



Finance Committee Meeting Minutes
May 21, 2020
9:00am

Conference Call: Nina Self, Scott Watson

Absent: Mauricio Endara and Tawana Gilbert

Staff/Guests Present: Jim McShane, Matt Salera and Charlotte Brown

Recording: Patricia McCray

I. Welcome and Call to Order:

Chair Self welcomed everyone and called the meeting to order at 9:05am. She thanked everyone for taking time out to participate in the board conference call. She explained that the public is allowed to participate with comments held to three (3) minute limit and 12 minutes overall.

II. Action Item I: Meeting Minutes Approval – May 20th, 2019

Chair Self asked if anyone had any questions or comments about the February 27th, 2020, Finance Committee meeting minutes. There were none.

Motion: Chair Self entertained a motion to approve the February 27th, 2020 minutes. Scott made the motion, and Chair Self seconded. All in favor.

Action Item I approved unanimously.

III. Revenue & Expense Statement 19-20 (Unrestricted) – Information Item I

Matt stated Information Item I is the current year's unrestricted revenue and expense statement and ends in March, which is only 75% of the year. They have only expended 46% of the budget. The line item for indirect costs is zero. In April, they cut a check for almost \$11,000. They are in line, and they will be under budget by year-end. The mainline item there is the first month when one special events and grants commitment is at 72%, expect to be under budget by year-end, but as of March, it's only at 36%. Matt asked if anyone had questions. No one posed questions.

IV. Revenue & Expense Statement 19-20 – Information Item II

Matt continued to discuss Information Item II, which is their current year federal funds revenue and expense statement. The spreadsheet shows the consolidated version also through March, which is 75% of the year. When looking at the percent column, the first section is direct program costs. In total, they have expended 56% of what they budgeted. However, that seems low, but mainly looking at the bottom five-line items, those are called one-time special projects and grants they had meager expenditure rates exception for one. The sector strategy, the apprenticeship expansion, and the energy grants those carry over into the next fiscal year. They are still waiting on approval to extend the end date for the last line item, which is the Florida-Georgia Workforce Alliance. There are low expenditure rates there, but that is because they carry over into the next fiscal year.

In the allocated costs and expenses which are also under budget, they expended 67% of what they budgeted, which was 75% for the year. And this is mainly due to three reasons, their salaries and benefits line items are at 69% during this time it is close to the earmark. But currently, it is not because they do have vacancies that they will not be filling because the Executive Center will be transferred over to their service provider. So as of July 1st, those positions will be included in their contract and became vacant, and that is why they did not want to fill them for three to four months. So that's why salaries and benefits are at 69%. Also. They have a couple of other line items such as legal and professional fees,

which is only at 11% and repairs and maintenance at 3%. They very under expended, especially in the repo and repairs budgets. But those are three-line items because they are so under budget that is why we're only at 67% allocated costs and expenses.

There are two-line items that are over the 75% mark, and those are conferences and seminars and insurance, but all other line items are looking good. When looking at direct costs and allocated costs, they are at 61%, which is good. They will present it at the end of this agenda packet that will show a lot more carry over into the next fiscal year. They have a budget that has a budgeted surplus of \$690,000, and they are well under budget, which means that they will be carrying over an excess of a million into the next fiscal year.

Scott asked Matt, in seeing that the accounting and auditing line item is zero. Is that a future expense that we will see at the end of the fiscal year?

Matt stated, yes that he has paid the bill during April or May and not accrued during March.

Scott thanked Matt for his answer.

Matt asked if anyone else had questions. There were no comments.

V. Action Item II: Budget 19-20 (Unrestricted)

Matt asked everyone to go to page 21, which is their unrestricted funds budget for the current fiscal year. In the third column to the right, it shows their proposed change column. Matt stated that he is not proposing any changes to their costs. They do have additional program funds available in the amount of \$2,000 in equity, which consists of \$1,700 in sponsorships for BEPAC, the Health Care Sector Round, and Power Hour. They also have exactly \$300 in interest. Matt stated that he double-checked, and he found it hard to believe it came to that amount. However, it did, and it shows in the account that they have for restricted funds, and they anticipate anywhere from \$800 to \$1,200 a year in interest. Matt stated that the \$2,000 in additional revenue brings the surplus up from \$165 unrestricted funds it all carries over to next year. Matt noted that it is an action item and asked if there are questions.

Chair Self thanked Matt and asked if anyone had questions on Action Item II? No one responded.

Motion: Chair Nina entertained a motion to approve the Budget 19-20 (unrestricted). Scott made the motion, and Chair Nina seconded, and the motion carries.

Action Items II approved unanimously.

VI. Action Item III: Budget 19-20

Matt continued to Action Item III, which is the current year federal funds budget. Matt emphasized the third column to the right is their proposed change. On the second line from the bottom, it provides the total program funds available, which is up to \$375,000, which is excellent news. The breakout of \$375,000 is at the very bottom of the page. They received a WIOA state-level grant for \$86,000 and a WIOA performance incentive for \$20,000. The Wagner-Peyser past year allocation decreased by \$12,600 along with their Veteran's programs. These programs have a past year amount and a salary amount because they are State employees, and they have to true up the salaries. Matt stated that if the accounts are running low, they have to transfer funds out of their past year amount. This year they received a National Emergency grant for COVID-19 for \$223,000.

They also received a National Emergency grant, Hurricane Michael funding for \$70,000. They do understand that Hurricane Michael was a very long time ago. However, about eight months ago, the State of Florida took the \$70,000 from them due to the State needing it to report expenditures so that they could draw down the rest of the funds from the Feds. This process took the State some time to finally get that money back to them, but they get it back.

They now have \$375,000 additional revenue. Matt asked everyone to scroll back up to the top for direct program costs in the proposed change column. He stated they are budgeting \$100,000 for COVID-19 National Emergency grant and then adding the money back to \$70,000 from hurricane

Michael which was a grant that CareerSource Florida provided them to help cover the cost for purchasing a van in aiding their move to the administrative office. They are also considering adding the \$70,000 back to the CareerSource express line item, where they purchased the van and the laptops and other supplies to equip that van. The van is used to travel throughout the community to serve career seekers in case of a national emergency.

In the allocated costs and expenses section, they are making a transfer here. Matt stated that as he mentioned earlier, the repairs and maintenance are very low. Therefore, they are looking to move \$45,000 from that line item and then \$10,000 from travel and add it to the system telephone line item. That would be \$55,000 transfer of the systems. Matt shared with the committee that as time has gone on, there has been more and more demand on computers. They have discovered more and more computers do not have Windows 10, were found as staff started to work from home and a definite need for laptops. As they purchase CPUs for their labs with Windows 10 and continue to provide their users with Windows 10 machines, it becomes a requirement along with the laptops they are looking to make those purchases with the transferred funds.

With their additional revenue of \$375,000, they are budgeting \$160,000 out to add to \$215,000 surplus to their bottom line. Matt asked the committee to review the bottom far right corner, which shows its surplus for the current year budget is \$690,000. They are well underspent on this budget. With a surplus of \$690,000, they expect to carry over about \$1.5 million into next year's budget, which they will get into more in the next couple of action items.

Matt asked if anyone had questions.

Chair Self asked Matt, earlier in repair and maintenance, he said that he was moving \$45,000 and transferring down, but she only saw \$25,000.

Matt emphasized if we go back to the revenue and expense section, it is calculating from a formula. He assured Chair Self that he would check it. He thanked Chair Self for bringing that to his attention because that would be impossible.

Chair Self stated that confused her when she saw it.

Matt asked the committee to review the column on the far right. It shows the proposed \$25,000, and that is where it will be after the transfer. Chair Self questioned, after the transfer? Matt said yes, it is the same thing with travel; it is already reflecting the transfer. Jim questioned that it is \$44,000, and Matt said no, it was 70,000. Jim asked, is it for travel. Matt answered, yes, it is travel is \$44,000, and Jim concurred. Matt continued to say the maintenance was \$70,000.

Chair Self asked if there were any more questions.

Motion: Chair Self entertained a motion to approve Action Item III. Scott made the motion and Chair Self seconded. All in favor.

Action Items III approved unanimously.

VII. Action Item IV – Budget 20-21 (Unrestricted)

Matt stated this is the next fiscal year, which is 2020-21, and it is their unrestricted fund budget, and it is comparative. In the middle column is the proposed budget in the far-right column. They only have four-line items here. Food, drink, special grants, and events which they are looking to decrease that by \$3,000, indirect costs a decrease of \$10,000 and supplies staying the same. Overall, they are proposing a budget that is \$13,000, less than the current budget total program funds available. Therefore, if the current year budget comes in precisely what they budgeted, they would carry over \$163,000. They will bring in new revenue throughout the year and will add to the budget as they receive funds. But, if they do not bring in any new revenue, they will have a \$26,000 budget and \$163,000 available. They would still have leftover almost 138,000 revenue for 2020, 2021, and 2022.

Jim asked if the Florida tobacco funding is still available.

Matt stated they have not been providing funding for the last six months or so. And what the board has decided to do is if they need the funding, they will increase the budget line item with those payments.

Jim thanked Matt for the information.

Matt asked if anyone had questions. No questions were asked.

Motion: Chair Self entertained a motion for approval. Jim approved the motion, and Scott seconded the motion. All in favor.

Action Item IV approved unanimously.

VIII. Action Item V – Budget 20-21

Matt stated Action Item V is their budget for Federal funds for the next fiscal year 2021. They started the budget process early this year because they were concerned after compiling the budget last year if they would have enough revenue to support this budget. If they had to make any reductions to their main federal funds, particularly in WIOA, any kind of substantial reduction would have been damaging. But as of right now, the planning allocations have them with a small increase for WIOA. And as they look at WIOA, Welfare Transition, and Wagner-Peyser a there is a slight increase. At this time, there are no plan decreases in their recurring funding. Matt said as he went over the budget, they had another \$375,000. And with the additional revenue that they have received, they are expecting to carry over \$1.57 million, which is an estimation. During the time Matt created this budget, he had only closed out the month of March. Therefore, they still have April, May, and June expenses. In July or August, they will know precisely the amount that will carry over for next year. But as of right now, it is an estimation of \$1.57 million. Just like the previous budget for their unrestricted funds, this is a comparative budget, and the middle column is the proposed budget. Matt asked the committee to review the middle column, second line from the bottom, and they are anticipating a little over \$6.5 million. The budget for the current year is \$6.85 million, which is \$350,000 less.

The direct program costs in the total, there is an increase of \$59,000 from the current year budget. At the top of the column, participant tuition and fees, which they see an increase of \$110,000. They are required to spend 25% of their WIOA Adult Dislocated Worker funds on IPA's. To ensure they meet 25%, they budget 35% and will have enough funding to cover training.

And on the next line item, primary services, contract, one-stop operations, this is the contract with Dynamic Workforce Solutions. It is an increase of \$145,000. And this is due to transferring the Executive Center to Dynamic Workforce Solutions.

On the next line item, is work experience under the primary services contract. This is related to their WIOA youth work experience requirement. They must spend 20% of their WIOA youth funds on work experience, and they are budgeting about 30%. They are more than happy to spend 20% because if they do, they can use that for the requirement in the following year. They have two active grants, and they can meet the requirement on one active grant, and one can carry over to the next fiscal year and transfer whatever they may need. Matt emphasized that it is good to have budgeted more than what they need.

Matt stated that they have a new line item they are proposing, called virtual operations, which is pretty self-explanatory. They are looking to review different virtual career fairs and also virtual career services with Dynamic Workforce Solutions and with our participants. They are examining several products right now. They are doing a test run with a company for \$5,000 for a few months seeing how they like it. However, there are at least four different products out there that they reviewed so far. The virtual operations line item is \$60,000. They believe they can work with that budget to provide them with their current service delivery line.

Scott asked Matt, will the new software or program that they are looking at would just provide an online platform in addition to what Dynamic Workforce Solution offers or more virtual services?

Jim stated exactly. They would be able to refer people to the CareerEdge website. Jim shared the CareerEdge website with Rachel Pino in Wakulla, FL. They are assessing it now. Jim stated that Dan provided close to 500 youth with access to the CareerEdge website. Jim emphasized CareerEdge is a robust and excellent program, but the cost is expensive. They will have to negotiate the price, and hopefully, the company will be negotiable. At this point, they cannot afford to pay what the company is quoting them. They are checking to see how much participation they have from the ones that have access now. Jim stated it is a great product, but if nobody goes and uses it, they will not pay for it.

Scott stated, people, are being forced to do more virtually than ever before. The more they are required to work virtually, the more receptive they will become, and hopefully, working that way, they will become more intuitive and habit forming. If that becomes the service delivery model, then it will become the new normal.

Jim emphasized the issue for them is they are looking at August, September, and October when people coming off unemployment benefits will create a tsunami in looking for work. And they all agree across the State of Florida that they are not going to be able to handle the caseload the way they did before.

Jim stated that he and his team are trying to do right now is put a structure in place that would give them alternatives such as the libraries and several other options with partners. They are trying to spread the work out to others. This will slow down the traffic of individuals coming to their centers. Jim and his team are working to make it so that only individuals they are providing one on one appointments will be the ones that need individual assistance. Everyone else will probably be, for the most part, able to use the virtual products and find a way to get a job without having to interface with them. That is the goal they are striving for because otherwise, they will look like Connect. He does not want CareerSource Capital Region to look like that.

Chair Self, stated that was her question with this budget how much can we increase anticipating what is going to happen with COVID and getting additional funding?

Jim stated that it is his hope at some point, Congress is going to give the workforce system extra funding now for all of the dislocated workers they will have to serve. And at that point, they probably would have enough money to institute the CareerEdge program permanently because they would get a sizeable additional amount of money.

Jim mentioned another program they are reviewing, Metrics Learning, which is an online program. Individuals would get certified in that program without having to go anywhere. And the certifications are nationally recognized. In the long run, they will be able to do much more in helping individuals help themselves. Career seekers would be able to quickly earn a six to eight weeks certification that they can then put an individual into an available job. Jim hopes that they will do a lot of quick placements in the future.

Matt continued with the next line item, which is their CareerSource Express, which is their van. He is only budgeting \$12,000 for that line item because last year, they had to buy the van. This year it will cover insurance and other costs. The EDC line items staying the same and the last four-line items are special grants and one-time projects. They are looking to extend the Florida-Georgia Workforce Alliance end date. If it does get extended, they can reinstate that line item, but the other line items for special projects are just the carryover amount that they are budgeting now.

The direct program costs, it is \$159,000 higher, and about \$150,000 of that is related to the Executive Center going over to the service provider. The allocated cost and expenses, their salaries, and benefits line items are down \$150,000, which is related to the Executive Center transfer, accounting, and auditing up a little bit to cover those costs. The budget for advertising and marketing used to be \$80,000, but with budget cuts last year, they brought it down \$25,000. They are looking to put \$5,000 back in that line item.

In their facility rent, there is a considerable decrease of \$83,000, which is related to their administrative building, and the lease expires in January 2021. At this time, they do not have a plan at this point as

to whether or not they will relocate or telecommute. Once they decide what they plan to do, they will issue an RFP if needed. And then initiate that line item to cover whatever costs they need to incur.

Their insurance increased \$2,000, postage decreased \$2,000, repairs and maintenance bringing that in line. The earmark they look to do is about 3% of what they budgeted for facility rent is the gauge for that line item. They are proposing a \$10,000 increase because they are looking to place security guards at the Leon and Gadsden Career Centers when they open. They want to ensure the safety of staff during this time. Matt stated he is not exactly sure how long they will keep the security guards, but as of right now, they are scheduled to be there when they reopen.

They are returning the \$4,000 in travel that Matt stated earlier, travel was reduced by \$10,000. Somehow it shows an increase of \$4,000, but it is a decrease of \$6,000 from the current year. In the total allocated cost, there is an overall decrease of \$232,000. They trimmed in total \$173,000 from the proposed budget from the current year, which is good because the revenue is down \$350,000. They started practicing putting the budget together in early December. Matt was concerned they would not have the requirements to carry over \$300,000, but they have a surplus of \$511,000, which is outstanding.

Scott stated an excellent job.

Matt said as the year goes on, typically, they see additional opportunities and additional funding streams. In the next fiscal year, they will look to carry over again as much as possible. They have a nice cushion, and as always, whenever possible, they are looking to cut costs. Facility rent is definitely one of the areas where they could reduce costs in the future. Matt said he is pleased with this year's budget.

Scott asked Matt, is the \$83,000 representative of the total 12 months lease?

Matt stated, no, that is representative of five and a half months.

Scott stated, yes, that is what he thought because it looked really low.

Matt stated the lease expires on January 15th, 2021. We do have built out costs prorated into that lease. If they renew, it would be at a much lower rate than what it is currently, because they would not have to build anything out. It would just be a renewal, and they would not have to consume whatever money they spend. Matt believes the number is at least \$150,000.

Jim stated that it would come down, and the other issue, which is a benefit. In the future, with all the closings, the real estate market is going to be for retail and everything else really wide open. Real estate companies will want to establish a lease for whatever someone can afford. Jim is hoping they can see a significant reduction in two-year and five-year lease amounts. And it probably would be reduced enough so that they can take a five-year lease instead of a two-year lease. It might get down to where they can make a lease agreement work for a much less amount than what they are paying now. And if they can do that, he is willing to stay, even if they are only in it half the time.

Chair Self asked if anyone had questions? She went on to tell Matt he does a great job as the CFO, and if he ever gets tired of working for Jim, to please call her.

Jim stated, oh no!

Chair Self stated Matt, you do an excellent job on the budget, and he makes her job easier as Finance Chair.

Motion: Chair Self entertained a motion to approve Action Item V to approve the 2020-21 budget. Scott made the motion to approve the proposed 2020-21 program year budget and Chair Self seconded. All in favor.

Chair Self thanked everyone for their hard work and asked if there is any other business of concern that they needed to discuss? No one responded.

- IX. Adjourn: Motion made by Chair Self to adjourn the Finance Committee meeting. Scott made the motion to adjourn, and Chair Nina seconded. Meeting adjourned at 9:38am.**

Next Meeting:

TBD