

**GOLDEN SIERRA WORKFORCE INVESTMENT BOARD  
FINANCE COMMITTEE  
REGULAR MEETING  
MINUTES**

**Thursday, September 18, 2014 – 12 pm to 1pm**

**PRIDE Industries  
10030 Foothills Blvd  
Roseville, CA 95747**

I. ROLL CALL AND INTRODUCTION OF GUESTS

Quorum was established and meeting called to order by Tink Miller at 12:05 pm.

Present: Tink Miller, David Frazier, Paul Castro

Absent: None

Guests: Jason Buckingham, Lorna Magnussen, Terrie Trombley

II. APPROVAL OF AGENDA

**Motion** to approve agenda by Frazier, second by Castro

**Motion** approved unanimously.

III. CONSENT AGENDA (FC)

All matters listed under the Consent Agenda are considered to be routine in nature and will be approved by one blanket motion.

For Approval

A. Approval of Minutes from May 15, 2014- FC & EC Joint meeting

For Information

B. Attendance Log

**Motion** to approve consent agenda A – B by Castro, second by Frazier

**Motion** approved unanimously.

IV. PUBLIC COMMENT – FOR THOSE ITEMS NOT ON THE AGENDA

Frazier noted that there may be a parking issue for the WIB meeting

V. APPROVE WIA FINAL 14/15 BUDGET

Trombley referred to page 9 in the budget handout. Column A is the actuals for this fiscal year. There may be some adjustments due to an audit later this year. Column B is presented in draft with an assumption that the Rapid Response would have a 10% cut; however, that didn't occur. Golden Sierra budgeted for \$263,120 and ended with \$292,049. A new line item was added, "Layoff Aversion Funds PY14" for \$41,724; this is not new money it was carved out of Rapid Response. The \$50,000 NEG/OJT does not include money for salaries and is only for program. The direct training went up 15% for WIA and 10% on leverage. We will be able to demonstrate that we can meet leverage. There were not any major changes, other than a significant rollover this year due to two vacant positions. Funds Utilization was lifted so we will be able to fill these positions this year.

Castro asked Buckingham what the intentions for the Layoff Aversion were. Buckingham responded that the state has revamped the whole Rapid Response Policies and Procedures and separated out certain activities [Rapid Response & Layoff Aversion]. Typically we do Layoff Aversion under our Rapid Response funnel. The difference between Rapid Response and Layoff Aversion is responding to a layoff before it occurs and the other is responding to a layoff that has occurred. The state wants to be able to track those occurrences separately. Buckingham added that one of the new measurements is "jobs saved"; an activity that might be considered would be incumbent worker training. Trombley noted that the Layoff Aversion funds will not be awarded out; the agency will serve the consortium as the requirements are new. We should understand them prior to contracting.

Buckingham referred to page 13 and stated that when reviewing El Dorado County's expenditures for 2013 and comparing them to newly awarded money, then adding the carryover from last year, you will see there is a concern we need to draw attention to.

El Dorado carried over \$450,000 last year; some of that that money was spent, some recaptured. In addition to that, they were awarded \$964,000; what they spent of the \$964,000 was \$181,675. Therefore, their total expenditures for last year were \$631,000. Their carry in for 2014 is \$783,000 and the new award money is 931,000. Making this year's award a total of \$1.7 million. In order for El Dorado County to meet their expenditures this year, they will have to have two and three-quarters more training enrollments than last year.

Frazier asked if they had given a decent explanation on how this happened; Castro added or why it happened Buckingham stated that staff turnover, and government shutdown could have been a contributing factors last year. They are ahead of spending from this point last year; however, still not on track for spending.

Castro asked if this was because El Dorado was very efficient and was able to serve everyone with little money or was it because they did not serve people they were supposed to be serving. Buckingham stated, that it is well documented that their enrollments are low and that they need to increase their enrollments which will in turn increase training related expenditures.

Buckingham stated that he had met with El Dorado staff yesterday and they are aware of the concerns and working hard to increase enrollments and expenditures. Buckingham added that he had offered to do RFPs for services if that was helpful should they have money identified as unlikely to be spent.

Buckingham stated that we need to be monitoring expenditures and enrollments this year and enforce our recapture clauses. Frazier asked if there was a mechanism in place to recapture. Buckingham stated that the contract does include such a clause. One of their responses was that these were two year awards. While this is true, that practice is what has gotten us to this point. This year alone they have \$700,000 of last year's money to spend before they can even touch this year's money.

Castro inquired if it was possible to do one year contracts. Buckingham stated that we had previously done one year contracts; however, what we ran into was not having a contract in place to provide services for the next year.

Magnussen stated that based on the recapture clause for the \$964,000, they should have been 80% spent after the first year [80% was \$771,200]; however at the end of the contract they only spent \$181,000 [19%].

Trombley stated that Golden Sierra took \$85,000 of the \$450,000 and provided training to meet the training requirements; however, Golden Sierra did not get any money for case management. El Dorado is spending their salaries, rent, benefits, and supplies, but not the training dollars.

Trombley stated that she has been working very closely with El Dorado fiscal staff to introduce an indirect cost rate for their contract, and making sure that all information is shared with both program and fiscal staff as well as extending invitations to board meetings to educate them and keep them informed.

Frazier inquired when things stopped functioning properly in El Dorado. Trombley felt that this occurred when there was a complete turnover in fiscal and program staff, and we were not informed. Buckingham agreed and stated that this was an accumulation of a number of activities that included an entire fiscal and program staff changeover as well as the government shutdown.

Buckingham expressed some concern that the money needs to be freed up for the agency to spend in a timely fashion as it causes difficulty when returned at the end of the contract period. This can be done by contracting the money out to provide services in El Dorado; there is no requirement for it to be run through the One-Stop. Otherwise, if we get this money back in May spending it will be difficult and less strategic. Castro asked if the money is not spent would we lose it. Buckingham stated yes, that money would have to be sent back to state.

Miller inquired if the decision makers in El Dorado had a discussion regarding Golden Sierra spending the dollars on their behalf serving El Dorado constituents. Buckingham stated that program staff expressed a desire for us to contract out their Rapid Response dollars, but not necessarily other funding streams.

Frazier expressed concerns that services not being rendered and money left on the table impacts the WIB's performance; Miller concurred. Castro inquired if their award could be reduced by what was unspent last year. Buckingham stated that the award could be reduced with the appropriate board approval. We definitely need to form some strategies to spend the money. Miller emphasized the need that the strategy ensures that the funds are used in El Dorado to serve their constituents.

Frazier inquired about the recapture clause. Buckingham stated that there are quarterly expenditure requirements. Unspent funds may be recaptured.

Castro inquired if this was a cash reimbursement. Buckingham stated yes; this is also part of the problem as their invoicing process takes so long. Trombley added that we have offered to pay their participant training invoices.

Trombley stated that there are also concerns over the imbalance of expenditures by category as we currently do not tie salary dollars to training. Most of the dollars being returned are unspent training dollars; this then puts the burden on us to spend the training dollars without the necessary salary to support the activities. We are recommending tying wages to direct training or some type of formula.

Magnussen stated that we have already implemented a few strategies to minimize the risk factor of having training dollars returned. These strategies include ending the contract 30 days early (May 31), and requesting encumbrance report. Even with these strategies we continue to struggle with El Dorado's expenditures.

Frazier inquired how long we had been contracting to El Dorado. Buckingham said approximately 10 years; however, the difficulties have been over the last 3 years.

Trombley directed group to schedule 4 – 14/15 award (page 15 section c); new money with October 1<sup>st</sup> expenditure date. El Dorado was awarded \$138,371 for direct training, as well as One-Stop dollars that as we previously discussed are not identified as to what portion of salaries are for supporting the One-Stop or case management to facilitate direct training. Half of the \$138,371 may need to be managed by the consortium to serve clients in El Dorado; a portion of dollars to support wages would also need to be considered.

Buckingham suggested that next steps be a joint meeting of Executive & Finance Committee and extend an invitation to key El Dorado program and fiscal staff, as well as Norma Santiago from the Governing Body to discuss strategies and concerns. Castro asked what the desired outcomes of this meeting were. Buckingham felt that an acknowledgement of the issue with the stakeholders and a strategy to serve El Dorado County. Maybe an agreement to free up money for the consortium to spend on El Dorado's behalf; this could include RFP's and/or paying client direct training bills.

Miller inquired about timeframe. Buckingham recommended meeting within the next two weeks.

**Motion** to approve WIA 14/15/ Final Budget by Frazier, second by Castro.

**Motion** approved unanimously.

#### VI. APPROVE DEI FINAL 14/15 BUDGET

Trombley referred to page 20, schedule 1, grant award for the Disability Employment Initiative (DEI), this is the last year for this funding stream. She presented the 14/15 budget and explained that this is how much money we have carried over into the fiscal year; what is remaining on these three funding streams; and how we plan to spend them. We will be coming back with a budget revision at a later time as El Dorado is unable to meet their contract requirements, and funding will be coming back to the consortium to spend. Golden Sierra was granted extensions through March 31, 2015, on the first two funding streams. We did not get an extension on the Flex Funding.

**Motion** to approve DEI Final 14/15 Budget by Castro, second by Frazier.

**Motion** approved unanimously.

VII. APPROVE PROP 39 FINAL 14/15 BUDGET

Trombley referred the Finance Committee to page 26, Proposition 39 Budget Summary for the fiscal year ending June 30, 2015. Trombley stated that the consortium applied for a grant award under Prop 39, and plan to have the money fully expended by June 30, 2015. This is a contract that Golden Sierra had approved by the Governing Body and contracted with SETA. This is an 18 month program, but Golden Sierra is expected to spend in the first year.

**Motion** to approve Prop 39 Final 14/15 Budget by Castro, second by Frazier.

**Motion** approved unanimously

VIII. REPORT OUT OF TRAINING EXPENDITURES

The Finance Committee asked Golden Sierra to explain how they will meet the leverage accommodation. According to SB 734, Golden Sierra is required by law to spend a certain amount of the WIA money on adult dislocated worker funding or on training related activities only.

- K386295 – July 1, 2012 – June 30, 2014
  - Chart for July 1, 2012 – June 30, 2014 – Shows blue columns highlighting the 25% budgeted for training. (At that time there was not a leverage requirement). Golden Sierra budgeted to do the full 25% with WIA money.
  - Golden Sierra is allowed to use 10% leverage (Cal Grants, Pell Grants) to make up that 25%.
- K491016 – July 1, 2013 – June 30, 2015
  - Golden Sierra anticipated that 20% WIA money would be budgeted for training and 5% leverage to meet that 25% required.
  - The blue column is WIA money and the red column is leverage.
  - Consortium wide Golden Sierra's actual expenditures are \$200,000, and an additional \$600,000 is leverage.
  - Golden Sierra can only count 5% in leverage; however we are showing the entire amount of leverage because of its importance. Although, we are showing \$250,000.00 in leverage we can only count 5% as our total leverage amount.

Trombley referred to the K386295 handout. Trombley stated that as a consortium we have expended 23% of our WIA money and 2% leverage to meet our requirement. Trombley continued that K5 is 15% WIA and 10% leverage.

Buckingham requested feedback regarding these handouts and that he would like to keep the Finance Committee informed how the leverage is being met.

Magnussen stated that the training requirement and leverage spending will be a standing item on the agendas.

IX. FUTURE AGENDA ITEMS/NEW BUSINESS

X. NEXT MEETING:

- October 16, 2014: Joint Executive and Finance meeting will be cancelled in lieu of the October 30, 2014 WIOA Meeting.
- October 30, 2014: WIOA Meeting.
- Special meeting: Will be scheduled in El Dorado County within the next two weeks..
- November 13, 2014 Executive Meeting.

XI. ADJOURNMENT:

**Motion** to adjourn by Miller at 12:56 pm.

Meeting adjourned