



**WORKFORCE INVESTMENT CORPORATION  
 Finance Committee Meeting Minutes  
 April 6, 2016 @ 3:00pm  
 SC Works Clemson Comprehensive Center, Large Conference Room**

**Members Present**

Mike Wallace, Chair	Dr. Ronnie Booth	Stephanie Collins
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**Members Absent:**

David Collins	Michael Keith
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**Staff Present:**

Sharon Crite	Windy Graham	Jennifer Kelly
Trent Acker		

**Guest Present:**

Karen Craven	Matt Fields
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**I. Call to Order**

Chair Mike Wallace called the meeting to order at 3:00pm welcoming everyone in attendance and announced the meeting was being recorded for processing of minutes.

**II. Introductions**

Chair Wallace had everyone in attendance introduce themselves.

**III. Approval of 2-3-2016 Meeting Minutes/Meeting Review**

The minutes from the February 3, 2016 meeting were emailed with the meeting notice and included in the meeting packet. Chair Wallace called for corrections/amendments to the minutes or a motion to approve.

**ACTION TAKEN: Dr. Ronnie Booth made a motion to approve the minutes as submitted, seconded by Stephanie Collins. The motion carried unanimously.**

Trent Acker reviewed the transition from Henkels and McCoy to Eckerd. Mr. Acker informed the committee that the Executive Committee met two weeks ago to discuss the Henkels and McCoy transition to Eckerd. The Executive Committee voted to transition the three WorkLink grants from Henkels and McCoy to Eckerd. Henkels and McCoy has decided to get

out of the workforce development field and has gifted their division to Eckerd, a non-profit company based out of Florida. Therefore, Eckerd will assume the contracts for the last quarter of this program year. There are no overall changes expected in scope of work and terms of the grants. The packet includes modifications due to budget changes as part of the transition. This will positively affect training services as a result of this change. The only upcoming decision for the Board will be whether or not to extend the grants for the next program year. This will be decided at the Board meeting, scheduled for April 20, 2016. WorkLink has the option of extending up to two years with Eckerd for all three fund streams. Mr. Acker noted that all staff transitioned as well.

Mr. Acker stated that a TEGE with the state allocations from DOL came in this afternoon.

- Youth allocation for PY'16 to South Carolina – increased 27%, from \$11 million to \$14 million
- Adult allocation for PY'16 – 27% increase, from \$11 million to \$14 million
- Dislocated Worker allocation for PY'16 – 30% increase, from \$12 million to \$16 million

This was a surprise to WorkLink and to State staff, as we were looking for cuts to our allocations in PY'16.

After looking at an analysis comparing PY'15 to PY'16 and taking into account that the State can reserve 15% for Youth and Adult and 25% for Dislocated Worker, the numbers for our area could be as follows:

- Adult - \$2.5 million more will be available for the local areas. Based on PY'15 local area allotments, approximately \$180,000 could be seen in WorkLink for PY'16.
- Dislocated Worker - \$50,000 increase for Dislocated Worker for our area allocation.
- Youth could be back up to \$821,000

All of these figures are purely estimates and WorkLink will not know our true allocation until they are issued by SC Department of Employment and Workforce. Looking at the numbers in this way, it looks as though it restores funding to PY'14 levels. WorkLink staff had begun to look at budget cuts and cost savings measures that would help us move forward for PY'16. This alleviates immediate concerns, but staff will remain cautious for PY'17.

#### **IV. PY15 Budget Overview**

##### **a. WorkLink Grants**

### Adult/DW Budget Overview

Chair Wallace deferred to Matt Fields to review the Adult/Dislocated Worker and Operator budgets.

Mr. Fields referred to page 5 of the packet and provided an update stating that the Adult/Dislocated Worker Budgets and Operator Budget are all currently spending and tracking well. The goal to be expended on each grant is 66.7% as of February 29, 2016.

61.9% of the Adult budget has been expended as seen on page 5. Mr. Fields noted that line items 2.3 and 2.6 (Credential Exam Fees and Tuition) are obligated and reported prior to actual expenditure. Approximately \$9,400.02 are pending in the obligation column.

60.5% of the Dislocated Worker budget has been expended as seen on page 6. Mr. Fields noted that although the expenditure percentage for the Direct Training services equals only 47.5%, which is trending behind the rest of the budget, it will catch up once the obligation amount of \$7,924.84 clears in the next invoice cycle. The expenditure percentage is actually higher than it looks as presented in the report.

Mr. Fields stated that approximately \$28,000 has been saved in our budgets by maximizing the training funds available at these two locations.

Dr. Booth reported that \$350,000 in scholarships discussed in the last Finance Committee meeting has been committed. Two technical colleges may be returning uncommitted funds, which Tri-County Technical College will pursue. The college has a waitlisting for those that requested funding for training.

64.8% of the Operator Grant has been expended as seen on page 7. This budget primarily has staff and operating costs to fund and run the SC Works Center. Renee Alexander is planning to attend training in May, leaving the training line item 100% expended.

Mr. Fields noted on the obligations report seen on page 8 of the Finance packet that \$22,264 remains unobligated for new Adult participants entering training and \$14,845 remains for Dislocated worker participants. The enrollment goal has almost been met. The Dislocated Worker funds should be spent by June 30, 2016. We have two participants pending training, one looking at industrial maintenance and one looking at truck driving, total amounts equaling approximately \$5,000.

### Youth Budget Overview

Karen Craven referred to page 9 of the meeting packet. Ms. Craven stated that the total budget is \$702,148. Through February 21, 2016, Eckerd expended 62.3% of their budget. Their goal for this timeframe was 66.7%. The youth budget has approximately \$10,793.25 in obligations. Work Experience, also called Work-based learning, comprises 20% of the total Youth budget. As of February 21, of the 7,004 man hours, 4,489 have been worked, and associated expenditures are at 61.1%. The goal is to meet the 100% by the end of May.

Dr. Booth commented that Keith Buchanan, a Work Experience WIOA participant, was featured in the Tri-County Technical College Connections publication. Ms. Craven stated that Mr. Buchanan will be working with TTI this summer through a temporary staffing service.

### In-House Budget

Mr. Acker referred to page 10 to the PY'15 in-house budget for WorkLink Workforce Development Board. Mr. Acker stated the over-expenditure of \$225 in the Job Fair/Hiring Event line item will be moved to the Incentive Grant. All other items are expending in line with our goal. 70% is our target line for SC Department of Employment Workforce.

Mr. Acker continued to page 11, which shows the Fund Utilization Rate for PY'15 through February 2016. Adult and Youth are well ahead of the goal, Dislocated Worker is spending in line with the goal. The penalty for not expending 70% is writing an explanation for the State Workforce Development Board as to why we did not meet the 70% goal. With WorkLink Board's support, staff is not as concerned about the 70% expenditure rate due to limited carryover funds available, and the first quarter typically only having 8 to 15% of the allocations available to support the providers and staff. Mr. Acker clarified that the 80% obligation rate will still be met each year so that we will be eligible to receive funds from other areas that do not meet the obligation requirements.

#### b. Eckerd

### Adult/DW Budget Modification

Mr. Fields referred to the modification on pages 18-19. As a summary of the changes to the budget, Eckerd's indirect rate is lower than Henkels and McCoy and Eckerd does not charge profit to these grants. The bulk of the funding will shift to training and supportive services.

Mr. Acker stated that the specific decreases stem from the Indirect Cost and Fees line item: \$6,880.69 Indirect decreased, \$4,219.14 Profit decreased, and \$1,712.60 Audit fee decreased.

Line item 1.1 -Mr. Fields explained the increase in the Facilities line item is due to the general liability insurance being taken out of the indirect under Eckerd and treated as an Operational cost.

Line item 1.7 - Mr. Fields noted that Staff Travel increased slightly to allow for Career Development Training for one staff member.

Line item 2.3 – The Credentials Exams and Assessment line item is spending slowly and will be shifted to occupational training.

Dr. Booth stated that each program at the College will be turned into stackable credentials, Media Arts Productions is one example that will be approved in the immediate future.

**ACTION TAKEN: Dr. Ronnie Booth made a motion to approve Modification 2 as submitted to the Committee, seconded by Stephanie Collins. The motion carried unanimously.**

#### Operator Budget Modification

Mr. Fields referred to pages 25-26. In this budget, all costs are associated with staff and SC Works Center Operator costs. The reductions to the budget occurred mostly in fringe (\$861.76), indirect (\$735.12), audit fee (\$143.20) and profit (\$457.90) and were moved to Operating. Line item 1.1 now includes the General Liability in the amount of \$118.28, previously included in the indirect costs under Henkels and McCoy. Eckerd typically categorizes this as an operating expense.

Line item 1.2 increases staff consumable supplies.

Mr. Fields noted that line item 1.4 includes the cost of the decals posted on the conference room glass wall, the glass door in the reception area and the window to the Center Manager's office. Staff plans to add one more vinyl to the reception area window for safety and privacy purposes. Print It will be helping the Eckerd staff develop a better way of tracking the participants we serve.

Line item 1.6 increased slightly in order to allow the Center Manager to attend some training in the next few weeks.

**ACTION TAKEN: Stephanie Collins made a motion to approve Modification 2 as submitted to the Committee, seconded by Dr. Ronnie Booth. The motion carried unanimously.**

Youth Budget Modification

Ms. Karen Craven directed the committee to pages 27-30. Ms. Craven reviewed the narrative on page 27. Due to the transition from Henkels to Eckerd, there was a cost savings in fringe, profit, audit and indirect that will be transitioned to operating, direct training, and support services. The overall budget did not change, it stays at \$702,148.

- In staff costs, the overall line item is reduced by \$4,334.46.
- In operating costs, Eckerd staff is requesting the following changes:
  - Line item 1.1 will be increased by \$922.81 for the general liability insurance.
  - Staff travel will be increased by \$4,042.60 and postage by \$1000. As a caveat, staff travel increased due to the new work-based learning requirement of 20% imposed on the Youth funding stream. Postage is increasing due to payments to students being mailed their checks. All checks are sent by FedEx to insure delivery of confidential items.
- In training costs, Eckerd staff is requesting the following changes:
  - Participant books decreased by \$1,625. Tuition increased by \$8,202.65 and Work Experience by \$3,759.09. This equals a total training cost of \$10,336.74. This will benefit students receiving services.
- In supportive services, Eckerd staff is requesting the following changes:
  - Transportation will be reduced by \$1,000.01 due to some tightening down of student transportation, students will have to “earn” their transportation reimbursements.
  - Childcare is not something that students typically utilize, therefore, there is a request to decrease this line item by \$542.95.
  - Training Support materials, such as uniforms and steel toed boots, will increase by \$1,000.
  - Emergency Assistance will decrease by \$1,000. No one has requested this so far this year.
- Indirect rate changed to 8.23% from 11.32%.

**ACTION TAKEN: Stephanie Collins made a motion to approve Modification 2 as submitted to the Committee, seconded by Dr. Ronnie Booth. The motion carried unanimously.**

**V. Ongoing Grants**

Chair Wallace deferred to Mr. Acker to provide an update.

a. Rapid Response Incumbent Worker Training Grants

Mr. Acker stated that there are currently no open Rapid Response Incumbent Worker Grants.

b. Local Incumbent Worker Training Grants

The report seen on page 31 shows local incumbent worker grant awards. Mr. Acker drew the committee's attention to the decrease in Allegro's award amount of \$3,321. Allegro originally requested online training courses, but training courses were not what was advertised to Allegro. Therefore, Allegro returned the funds to WorkLink and the IWT ad hoc committee agreed to award the \$3,321 to Plastic Omnium.

Imperial Die Casting also has a reduction in their award due to the availability of the training requested falling outside of the window of the grant. The \$2,250.88 de-obligation is pending re-allocation to other companies that applied for IWT funds.

c. Make It In America

Ms. Jennifer Kelly reviewed the Make It In America report found on page 32 of the packet. The grant total awarded from DOL to WorkLink was \$1,299,610. Total expenditures are at \$994,134 as of February 2016 or 76.49% of the grant. We recently received a modification from DOL in early February to extend the grant for one year. The grant will now end on September 30, 2017. All expenditures must be completely by the sub-grantees by December 31, 2016 of this year in order to allow for follow-up on participant success to occur.

The three Technical Colleges the grant was sub-granted to are tracking on target to meet their December deadline. A slow down of enrollments and expenditures occurred in January with uncertainty regarding the extension. However, upon receiving approval from DOL for the one-year extension, enrollments and expenditures have begun to pick up once again.

DWT-NEG

Mr. Acker asked the committee to turn to page 33. Remaining in this budget is approximately \$1,441. Staff is currently in the process of modifying this grant in

order to expend the remaining balance. We plan to convert the remaining amount to participant costs in OJT. The plan is to have this closed out by the Board meeting.

When staff requested the DWT NEG grant funding, WorkLink requested the smallest amount due to the nature of the grant requirements. Other areas are finding it difficult to expend the funds in a timely manner. This grant is an excellent opportunity for Dislocated Workers and especially those that are long-term unemployed; however for the WorkLink region and the State as a whole, we do not have an abundance of dislocated workers at this time as an indication of the good economy that we are living in presently. The amount and the rate at which we expend these funds reflects on how your region performs and can ultimately help or hurt future applications for funding.

d. On-the-Job Training Contracts

Mr. Acker referred the committee to the long sheet located in the back of the packet. Ms. Patty Manley has been doing a great job going out and making contact with new companies and engaging new companies.

- In the Adult line item for OJT, \$2,482.30 remains.
- In the Dislocated Worker line item for OJT, \$4,560 remains.

The money is spending well. We anticipate a Board budget modification in time for the Board meeting for the remaining balance of DW OJT to be shifted into the Adult line item so that it can be spent more effectively. It has been very hard to identify Dislocated Workers at this point. Ms. Manley continues to meet with employers. Ms. Manley posted notes at the bottom of the OJT spreadsheet for review. Some of the companies she is meeting with include: Best Services of Oconee County, MTS Office Machines, Sharpe Manufacturing, ArCLabs, and Belton Metals.

The impact of OJT is to the good of the employer as an outreach tool, but also a benefit to the participant that might not otherwise be employed due to their experience versus the cost incurred by the company.

**VI. PY'16 Budget Discussion**

Mr. Acker began the discussion by referring back to the TEGE received earlier in the day regarding State allocations. The budget discussion would have looked much different if not for the good news of budget increases coming to the State of South Carolina.



One of the major factors that WIOA presents is in relation to the partners. Partners are required to share in the infrastructure cost of the SC Works System, including core partners like Adult Education, Vocational Rehabilitation, all the way down to the Indian Development Council and Migrant Seasonal Farmworker, which we don't work with but on a very minimal basis. There are 17 agencies involved, including the Technical College system. The requirement for the infrastructure costs is to develop a cost pool for all the partners and fairly divide costs among the partners, then develop resource sharing agreements with each partner. Common costs would be based on common participant usage areas, such as the resource room, conference room, training room, bathrooms, and common area materials. Local areas are tasked with completing this for PY16. The State will be setting a baseline for PY17 for partners to contribute to the system. It's in the best interests of the local areas to form their own agreements prior to the State because if we don't, the State will impose their requirements on the local area.

The good thing is it should reduce costs for the Centers, but right now staff doesn't know what that looks like. The question is if the partner's law conflicts, what recourse can we actually take? Renee Alexander, Center Manager for Eckerd, Matt Fields and Jennifer Kelly are working diligently on a plan.

Overhead costs continue to be a concern as the year progresses. Carryover has dwindled to minimal amounts for PY'16. We will be on a tight budget the first quarter of next year. The increased allocations to our State should help some, but it will still be tight. Staff are looking for all cost savings possible while maintaining services.

## **VII. Other Business**

Tri-County Technical College received a notice from SC Department of Employment and Workforce in the amount \$148,000 for Highway Construction for those that are ex-offenders. Highway Construction is in-demand at this time and is extremely hard to place ex-offenders in employment. Highway Construction is more open to hiring ex-offenders than other fields so this pairing makes sense.

The \$5 million dollar pool of money that was in the State Budget, TCTC has already obligated its portion of approximately \$350,000, and has a waitlist. Two other area Technical Colleges did not obligate all of their funds and the remaining balance will be opened up for other areas to receive. TCTC plans to pursue those funds. The House version of the State budget includes the scholarship money again for this coming year. If approved, TCTC can receive approximately \$375,000 next year.

**VIII. Adjournment**

Chair Mike Wallace announced the meeting was adjourned.

*Respectfully submitted by: Jennifer Kelly*