

LEGAL SERVICES CORPORATION  
BOARD OF DIRECTORS

TELEPHONIC MEETING OF THE  
FINANCE COMMITTEE

OPEN SESSION

Monday, October 19, 2015

4:34 p.m.

Legal Services Corporation  
3333 K Street, N.W.  
Washington, D.C. 20007

COMMITTEE MEMBERS PRESENT:

Robert J. Grey Jr., Chairperson  
Harry J.F, Korrell, III  
Martha L. Minow  
Father Pius Pietrzyk, O.P.  
Robert E. Henley Jr. (Non-Director member)  
Allan J. Tanenbaum (Non-Director member)  
John G. Levi, ex officio

BOARD MEMBERS PRESENT:

Charles N.W. Keckler  
Victor B. Maddox  
Julie A. Reiskin  
Gloria Valencia-Weber

## STAFF AND PUBLIC PRESENT IN THE CORPORATION'S OFFICES:

James J. Sandman, President

Ronald S. Flagg, Vice President for Legal Affairs,  
General Counsel, and Corporate Secretary

Lynn Jennings, Vice President for Grants Management

Rebecca Fertig Cohen, Chief of Staff

Mayealie Adams, Special Assistant to the President for  
the Board

Rebecca Weir, Senior Assistant General Counsel, Office  
of Legal Affairs

David L. Richardson, Comptroller and Treasurer,  
Office of Financial and Administrative Services

Carol A. Bergman, Director, Office of Government  
Relations and Public Affairs

Traci Higgins, Director, Office of Human Resources

Jeffrey E. Schanz, Inspector General

Martin Polacek, Accountant Manager, Office of  
Financial and Administrative Services

Robin C. Murphy, National Legal Aid and Defender  
Association (NLADA)

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## 1 P R O C E E D I N G S

2 (4:34 p.m.)

3 CHAIRMAN GREY: I have some things in front of  
4 me. Is there an agenda?

5 MR. FLAGG: Yes. This is Ron Flagg.

6 CHAIRMAN GREY: If you will inform me?

7 MR. FLAGG: Yes. I will read off the agenda  
8 for the Finance Committee meeting. Six items:  
9 approval of the agenda, one; two, consider and act on a  
10 proposed collective bargaining agreement resolution;  
11 three, consider and act on temporary operating budget  
12 for FY 2016; four, public comment; five, other  
13 business; six, adjournment.14 CHAIRMAN GREY: Is there a motion to approve  
15 the agenda?

16 M O T I O N

17 DEAN MINOW: So moved.

18 CHAIRMAN GREY: Second?

19 MR. TANENBAUM: Second.

20 CHAIRMAN GREY: All in favor say aye.

21 (A chorus of ayes.)

22 CHAIRMAN GREY: Opposed no.

1 (No response.)

2 CHAIRMAN GREY: The second item is the  
3 bargaining agreement resolution?

4 MR. FLAGG: Yes. This is Ron Flagg. Let me  
5 speak to the two resolutions, and depending on the  
6 nature of the questions, David Richardson is also  
7 available, as is Jim.

8 Essentially, we have two resolutions which are  
9 closely related, so I'll talk about them together. The  
10 first resolution deals with the collective bargaining  
11 agreement and its effect on the 2015 consolidated  
12 operating budget. And the second resolution deals with  
13 the effect of the collective bargaining agreement on  
14 the 2016 temporary operating budget.

15 The documents that you have before you include  
16 the collective bargaining agreement between LSC and the  
17 International Federation of Professional and Technical  
18 Engineers Local 135. The collective bargaining  
19 agreement was previously presented to the Board at the  
20 October meeting in San Francisco.

21 The version of the collective bargaining  
22 agreement that was transmitted to the Board and that is

1 available on our website is substantively identical to  
2 what was handed out in San Francisco, with one  
3 exception.

4           On page 17, the bottom of page 17 -- this is  
5 Section 5.10, subpart (d), which deals with the limits  
6 on use of temporary employees, that number was meant to  
7 capture the current number of regular full-time covered  
8 positions that we have at LSC, and entails a promise  
9 for us to maintain that number over the life of this  
10 agreement, which is three years.

11           In the version we passed out in San Francisco,  
12 the number was erroneously listed as 100. In the  
13 version we actually transmitted to you a few days ago,  
14 we put 80. The correct number, after further review,  
15 is 79. So the number which should be in the CBA on the  
16 bottom of page 17 is 79.

17           You also have before you, as I said, two  
18 resolutions, and there's a cover memo that describes  
19 the effect of the collective bargaining agreement on  
20 the budgets both in 2015 and 2016. And so the first  
21 rsl.n really has two pieces to it. One is approval of  
22 the collective bargaining agreement, and associated

1 with that is the effect of that approval on the 2015  
2 budget; and then the second resolution deals with the  
3 effect of the CBA on the 2016 budget.

4 I can, in just a few words, summarize the  
5 effects in 2015 and 2016. In 2015 -- and there's a  
6 table, or Attachments A and B, associated with the 2015  
7 fiscal year -- there would be an increase in operating  
8 expenses of \$1,475,000, and an associated decrease in  
9 the contingency line of the same amount, \$1,475,000.

10 In the 2016 resolution, it's much the same  
11 sort of figures. There is an increase, proposed  
12 increase, in the fiscal 2016 budget of \$1,016,375.  
13 There's a decrease in the contingency line of  
14 \$2,491,375.

15 The reason that number is bigger than the one  
16 million dollar increase in the operating budget is  
17 because that number includes not only the decrease in  
18 the contingency associated with the additional expenses  
19 anticipated for the year 2016, but also the decrease in  
20 the contingency funds from 2015, which was \$1,475,000.

21 So those two together make up that decrease in the  
22 contingency.

1           With regard to the collective bargaining  
2 agreement, as I indicated in San Francisco, Management  
3 requests and recommends that the collective bargaining  
4 agreement be approved. I've had I a number of  
5 questions about the agreement, which I've attempted to  
6 answer. And I'm certainly available for questions  
7 about the collective bargaining agreement, and either I  
8 or Jim or David would be available for questions about  
9 the budget effects of the agreement.

10           Mr. Chairman, that's Management's report.

11           CHAIRMAN GREY: Good report. Thank you.

12           Questions?

13           FATHER PIUS: This is Father Pius. I'm sorry,  
14 can you hear me? This is Father Pius.

15           CHAIRMAN GREY: Hey, Father. Go ahead.

16           FATHER PIUS: Just a quick question. Are  
17 there two adjustments, the 2015 \$1,475,000 and the  
18 2016, one million? Are those both taken from the  
19 contingency fund?

20           CHAIRMAN GREY: Ron, so the translation or the  
21 communication link between Father Pius and you and then  
22 back to us gets weaker as it gets to us. Could you



1 repeat whatever he said and then your response?

2 MR. FLAGG: Yes. At the risk of inaccuracy  
3 creeping in -- and Father Pius, please correct me if I  
4 have it wrong -- the question is whether the budgetary  
5 effects in both 2015 and 2016 are both reflected in the  
6 contingency line.

7 And the answer is yes. In 2015, there is a  
8 single change, which is an increase in the operating  
9 budget of \$1,475,000, and a one-for-one decrease in the  
10 contingency line of the same amount, \$1,475,000.

11 In 2016, it's an ever-so-slightly more  
12 complicated set of calculations. There's an increase  
13 in the 2016 operating budget \$1,016,375. There's a  
14 decrease between what the Board previously approved for  
15 2016 and what is now being proposed in the contingency  
16 line of \$2,491,000, and that \$2,491,000 number is a sum  
17 of the additional operating costs in both 2015 and  
18 2016, since looking at the 2016 budget, both of those  
19 numbers have reduced the originally proposed  
20 contingency line for 2016.

21 Father Pius, did that answer your question?

22 FATHER PIUS: Yes. Yes, perfectly. And just

1 a quick followup. Obviously we can't keep pulling from  
2 the contingency fund. I assume that after 2016, that  
3 more will have to be done. You'll have to change the  
4 budgeting and talk about getting the funds of the  
5 regular operating funds.

6 MR. FLAGG: Yes.

7 CHAIRMAN GREY: So your projections were very  
8 close, as it turns out.

9 Any other questions?

10 MR. FLAGG: Yes. I should say that the  
11 projections Management has been making internally for  
12 some time have taken into account the possibility that  
13 we would have a collective bargaining agreement and the  
14 associated financial effect.

15 CHAIRMAN GREY: Right. You've been very good  
16 about keeping us apprised of that and understanding  
17 that eventuality.

18 Any other questions?

19 (No response.)

20 CHAIRMAN GREY: Ron, would you like to take  
21 these one at a time?

22 MR. FLAGG: Yes. I think we should get a vote

1 on, first, the resolution on the proposed collective  
2 bargaining agreement and the 2015 budget, and then a  
3 separate vote, since it's a separate resolution, on the  
4 temporary operating budget for fiscal 2016.

5 CHAIRMAN GREY: And these are both  
6 recommendations to the Board?

7 MR. FLAGG: These would both be  
8 recommendations to the Board to be considered by the  
9 Board immediately after this Committee meeting.

10 CHAIRMAN GREY: Is there a motion by a member  
11 of the Committee to approve the resolution on the  
12 collective bargaining agreement impact on the current  
13 budget? Is that right, the current budget?

14 MR. FLAGG: The 2015 budget.

15 CHAIRMAN GREY: The 2015 budget. Do I hear a  
16 motion?

17 DEAN MINOW: So moved.

18 FATHER PIUS: Actually --

19 CHAIRMAN GREY: I'm sorry?

20 FATHER PIUS: I'm sorry. Before we get to the  
21 vote, I think we are doing the collective bargaining  
22 agreement first. I move that we agree to it.

1           Just one thing, and I can say this during the  
2 Board meeting or I can say it now, but I'll just say it  
3 now. I'll vote to approve the collective bargaining  
4 agreement. There are just two things I feel just  
5 compelled to say, so I'll say them.

6           Thank you on the part of Management and the  
7 Union for getting this done. I know this was a lot of  
8 hard work, and I appreciate it. And I hope this will  
9 resolve a lot of difficulties that were there in the  
10 past and allow the Corporation to move forward to do  
11 what it's supposed to do for the poor.

12           One of my concerns about this is the amount of  
13 increase in money. Some of it is because it hasn't  
14 been paid in a few years, but some of it seems to be a  
15 bonus. And the thing that concerns me a little bit is  
16 that so many of the grantees who do a lot of the work  
17 of legal services haven't gotten a raise in years.  
18 Many of them of them are cutting staff.

19           It feels awkward to have the oversight  
20 corporation see such a large increase for its employees  
21 when the people they oversee haven't gotten anything  
22 near this kind of a raise. I certainly hope that the

1 Union will keep that in mind when thinking about the  
2 people that they oversee, and especially with the funds  
3 that they receive.

4           The other one, the other issue or the other  
5 concern I have about it, is it strikes me as odd that  
6 we have a labor union that's supposed to be open. I  
7 mean, these are modeled after or reasonably after the  
8 medieval guilds.

9           But when you force people to do this, when you  
10 force them to take the money even if they don't want to  
11 be part of the Union, I have nothing against the Union,  
12 but that just strikes me know as very strange. I know  
13 these are all bargaining positions. But it just seems  
14 to be unfair to do that to people.

15           I think I would just state, if I can say this  
16 publicly, that I think this is a failed agreement. I  
17 will vote for it, but I did at least want to air these  
18 possibilities. But then I want to as well publicly  
19 thank Management and the Union for coming to agreement  
20 on this. So that's all I have to say.

21           CHAIRMAN GREY: Any reaction? Father, I heard  
22 most of what you said.

1           Ron, could you just summarize it for us, just  
2 in case somebody has an additional question?

3           MR. FLAGG: Sure. I think Father Pius -- and  
4 he can correct me if I misstate it -- raised or voiced  
5 his views on two issues. One was a concern about  
6 significant increases in compensation for LSC staff at  
7 a time when our grantees' staffs were not seeing pay  
8 increases and often seeing staffing and pay cuts; and  
9 two, a concern with the aspect of the agreement which  
10 creates an agency shop.

11           In labor terms, that means that people who are  
12 in covered positions, with a few exceptions for  
13 basically religious or conscientious objectors, are  
14 required to join the Union and to pay dues.

15           CHAIRMAN GREY: Thank you, Ron. Go ahead. We  
16 don't have that, though, right?

17           MR. FLAGG: No. We do. On the second point,  
18 those people who choose not to join the Union but are  
19 in covered positions would be required to pay an 85  
20 percent rate to cover the services provided by the  
21 Union for all covered positions.

22           CHAIRMAN GREY: I got you.

1           MS. REISKIN: This is Julie. I just want to  
2 say ditto to all of that.

3           MR. MADDOX: Yes. This is Victor Maddox. I  
4 want to echo Father Pius's concerns. I've looked at  
5 the case law on this Section 19 provision from the  
6 NLRA, and while I understand what the courts have said,  
7 I think it's frankly an imposition on people's exercise  
8 of their religious liberties to be forced to pay money,  
9 essentially as some sort of, I guess, protection  
10 against free-riding.

11           But it seems to me that is not a reasonable  
12 accommodation, and I understand that the Sixth Circuit,  
13 at least, has found otherwise. And in my view, the  
14 Circuit probably has a better view. So I think it's  
15 inappropriate.

16           I also worry about the cost of the increases  
17 to the union members, to the employees of LSC. As I  
18 understand it, everyone's going to get the \$5,000  
19 raise, which ranges from a 5 percent to a 15 percent  
20 payment, in addition to the increases they'll get under  
21 the wage scale increases and the like.

22           So that seems to me, as Father Pius suggested,

1 odd in light of our grantees having seen cuts,  
2 certainly no increases. So those are my concerns. I'm  
3 not a voting member of the Committee, and I just want  
4 to go on the record.

5 MR. FLAGG: This is Ron again. Let me just  
6 clarify something that I didn't get quite right. The  
7 dues collection provision, which is Section 3.03,  
8 provides that 100 percent of the dues will be collected  
9 from all persons occupying covered positions who have  
10 not opted out of the Union.

11 For those who certify a conscientious  
12 objection, an 85 percent dues collection will be made.

13 For those who have opted out for religious reasons and  
14 who demonstrate alternative payments that are  
15 specified, zero percent will be dedicated for union  
16 dues. So again, it's a little more complicated than I  
17 first described. And it's set out in detail in Section  
18 3.02 and 3.03 of the agreement.

19 With regard to the \$5,000 payments, just to be  
20 clear, the origin of those payments is the market-based  
21 compensation, which are the benchmarks for all of the  
22 compensation in the agreement. The data that we use to



1 determine market-based compensation were 2014 data.

2           So when we completed negotiations on the  
3 compensation arrangements for 2015 using those data, we  
4 recognized the fact that in 2014, our own data  
5 indicated that many of our employees were compensated  
6 below market. And we calculated the total pool of the  
7 differences between 2014 compensation and the  
8 market-based compensation figures that our outside  
9 expert consultants had provided to us.

10           And that overall pool, the Union made a  
11 proposal that it be split, that a portion of that  
12 overall pool be provided to those employees who were  
13 compensated below market in 2014; but that some of that  
14 pool, all of which again reflected the underpayment in  
15 2014, be shared with other members of the Union who  
16 would otherwise not -- other people in covered  
17 positions, I should say, regardless of whether they  
18 were members of the Union, should be shared with them  
19 so that everybody at LSC would get some benefit,  
20 financial benefit, from the agreement.

21           CHAIRMAN GREY: Thank you. That's very  
22 helpful.

1           Any other comments or questions?

2           MR. HENLEY: This is Bob Henley. I have one  
3 question. I would echo Father Pius's comments about  
4 the agency shop provisions. Does LSC have other union  
5 agreements, and do they have that same language? And  
6 secondly, is that agency shop arrangement, is that what  
7 commonly exists with organizations similar to LSC?

8           MR. FLAGG: Well, the first question is easily  
9 answered, which is, this is LSC's first collective  
10 bargaining agreement. So we don't have any other  
11 arrangement. Traci Higgins, our Director of Human  
12 Relations, is here.

13           My understanding, and then I'll let Traci  
14 respond or Rebecca Weir, is that this is a very common  
15 provision. But Rebecca Weir, who is part of the LSC  
16 bargaining team and is here at the table, can  
17 elaborate.

18           MS. WEIR: Hi. This is a common provision  
19 that you see in various collective bargaining  
20 agreements. And the benchmark for this particular  
21 provision, our agreement comes from the GAO and their  
22 union.

1           It was a similarly arranged shop, with 85  
2 percent of dues for conscientious objectors going to  
3 the union to pay for costs of contract administration,  
4 and 100 percent for religious objectors will be going  
5 to charity.

6           So it is not that unusual. And in fact, some  
7 of the main pieces that Vic Maddox was referencing, and  
8 the federal court, have had the 85 percent benchmark.  
9 So that's where that comes from.

10           Obviously, this is not a requirement. It's  
11 not set by D.C. law. This is something that can be  
12 bargained. But it's fairly standard.

13           CHAIRMAN GREY: Thank you. Good questions.

14           Any other comments or questions?

15           (No response.)

16           CHAIRMAN GREY: Hearing none, there's a  
17 motion --

18           MR. FLAGG: Actually, Robert, I think we need  
19 a motion from a Committee member.

20                           M O T I O N

21           DEAN MINOW: I make a motion.

22           CHAIRMAN GREY: Is there a second?

1           FATHER PIUS: I second the motion to approve  
2 the collective bargaining agreement.

3           CHAIRMAN GREY: Is that a Father Pius second?

4           FATHER PIUS: Yes.

5           CHAIRMAN GREY: Thank you. All in favor say  
6 aye.

7           (A chorus of ayes.)

8           CHAIRMAN GREY: Opposed, no.

9           (No response.)

10          CHAIRMAN GREY: Ron, the second resolution, if  
11 you'd state it for us.

12          MR. FLAGG: The second resolution is a  
13 resolution regarding the temporary operating budget and  
14 special circumstance operating authority for fiscal  
15 year 2016, and would amend the temporary operating  
16 budget in the manner set forth in the resolution.

17          CHAIRMAN GREY: Okay. I think that's pretty  
18 straightforward. Is there a motion to approve the  
19 temporary operating budget?

20                                   M O T I O N

21          FATHER PIUS: So moved.

22          CHAIRMAN GREY: Second?

1 MR. HENLEY: Second.

2 CHAIRMAN GREY: All in favor say aye.

3 (A chorus of ayes.)

4 CHAIRMAN GREY: Opposed, no.

5 (No response.)

6 CHAIRMAN GREY: The motion is adopted.

7 Public comment? Was that where we are?

8 MR. FLAGG: Yes.

9 CHAIRMAN GREY: Public comment?

10 MS. MURPHY: This is Robin Murphy from NLADA.

11 CHAIRMAN GREY: Hey, Robin.

12 MS. MURPHY: Hi. How is everybody?

13 CHAIRMAN GREY: Good.

14 MS. MURPHY: I just had a question on the  
15 market-based compensation. What kind of table was used  
16 for that?

17 MR. FLAGG: The LSC hired a consultant, Quatt  
18 & Associates, a well-known consultant in the field of  
19 analyzing compensation and benefits for not-for-profit  
20 organizations. And Quatt did a study of compensation  
21 of positions comparable to those within LSC, looking  
22 both at not-for-profits in the capital area as well as

1 certain government positions that -- they identified  
2 those that were comparable to the work being done at  
3 LSC.

4 MS. MURPHY: Thank you.

5 CHAIRMAN GREY: Thank you, Robin.

6 Other public comment?

7 (No response.)

8 CHAIRMAN GREY: Hearing none, is there other  
9 business?

10 (No response.)

11 CHAIRMAN GREY: Hearing none, is there a  
12 motion to adjourn?

13 M O T I O N

14 FATHER PIUS: So moved.

15 DEAN MINOW: Second.

16 CHAIRMAN GREY: Let me ask a question. Is  
17 there a different number for the Board, or do we just  
18 stay on?

19 MR. FLAGG: No. We'll just go directly into  
20 the Board meeting as soon as you vote on the motion to  
21 adjourn, assuming it is passed.

22 CHAIRMAN GREY: Okay. Motion to adjourn.

1 All in favor say aye.

2 (A chorus of ayes.)

3 CHAIRMAN GREY: Opposed, no.

4 (No response.)

5 CHAIRMAN GREY: The motion is adopted.

6 (Whereupon, at 5:01 p.m., the Committee was  
7 adjourned.)

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