

**CareerSource Pinellas
Finance Committee Minutes**

Date: June 30, 2021 – 10:00 A.M.

Location: Virtual Zoom Meeting

Call to Order

Barclay Harless, sitting in for Committee Chair, Dr. Rebecca Sarlo, called the meeting to order at 10:02 am. There was a quorum present with the following members participating.

Committee Members in attendance

Barclay Harless, Manmohan Bhuller, David Fetkenher, Amy Van Ness

Committee Members Absent

Jack Geller, Dr. Rebecca Sarlo

Guests in attendance

Charles Chunn (HUB)

Staff Present

Steven Meier, Jennifer Brackney, Leah Geis

Public Comments – None

Action Items

Action Item 1 – Approval of Minutes

The minutes of April 28, 2021, Finance Committee Meeting were presented for approval.

Motion: Manmohan Bhuller

Second: Amy Van Ness

The minutes were approved as presented. The motion carried unanimously. There was no further discussion.

Other Administrative Matters: There were no other administrative matters.

Information Item 1- Statement of Activities: Current Year vs. Prior Year

A Statement of Activities comparing current year activity with prior year activity was included in the packet. The current surplus this year is \$103K vs \$602K last year, which included the gain on the sale from the Science Center. This was offset by other expenses associated with the Science Center sale. WIOA formula grants are down \$952K or 23% compared to last year. WIOA funding is formula based economic conditions. Employment services is level with last year's spending. Welfare Transition is down \$332K or 21%.

On the expense side, we are down \$1.3 million. Personnel expenses have decreased by \$600K. This year on April 30, there were 50 employees vs. 58 employees during this same time last year. We continue to look at staffing based upon funding and the needs of the organization. Program expenses are down \$580K. We are \$21K favorable year over year with the One-Stop Operator. After conducting the sub-recipient monitoring, we negotiated with the One-Stop Operator to reclaim what was deemed to be excess profit in their contract for a for-profit organization. The internal monitoring is up \$34K, and this is our first year with Taylor Hall, the external monitors. They conducted monitoring in February and came back with very good recommendations for implementation. For customer support services last year, transportation card expenses were averaging \$13K per month. This year, transportation card expenses average less than \$500 per month. Due to the pandemic, waivers are not requiring participants to travel to worksites and training. Expectations are that this will increase next year. Professional fees

are down \$80k. One of the big drivers of this is legal fees. We are averaging less than half of what we spent in prior years. Professional services are down \$104K. Last year, we had the real estate commissions and contract labor is up \$82K. Most of that is the vCIO who initiated a lot of the IT strategic initiatives this year. Contract IT services are up a little bit because of some of those initiatives such as, migrating to Office 365 and the implementation of multi-factor authentication for accessing our network. Insurance is favorable, almost \$10K. Software is up \$30K due to Office 365 fees for Windows upgrades for the public computers, and DocuSign was implemented for remote signature functionality for customers.

Information Item 2 – Statement of Activities: Current Year vs. Budget

A Statement of Revenues and Expenditures, year to date actual vs budget modification 2, highlights a budget surplus of \$126k vs actual of \$103k. Revenue is down a little more than \$400k, driven by spending. Expenses are under budget by \$404K. Personnel expenses were over budget by \$67K, which may be a timing issue. Personnel expenses were over \$31K at the end of May this year. Program expenses are under budget by \$365K. Program operations are focused on outreach efforts to individuals interested in training. Professional fees were under budget by \$80K. \$59K of that is timing due to the migration of our active directory to the cloud in contract IT services. The majority of that spending will be visible by the end of the fiscal year.

Information Item 3 – Cost Allocation/Expenditure Report for PE 04.30.21

We are about 83% through the year. Employment services and SNAP were on target, behind WIOA and WTP. We do have a summer youth program for welfare transition that is in full swing. DEO has extended that grant until July. This allows us to enhance programs and serve more young people during the summer.

Information Item 4 – Pooled Cost Expenditure Report for PE 04.30.21

A pooled cost expenditure report was provided in the packet through April 30, 2021, which shows all the pooled costs that are allocated to different grants. Personnel costs make up about half of these costs and are the largest cost contributor. Contract IT and office rent are the next largest components.

Information Item 5 – Grants Status Report

A grant status report was provided in the packet through April 30, 2021. This report shows all grants opened at any time during the year. This is the report we use to manage where we are on spending, what needs to be spent, etc. Under the Workforce and Innovation Opportunity Act, we received a new grant, the Recovery Navigator Project, which will be in place through June 2023. The purpose of this award is to help with establishing or expanding staff resources that support organizations efforts assisting job seekers who are in recovery obtain employment leading to self-sufficiency. We were awarded approximately \$260k at the beginning of May. The end of the report indicates where we stand related to the metrics. For WIOA adult and dislocated worker, we are required to spend 30% in individual training accounts. We far exceed that. For WIOA youth, we are required to spend 75% of direct costs on out of school youth and 20% on paid work experience. At the end of April, we spent 96% on out of school youth and in excess of 21% for paid work experience. The main focus since April has been on performance, the summer youth program, welfare transition, and youth spending.

Discussion: David Fetkenher asked which program was extended. Steve said welfare transition was the one that was extended just last week. All of the money will be spent by August 15th which is the new deadline.

Information Item 6 – Insurance Update – HUB International

We are in one of the worst insurance markets that we have been in in the last 15 years. What that means is insurance carriers are limiting available coverage to their insured clients and prices have increased in a lot of cases dramatically over the last 12-18 months. The areas where we're seeing the most struggle are in management liability and cyber liability. The overall increase is being mostly driven by cyber insurance. There have been some claims in the last twelve months and we have attached some loss information as well. HUB paid \$6,600 for a cyber liability premium and they had a claim close out at \$138K which is a 3000% loss ratio. In an already challenging market where rates are increasing, in some cases as much as 30%-50% on any given account, we have a 3000% loss ratio we have to deal with. HUB went out to the market to check comparisons between insurance companies. The first offer was a \$30K premium, a \$100k deductible and 10% co-insurance. After some negotiations they came

back with a \$27K premium, \$50K deductible and no co-insurance. All things considered, the result was probably better than it could have been. HUB will be keeping an eye on everything due to an increase in ransomware claims and this area is not improving.

There was a little rate movement in the area of property. Our property company is a special provider for social service organizations. They are no longer writing coastal property. HUB had to find a wind only quote from a separate market to combine with the non-wind quote that Care Providers was able to offer. Package policy is general liability and it is driven by the rate environment. We saw a flat management liability renewal which was great because we have had some historic claims activity in that area, but that seems to be mostly behind us. Workers Compensation is mostly flat. We have a very good workers compensation experience. So, our modification factor is driving what could be a higher premium based on state mandated rates. The insurance company also continues to offer a dividend. When we have good performance on the workers compensation program, after the policy term, in a lot of cases, a dividend has been awarded to CareerSource Pinellas for good performance on the workers compensation program.

Discussion: David Fetkenher asked for the increase in the deductible and if they require an LOC. Charles Chunn said they did not. Jennifer Brackney asked about the fact that our current legal counsel is not on the approved list. We work with GrayRobinson so it would be nice to work with them, if need be, instead of a separate legal counsel. Charles said they have asked about this and made the request and should hear back in the next few days. Barclay Harless asked Charles if we are letting our potential insurers know the processes with technology that we practice to help prevent us from being hacked in the future. Charles said yes, our underwriters have been informed. They are highly scrutinizing all measures that have been put in place. For example, this year we implemented our multi-factor authentication.

Open Discussion – Jennifer made a presentation for the Board of County Commissioners on June 22nd and presented the budget for PY'2021-2022. They approved it and appreciated all the details. The MOUs/IFAs and board reappointments were also approved. The Career Resource Centers have not been updated in at least 10 years or more; painting is underway and new chairs are being purchased. Flooring quotes for the Gulf-to-Bay Center are also being reviewed. We will also be making a few adjustments to our organizational chart soon.

Adjournment

Barclay Harless motioned to adjourn. The meeting was adjourned at approximately 10:27 am.