5,000 grant to help pay immigration application fees in hardship cases at Maxwell Street
- A $20,000 subgrant from the Homeless and Housing Coalition of Kentucky for eviction prevention advocacy and communications
- The $80,000 subgrant from Legal Aid of the Bluegrass to create a Housing Outreach position

Rich said a couple of items in the Recent Funding table signaled cost pressures, especially a decline of about 10 percent in VOCA funding over the previous year. Rich said the cut was due to a declining VOCA trust fund and affected many programs, not just KEJC.

**Administration and Development: IRS 990 for 2020**

Bob invited Rich to report on KEJC’s filing with the IRS. Rich said that auditor Vickie Richardson had prepared the return based on her audited figures and he had circulated it to the board before filing. He said that the 990 is a way for a nonprofit to show how it uses funds to carry out its charitable mission.

**Administration and Development: Audit Committee Report**

Bob recognized Treasurer Lisa Gabbard to report for the Audit Committee. Lisa said the current committee consisted of her and Bob. She said they met by phone several days before the board meeting with Auditor Vickie Richardson to review the audit report line by line.

Lisa said that Vickie found that the audited figures fairly represented KEJC’s financial position as of December 31, 2020, in accordance with generally accepted accounting principles. She said that Vickie had made two observations. First, KEJC’s bank accounts had not been reconciled since September. Second, its bank balance well exceeded the federally insured amount.

Lisa said that the balance issue could be addressed by moving the extra funds to a new account, getting the bank to pledge coverage of losses, or simply by accepting the risk of having an uninsured amount.
Bob said that Vickie had been complimentary of Rich’s preparation of materials for the audit. He noted that the delay in reconciliation was not Rich’s fault but instead the result of the fact that Lisa’s predecessor as Treasurer had disappeared. He said that for good financial practice, Rich could not simply reconcile accounts himself.

**Motion:** Neva Scott moved to accept and approve the Auditor’s Report.  
**Second:** Robert Johns  
**Action:** Approved unanimously

**Administration and Development: Proposed Budget for FY 2022**

Bob opened the discussion of the budget by reporting on the executive session held at the beginning of the board meeting. He said the Personnel Committee had recommended a 5 percent salary increment for the director, while Rich had proposed only a 2 percent increment for his salary. Bob said the Board recommended a 5 percent increase in the director’s salary, in part to keep the salary competitive with succession in mind.

Bob then invited Rich to present the rest of the budget. Rich began by noting that FY 2022 presented several challenges, including the decline in VOCA funds and the ending mid-year of the long-term Public Welfare Foundation grant for workers’ rights advocacy and the 3-year MAZON grant for food justice work. He then described the assumptions and calculations behind the salary, fringe, operations and income portions of the budget.

Rich said that salary figures in the budget included the second of two steps to the new salary scale for salaried employees and a dollar an hour increase for hourly employees, in each case taking effect on anniversaries. Overall, the salary line for 2022 was up about 17% over 2021 but, Rich said, the primary reason for the increase was not the new scales but new positions, including the Housing Outreach Worker and full-time Communications Coordinator.

Rich said that fringe rates were prescribed by the various fringe payees and that the year-to-year increase, at 18%, closely tracked the increase in salaries and wages.

For operating cost, Rich said that he had examined two years’ worth of expenditures for most expense lines and tried to capture the trend. He said that travel amount was down in the coming budget for two reasons. First, travel expense had trended downward during the COVID pandemic as virtual events replaced in person meetings and likely wouldn’t bounce back soon. Second, the VOCA budget had contained robust training funds but had to be scaled back.

Overall, Rich said, the operating portion of the proposed budget for 2022 was just 1.55% higher than 2021. He then turned to the income block in the budget spreadsheet, identifying multiple sources of funding and the assumptions he had made about amounts and trends.

While the bottom line of income over expense was $140,000 “in the red,” Rich said, the story didn’t end there. He identified sources of available balances and carryover funds, including the Mason Fund investment for Maxwell Street and remaining balances available through mid-year from Public Welfare and MAZON.
Rich said that an encouraging part of the story was the recent increase in major gifts and donations. He said that several major gifts had substantial remaining balances and might repeat in the new year.

With all the available balances and major gifts considered, Rich said, there was more than enough funding to support the proposed budget without jeopardizing a healthy level of reserves.

**Motion:** Josh Crabtree moved to approve the proposed budget with the Executive Committee’s recommendation of a 5 percent increment in the director’s salary.

**Second:** Dan Wu

**Action:** Approved unanimously

**Governance: Staff Reps Election**

Rich said that Staff Representatives to the board were elected by their peers in Kentucky legal services programs for two-year terms. He said that the current Staff Reps were Katina Miner (Attorney), Kristin Alexander (Paralegal), and Jacob Taulbee (Support Staff). He said that technically their terms would end with the current meeting.

Rich said there was plenty of time before the first meeting of 2022 to conduct an election process, including a call for nominations and an online survey for voting. He said he would conduct the process over the next few weeks.

**Governance: Strategic Plan Volunteers and Implementation Steps**

Bob said that “it’s been a joy” to see people sign up to help carry out different elements of the new strategic plan. He invited Rich to describe start-up activities so far. Rich said he had circulated the plan in survey form so people could sign up in their areas of interest. He displayed the survey document.

Rich said that, given the timetables set out in the plan, the “Back Office” plank got some early attention. He said the plan called on him to create an inventory of administrative and accounting tasks that could be delegated or done in new ways. He said he had created a detailed inventory and presented it to Bob and the Executive Committee to elicit ideas for new staff, software, or contractors to take on tasks.

Rich said the inventory revealed that he spends at least 330 hours a year on billing, payables, payroll and various administrative compliance matters. He said the emerging observation was that a talented person with accounting experience could make a substantial difference even in less than a full-time job.

Rich said that the next area for a launch might be the diversity, equity and inclusion plank of the plan. He noted that Tyler had been accepted into the prestigious Anne Braden Institute. Overall, Rich said, he would circulate the survey one more time to give staff and board and chance to step forward on its different elements.
Rich also recalled the discussion at the last board meeting about reproductive health in the wake of cases before the Supreme court. He said the idea proposed at the time was for volunteers from board and staff to apply the Strategy Test set out in the strategic plan to make an analysis and come back with recommendations on a potential position and activities. Rich said the volunteers were Rick Clewett, Lisa Gabbard, and Shannon Rempe.

**Governance: Conflict of Interest Forms**

Bob drew attendees’ attention to the KEJC Conflict of Interest form in the board package. He invited members to fill it out, sign it, and send it along to Rich. Rich said that the form was circulated once a year for signatures and given to new staff and board members. He said the purpose was to disclose businesses or board memberships which might have interests different from KEJC’s. Rich said that he would circulate the form by email after the meeting for members’ convenience.

**Governance: Board Meeting Dates**

Bob recapped the proposed meeting dates for 2022 as presented in the board package: April 22, July 14, September 23, and December 15. No changes were suggested.

**Big Picture: Legal Services Funding**

Legal Aid of the Bluegrass Director Josh Crabtree said that Congressional funding for legal aid was in a “worst case scenario:” a proposed $130 million increase in the Legal Services Corporation (LSC) budget was put on hold when Congress passed a Continuing Resolution extending the current budget until February.

Josh said the Congressional delay coincided with reallocation of funds by LSC based on the Census. Under the funding formula, he said, Kentucky would see a slight decrease. Within the state, Legal Aid Society and Kentucky Legal Aid would see increases while AppalRed and Legal Aid of the Bluegrass would see cuts. Josh said the decreases would have been offset under the proposed $130 million increase.

Josh said the programs hoped to increase their state funding in the upcoming budget year Session of the General Assembly.

John Rosenberg said that American Bar Association (ABA) Days would be coming up in April, but it wasn’t clear yet whether visits with Congressional lawmakers would happen by Zoom or in person. He said in person meetings more often included lawmakers rather than just staff. He said that Kentucky Reps Comer and Rogers had joined in last year’s Zoom meetings. John said he was optimistic that the proposed federal increase eventually would happen.

John noted that Kentuckian Gene Vance was the incoming Chair of the ABA House of Delegates and was a member of the LSC Leadership Council. Josh said that Gene Vance was a member of the Legal Aid of the Bluegrass board.
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 16, 2021, heading at https://www.kiyequaljustice.org/board-meetings.

Adjournment

Motion: John Rosenberg moved to adjourn the meeting.
Second: Dan Wu
Action: Approved unanimously

Reported by:

Richard J. Seckel, Director
April 24, 2022