

WDC FINANCE & ADMINISTRATION COMMITTEE

March 4, 2022



WELCOME & INTRODUCTIONS

Angela Dunleavy, Chief Executive Officer, FareStart

AGENDA



- Review draft agenda

1. INTRODUCTIONS & AGENDA REVIEW
2. ACTION ITEMS
 - a) Approve November 5, 2021, FAC Meeting Minutes
 - b) PY-20 Audit Draft
 - c) Mid-Year Budget Review
3. REPORT OUT
 - a) RFP Youth Unobligated Funds [Request for Proposals \(RFP\) #21-04](#)
 - b) Coordinated Housing & Employment Recovery Program (CHERP)
 - c) King County Recovery Corps Grant
4. CEO Report
 - d) Good Jobs Challenge Grant Application
 - e) Maritime Industry Table
 - f) National Partnerships and Announcements
 - g) Board Membership
5. ADJOURNMENT
6. EXECUTIVE SESSION

ACTION ITEMS

- a) Approve November 5, 2021, FAC Meeting Minutes
- b) Approve PY20 Audit Draft
- c) Approve Mid-Year Budget

Jeffrey Sikora, Director of Finance and Contracts, Workforce Development Council

Arlene Ho, Director – Clifton Larson Allen LLP

Allen D. Gilbert, CPA – Signing Directory – Clifton Larson Allen LLP

Workforce Development Council of Seattle-King County

Audit Presentation



Create Opportunities

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WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Objectives

- Understand the audit process & scope
- Discuss highlights from the individual deliverables
- Steps for finalization
- Upcoming Standards, questions and open discussion

Overview of Audit Process

Management Preparedness

- Management was prepared
- Responsive and easy to work with

Adjustments

- One audit adjustment and one uncorrected misstatement.

Timing

- Fieldwork was mostly remotely in October and November.

Deliverables

- Report on the financial statements
- Report on Internal Control over Financial Reporting and Compliance (Yellow Book report), and Report on Compliance for Major Program and Report on Internal Control over Compliance Required by UG
- Internal control communications
- Governance communication letter

Financial Statement Highlights

Overall	Statement of Financial Position	Statement of Activities	Significant Footnotes
<ul style="list-style-type: none">• Single year presentation due to the change in audit firms.• Unmodified opinion which is the highest level of assurance a CPA firm can provide	<ul style="list-style-type: none">• Cash increase of \$756K• Grants receivable increased approx. \$122K.• Total assets increased approx. \$873K• Deferred revenue increased \$212K• Total liabilities increased \$314k• Net Assets \$1.5M (\$433K with donor restrictions)	<ul style="list-style-type: none">• Total grants & contributions increased approx. \$2.747M. Mostly from new NDWG grants in response to COVID 19 grant (\$1.1M) and increased funding of WIOA. Agency also started charging Indirect Costs in January 2021.• Total expense increased \$2.16M (mostly from grants paid out)• Positive change in net assets of \$558K vs \$172K loss in prior year• <u>Expense Ratios</u><ul style="list-style-type: none">• Program 92.4% / 89.2%• Management and General 7.6% / 10.8%	<p>Note 2 – Significant accounting policies. Includes disclosure of conditional grants totaling approximately \$11 million</p> <p>Note 3 – Liquidity, showing financial assets available totaling \$3.751M</p> <p>Note 4 – Related party transactions with King County</p> <p>Notes 5 – Operating leases</p>

Internal Control Communications

- Two deficiencies in internal control we consider to be material weaknesses; one related to a \$253,140 audit adjustment for revenue recognition and one related to the accuracy of the preliminary SEFA.
- No significant deficiencies noted.

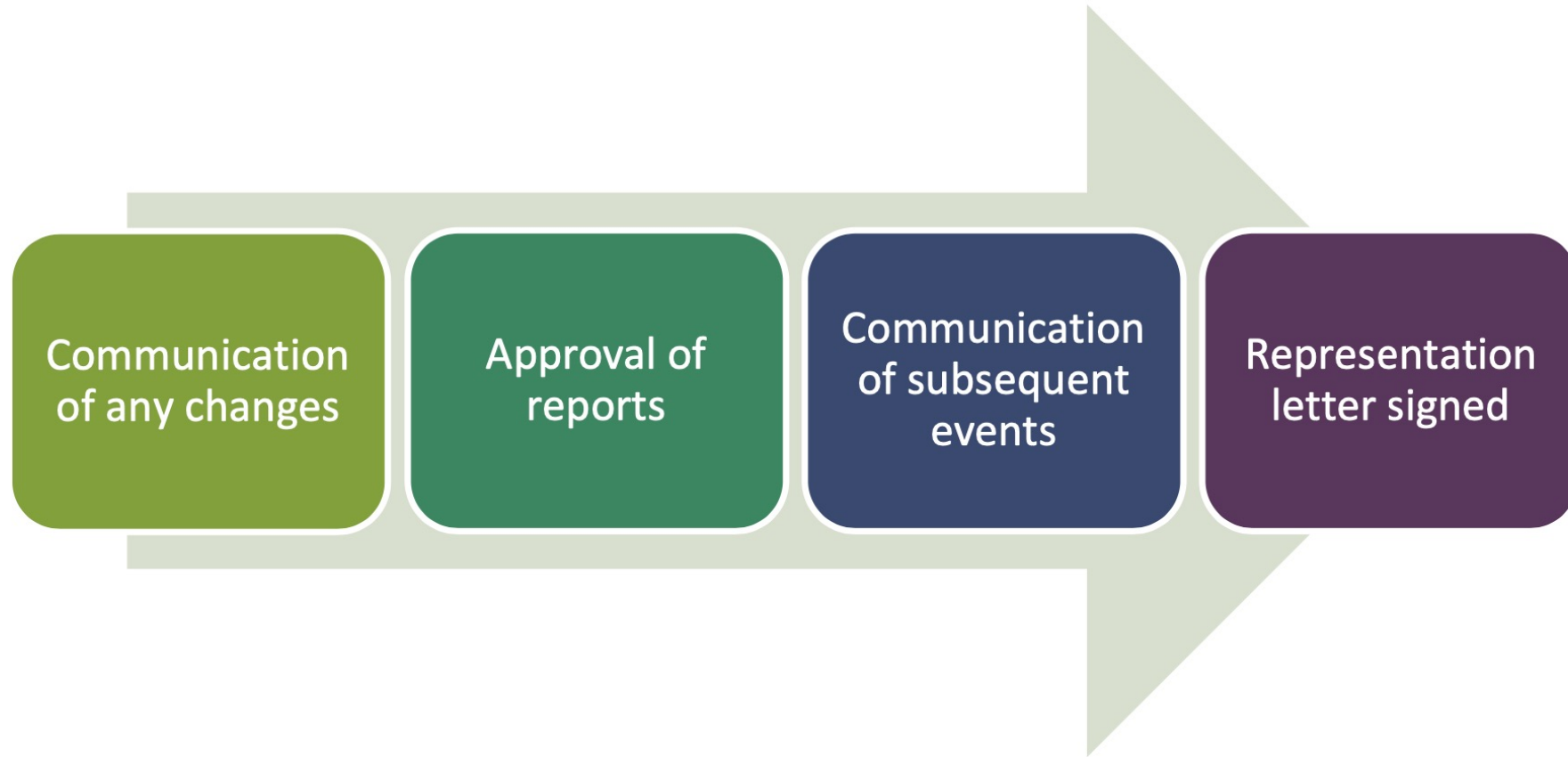
Single Audit Testing

- Unmodified opinion on financial statements and compliance.
- Two internal control findings over financial reporting identified as material weaknesses
- No compliance findings
- Two major programs tested:
 - WIOA Cluster
 - Affordable Care Act (ACA) Health Professional Opportunity Program

Required Governance Communication

Overall	Estimates & Disclosures	Difficulties	Other
<p>Purpose is to follow up from planning meeting</p> <p>No changes in scope of audit</p>	<ul style="list-style-type: none">• No sensitive estimates in the financial statements• No sensitive disclosures	<ul style="list-style-type: none">• No significant difficulties encountered• No disagreements encountered• No other findings to report	<ul style="list-style-type: none">• One audit adjustment for \$253,140 recorded• One passed adjustment related to the balance of deferred rent not recorded as of 6/30/20 (\$63,817).• Management representation letter will be signed at conclusion of engagement

Steps to Finalization



New Upcoming Pronouncements

Leases

- Requires lessees to recognize a right-of use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year.
- Effective date: 6/30/2023 (early adoption permitted)



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PY21 MID-YEAR BUDGET REVIEW



Revenue Analysis



Expense Analysis



Historical Funding Trends

MID-YEAR BUDGET REVIEW

➤ Revenues

Grant funding received in PY21 increased 33% (\$4M) from grants from King County, additional WIOA Dislocated Worker funding, participation in Basic Food and Employment Training program, Port of Seattle funding and private grants.

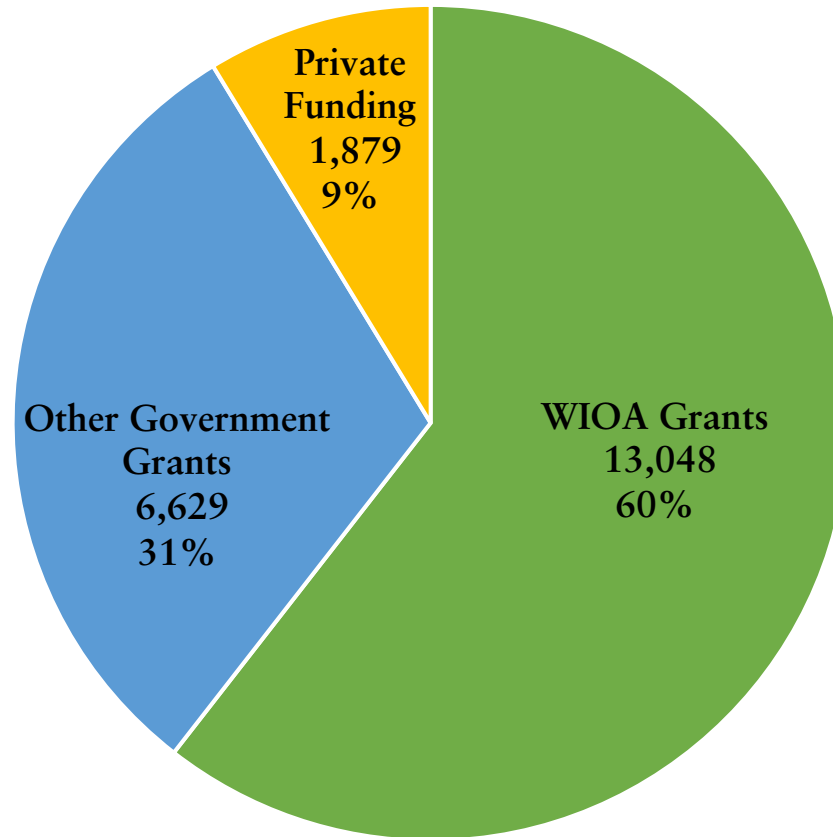
Carry forward to PY22 increased by 115% (3.3M) primarily due to new funding received this year having periods of performance beyond PY21.

➤ Overall increase of \$726K or 3% in PY21 revenues.

MID-YEAR BUDGET REVIEW



PY21 BUDGET REVENUES

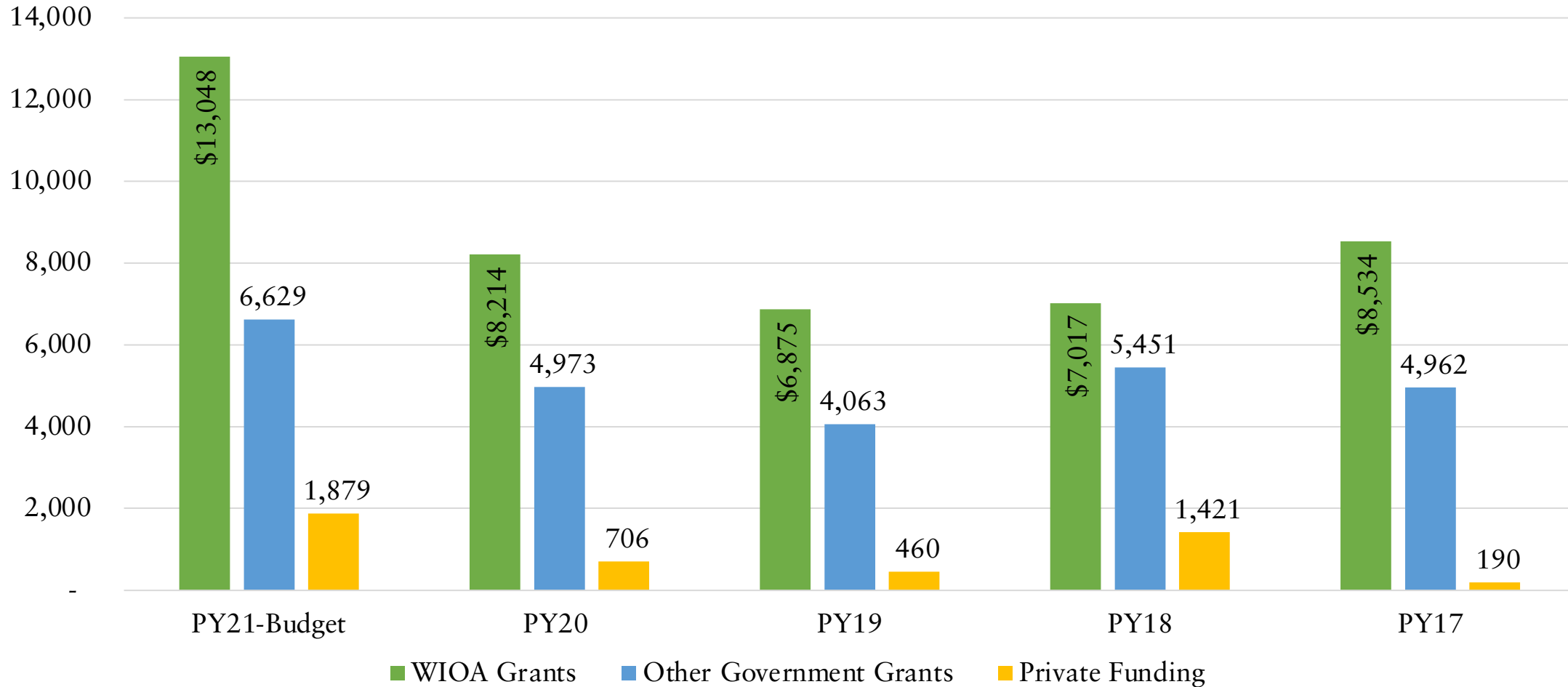


- WIOA Grants
- Other Government Grants
- Private Funding

MID-YEAR BUDGET REVIEW



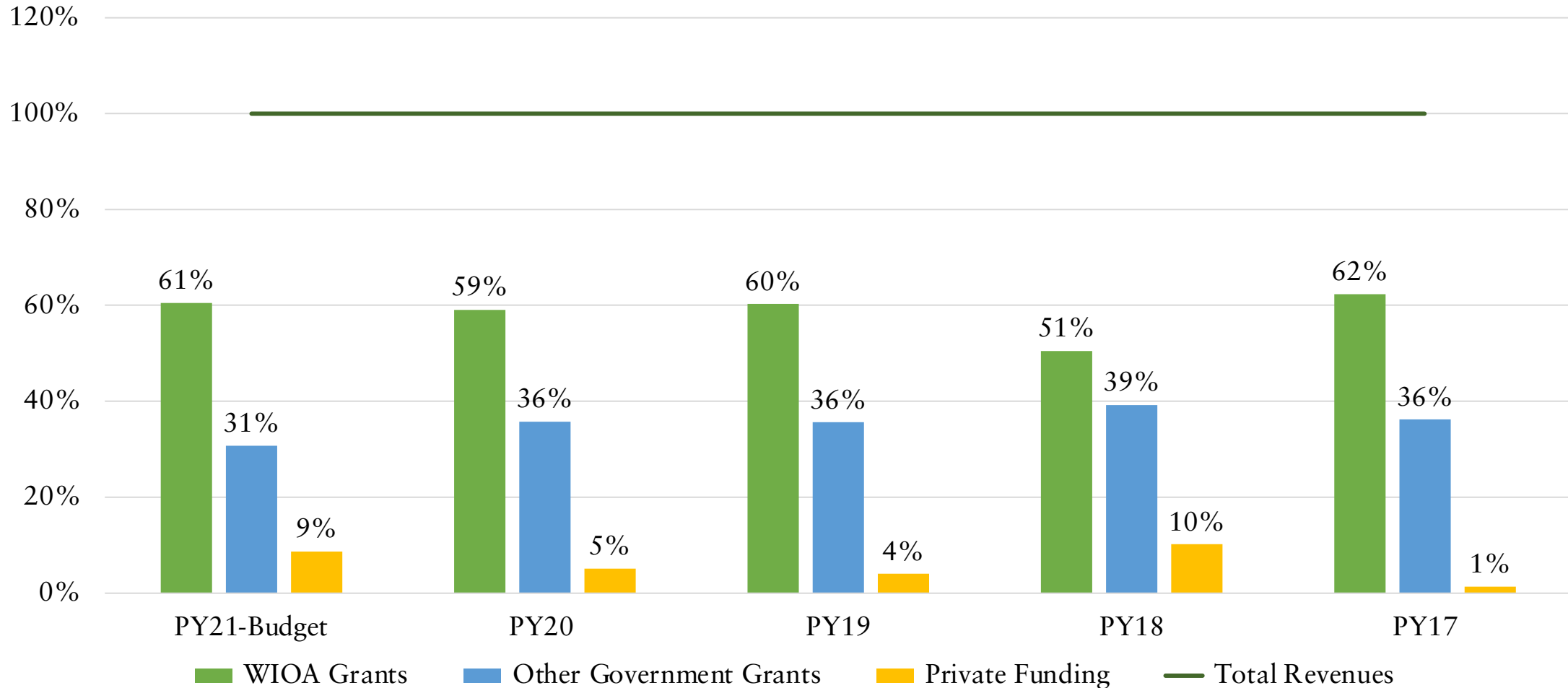
Historical Revenue Chart By Source



MID-YEAR BUDGET REVIEW



Historical Funding Mix by %



MID-YEAR BUDGET REVIEW



WDC Staff salaries and benefit expenses are projected to be 16% (\$528K) under budget due to turnover, delays in hiring

Subcontractor funding increase of 748K or 5%. Due to rollover of unspent funds from prior year and new grant funding.

Occupancy Costs budgeted \$30,000 (13%) higher in mid year budget due to increase in CAM expenses and higher utility expenses.

Insurance budgeted \$18,000 (56%) higher in mid year budget due to need for cybersecurity insurance and other insurance requirements to meet grant requirements.

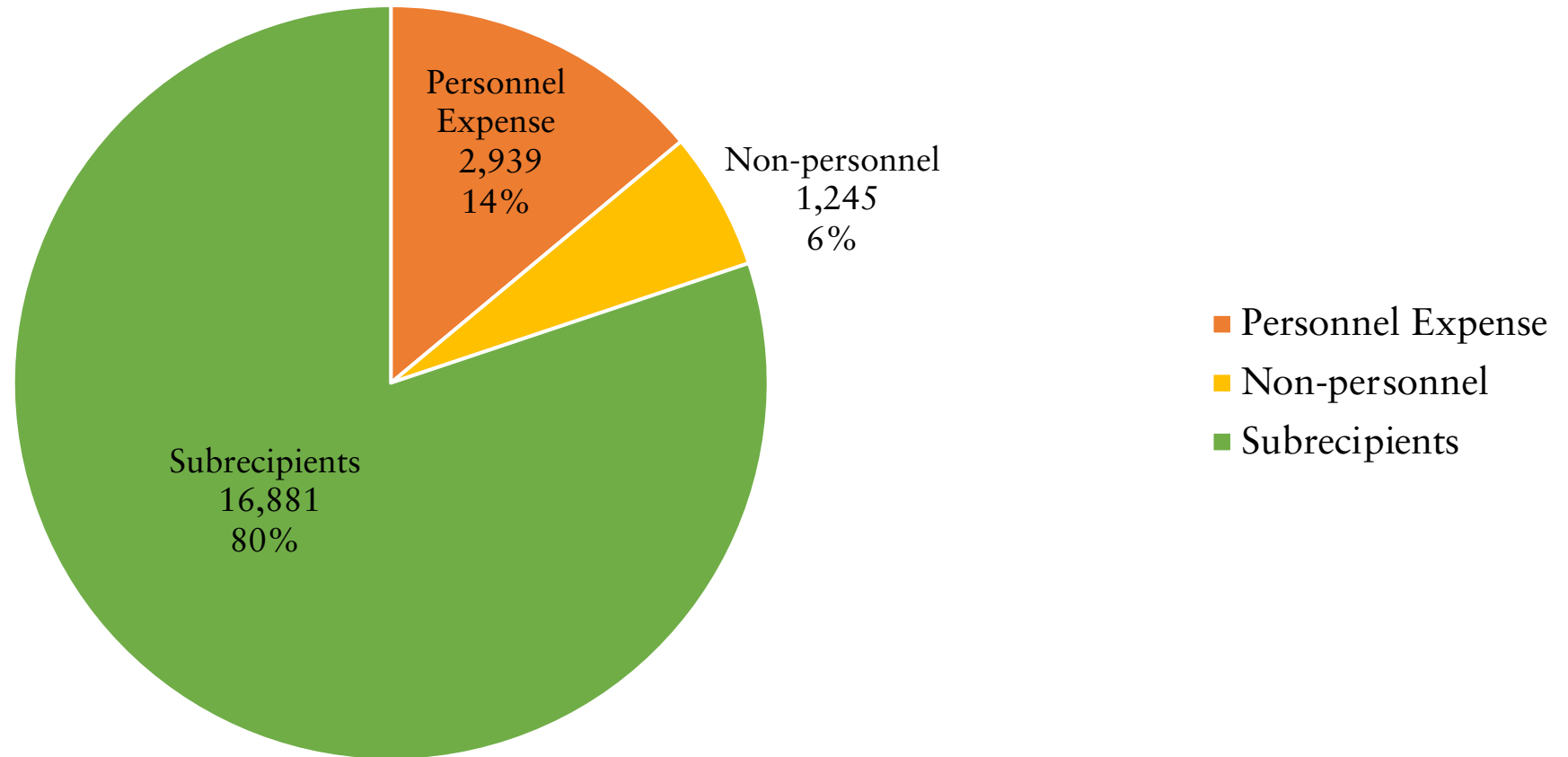
\$199 K Savings Projected on, Equipment/Supplies/Furniture, Travel/Professional Development and Printing and Publications compared to adopted budget

Professional Services and Dues and Membership expenses are projected to stay in line with adopted budget.

MID-YEAR BUDGET REVIEW



PY21 - BUDGET EXPENDITURE



	PY21 Approved Budget	WIOA Formula Funds	Other Government Funding	Private Funding	PY 21 Proposed Mid Year Budget	\$ Change from PY21 Approved Budget	% Change from Approved PY21 Budget
Revenue:							
PY21 Carry-In	\$ 11,421,608	\$ 1,921,731	\$ 7,183,286	\$ 2,316,591	\$ 11,421,608	\$ -	0%
Grants	\$ 12,270,582	\$ 12,363,184	\$ 3,813,972	\$ 125,000	\$ 16,302,156	\$ 4,031,574	33%
Contributions	\$ 200	\$ -	\$ -	\$ 200	\$ 200	\$ -	-
Program Income	\$ 12,000	\$ -	\$ -	\$ 12,000	\$ 12,000	\$ -	-
PY22 Carry-Forward	\$ (2,875,093)	\$ (1,236,782)	\$ (4,368,591)	\$ (574,876)	\$ (6,180,249)	\$ (3,305,156)	115%
Total Revenue:	\$ 20,829,297	\$ 13,048,133	\$ 6,628,667	\$ 1,878,915	\$ 21,555,715	\$ 726,418	3%
Expenses:							
Salaries and Benefits	\$ 3,253,352	\$ 2,173,297	\$ 222,229	\$ 328,371	\$ 2,723,897	\$ (529,456)	-16%
Subcontractors	\$ 16,132,140	\$ 9,726,808	\$ 6,042,806	\$ 1,111,214	\$ 16,880,828	\$ 748,688	5%
Occupancy (Rent, Utilities, Telecom)	\$ 237,188	\$ 182,769	\$ 22,615	\$ 31,804	\$ 267,188	\$ 30,000	13%
Equipment / Supplies / Furniture	\$ 104,000	\$ 80,139	\$ 9,755	\$ 13,828	\$ 90,000	\$ (14,000)	-13%
Professional Services / A133 Audit	\$ 599,900	\$ 289,294	\$ 18,583	\$ 291,910	\$ 599,900	\$ -	0%
Travel / Professional Development	\$ 213,500	\$ 130,671	\$ 9,487	\$ 73,342	\$ 113,500	\$ (100,000)	-47%
Printing / Publications	\$ 185,700	\$ 151,400	\$ 14,254	\$ 20,046	\$ 100,000	\$ (85,700)	-46%
Insurance	\$ 32,000	\$ 24,658	\$ 3,051	\$ 4,291	\$ 50,000	\$ 18,000	56%
Dues / Memberships	\$ 24,109	\$ 18,494	\$ 2,288	\$ 3,304	\$ 24,109	\$ 0	0%
	\$ -				\$ -	\$ -	
Total Expenses	\$ 20,781,889	\$ 12,777,530	\$ 6,345,069	\$ 1,878,109	\$ 20,849,422	\$ 67,533	0%
Remaining Revenue over Expenses	\$ 47,408	\$ 270,603	\$ 283,598	\$ 806	\$ 706,293	\$ 658,885	1390%

QUESTIONS? COMMENTS?

REPORT OUT

Willie Seals, Project Manager – Youth, Workforce Development Council

Michael Davie, Director of Programs, Workforce Development Council

REPORT OUT



POPULATION BASED STRATEGIES – RFP

WDC – Regional Strategic Plan

- Covid 19 Impact
- Centers Racial Equity
- Focus of BIPOC, immigrant & refugee community
- Equitable Recovery
- Job Quality

North Stars

Targeted Population Based Strategies

- BIPOC Opportunity Youth Ages 16-24
- Immigrants and Refugees and/or English Language Learners
- Homeless Youth
- Justice Involved Youth

Funding broken down into two categories (WIOA definitions)

- In-School Youth
- Out-of-School Youth
- WDC breaks down WIOA Youth funding by 80/20 split
- Up to \$950,000 is available for the program period of June 1, 2022, until June 30, 2023.

Estimated Funds Available

WIOA In-School Youth Program	Up to \$190,000
WIOA Out-of-School Youth Program	Up to \$760,000
Total Funds Available	Up to \$950,000

REPORT OUT



POPULATION BASED STRATEGIES – RFP

Impacts of COVID

- In King County, there are at least 19,400 young people – aged 16-24 years – that are disconnected from school and/or work. This is approximately 8.5% of the youth in King County
- At 63% of all disconnected youth, BIPOC youth are disproportionately outside of formal work or education.
- December 2020, the Black teen unemployment rate dropped slightly (from 22% to 21%) but remains the highest of any group, with December marking the second consecutive month where the rate has exceeded 20%. White teen unemployment rate 14.4% to 8.6%
- However, for unemployment, poverty, and high school graduation rate, Auburn, Burien, Des Moines, Federal Way, Kent, Renton, Tukwila, and White Center all have higher numbers than King County.

Alignment with Regional efforts ex. Port of Seattle, City of Seattle

- Job Quality
- Centering Equity

Opportunity to explore co-investment and blending funds

- Implement Workforce Youth-led Focused Systems
- Enhance Data Systems for participants and employer partnerships

Emphasize community partnerships

- BIPOC Community lead organizations, Youth focused organization
- Centering equity advancing race-conscious policies, programs, funding, and services.

REPORT OUT



COORDINATED HOUSING & EMPLOYMENT RECOVERY PROGRAM (CHERP)

Funding: \$322,000 (% out of 40 M) - providing case management expertise

Timeline: 12 months w/ intention to expand with additional funds

Target Population: 75 served - Program participants will be largely drawn from the current population of people in homeless shelters or who engage in a variety of homeless services

Design:

- Connect individuals who are experiencing homelessness and joblessness with County-supported jobs and housing support
- Leverage and align federal and other workforce resources to increase scale and maximize investment impact, improve system structure, efficiency, and delivery
- Provide Basic and Individualized Career Services with placement into County-supported jobs

Goals:

- Stabilize people's lives by providing a place to live and a county-supported job with the goal of permanent employment, permanent housing, and exiting the homeless system
- Partner with community and system stakeholders to create innovative programs and practices to stabilize lives and provide access to employment, education, training, and support services to succeed in the labor market



RECOVERY CORPS

Funding: 3 million

Timeline: 12 months to implement the program. Program will not close out until 2023 and would require a reappropriation to continue activities into 2023.

Target Populations: Use data-driven outreach to target individuals hardest hit (lost PUA benefits, long term unemployed) by the pandemic including people of color, immigrants/ refugees and youth.

Design:

- Subsidized transitional employment with training and supports to create on-ramps to career pathways
- Connect dislocated workers, immigrants and refugees, and youth with in-demand jobs connected to long-term career pathways that lead to better jobs and better pay.
- Advance sector-based strategies and partnerships that prioritize opportunity sectors in the region.

Goals:

- Create a comprehensive, community-centered response to COVID-19 by aligning workforce investment, education and other public sources of funding.
- Co-create and co-invest in equitable, high-demand career pathways
- Build meaningful and sustainable community influence and power in the workforce development system

CEO REPORT OUT

Marie Kurose

CEO REPORT: Good Jobs Challenge Grant Application



Puget Sound Reimagines: Equitable Workforce Systems for Good Jobs

- **Regional Collaborative:** Tri-County Partnership (Pierce, King and Snohomish)
 - Build regional (shared) backbone capacity: data, industry engagement and innovation
 - Leverage and strategic alignment: WIOA funds, WorkSource System, network of community and training providers, business services and services to SNAP, TANF, and WIC recipients.
 - Systems change
- **Sector Partnerships:** High road, inclusive sector strategy. Employers, labor/unions, worker voice and authentic BIPOC partnership prioritizing job quality and racial equity.
 - Healthcare: HILT 2.0 – regionalize and strengthen BIPOC partnership and worker voice
 - Life Sciences: Partnership with UW Bothell and Life Sciences Washington
 - Maritime: Co-Convener Washington Maritime Federation
 - Construction: Partnership with Regional Pre-Apprenticeship Collaborative and Construction Center of Excellence



Maritime Industry Table

- Port of Seattle grant \$99K
- Washington Maritime Federation Co-Convener
- Regional Partnership (King, Pierce and Snohomish)

National Partnerships

- Jobs for the Future (JFF) Outcomes for Opportunity
- JFF/ NAWB: Workforce Transformation Policy Council

Announcements

- Brookings Infrastructure Webinar (March 9)
- Board Retreat (March 16-17)
- BIPOC-IT Summit: Industry Table Launch (May 24)

CEO REPORT: Board Membership Updates



- Reappointments (terms expired)
- New Appointment
 - Brian Surrat, Greater Seattle Partners (Replacing Brian McGowan)
- Current/Upcoming Vacancies

Board Criteria	Beginning Term
Workforce Representative (Community)	June 2022
Business	June 2022
Workforce Representative (Labor)	January 2023
Required Partner (Adult/Basic Ed)	January 2023

ADJOURNMENT

Thank you

*Our next Finance & Administration Committee meeting is Friday, April 29th.
The Board Retreat is Wednesday, March 16th & Thursday, March 17th.*

An aerial photograph of a city, likely Washington D.C., showing a dense grid of streets and buildings. The entire image is overlaid with a semi-transparent blue filter. A white horizontal bar is positioned across the middle of the image, containing the text 'EXECUTIVE SESSION'.

EXECUTIVE SESSION