

MINUTES

Detroit Employment Solutions Corporation (DESC) Board Audit & Finance Committee Meeting Wednesday, May 25, 2016

Time: 1:00 p.m. – 2:30 p.m.
Location: 440 E. Congress, Conference Room 3R, Detroit, Michigan 48226
Facilitator: David Carroll, Chairman

Committee Members Present: David Carroll, Kevin Howley, Ric Preuss, and Alice Thompson (via phone)

Committee Members Absent: Laura Hughes, Mark Redman and Paul Trulik

DESC Staff Present: Jose Reyes, Alessia Baker-Giles, Lynnette Robinson, Cassandra Ricks, Kristin Bailey, L'Tanya Clegg and Cristal Perry

Welcome and Introductions

The Meeting of the Detroit Employment Solutions Corporation (DESC) Board Audit and Finance Committee was called to order at 1:11 p.m. by Mr. David Carroll, Chair. A motion was made by Director Ric Preuss to approve the Agenda of May 25, 2016, supported by Member Kevin Howley. Motion Carried Unanimously. A motion was made by Member Howley to approve the minutes of April 27, 2016, supported by Chair Carroll. Motion Carried Unanimously.

Finance Report Update

Monthly Grant Analysis Update

Ms. Alessia Baker-Giles, Director of Finance, DESC, reported that through April 30, 2016, there are three grants highlighted in the monthly grant analysis report: Aspen, DTE Youth, and Grow Detroit's Young Talent (GDYT). The grant that is no longer highlighted is WIOA Admin, which was previously trending with a \$177,000 deficit. The deficit has been completely eliminated and DESC is secure with funding through the end of June 2016. With the Aspen grant, there is \$2,900 left that will carry the agency through June 30, 2016. The committee then discussed DTE Youth program funding as well as the GDYT 2016 fundraising effort.

Balance Sheet Overview

Ms. Baker-Giles reviewed the latest balance sheet with the committee. She stated that there is not much of a difference in this month's balance sheet and that there is only \$195.25 in non-restricted funds, an amount strictly from vending machine sales.

DESC Finance Report for Mayor's Office

Chair Carroll requested that Ms. Baker-Giles discuss with the committee the request for a DESC fiscal update report to the Mayor's office. Ms. Baker-Giles stated that she is in the process of preparing a memo for Mr. Jose Reyes, Interim President/CEO, DESC, which should address the information requested for the Mayor's office regarding the elimination of the WIOA Admin deficit. Chair Carroll asked if the Mayor's office was made aware that DESC was in danger of running a deficit and how the Mayor's Office addressed this matter. Mr. Reyes stated that it is public knowledge that DESC started the program year with a \$3.2M deficit and that a restructuring initiative took place in November that reduced some of the deficit. Going into January, the deficit was approximately \$250,000, and by March, it was showing \$177,000 in the WIOA Admin pool. Between March and the end of April, two more strategies were implemented in order to further reduce the deficit. Ms. Baker-Giles stated that DESC started the fiscal year with a \$3.2M deficit in the WIOA Adult, Youth and Dislocated Worker grants. In order to balance those grants, several actions took place, including the elimination of two satellite One-Stop centers, a reduction in staff, as well as receipt of additional funding. She also noted that guidance issued to staff regarding time distribution helped balance the grants as well. Chair Carroll inquired as to whether a written policy exists on staff time distribution. Ms. Baker-Giles stated that Ms. Lynnette Robinson, Accounting Manager, DESC, issued several emails guiding staff on time distribution form completion. Ms. Kristin Bailey, Compliance Manager, DESC, stated that Ms. Robinson's emails could be placed into DESC policy format citing legislative and regulatory requirements and subsequently presented to the Audit and Finance Committee as well as circulated to staff members. Mr. Reyes stated that all actions taken to address the deficit would be included in the report for the Mayor's office.

Member Howley expressed his concerns about not having a strong balance sheet as well as DESC's lack of a line of credit. Ms. Baker-Giles responded that unrestricted funds would be needed because fees associated with a line of credit could not be paid with federal funds. Director Alice Thompson asked whether the Board could raise funds to cover the cost. Member Howley recommended that the Board could make contributions to cover the cost of a line of credit because boards often consider this type of action until additional funding is available.

Director Thompson also recommended that DESC conduct a time and motion study to assess DESC staff work load. Mr. Reyes stated that DESC recently applied for Regional Workforce Funding for an organizational assessment.

Review/Approval **Fiscal Year (FY) 2017 Budget**

Ms. Baker-Giles provided a detailed review of the FY 2017 budget, presented before the committee for review/approval. During her review, she noted that the biggest difference between the FY 2016 and FY 2017 budget is GDYT funding. She explained that the biggest increases relate to GDYT summer wages. Compared to FY 2016, the FY 2017 budget consists of slightly different program dollar amounts as well as a Summer Jobs and Beyond USDOL grant that was recently received. This particular grant is for \$2M over two years with \$1M included in the FY 2017 budget. She also explained that programs that have ended are not included in the 2017 budget and that the budget only reflects grants that have been awarded to the agency. Ms. Baker-Giles also noted that beginning July 1st, participant training dollars would be available. She reported that the FY 2017 budget came in slightly higher than the current year's budget. Ms. Baker-Giles stated that a 4% salary increase was budgeted into the salary line item, but that individual staff increases depended on the outcome of each staff member's performance evaluation. Ms. Baker-Giles also reported that there was not a big change with DESC's employee benefits. She noted that DESC will now offer an HMO in addition to the PPO that is currently offered to staff members, and provided a fiscal impact overview of the changes to the agency's benefits package.

Member Howley stated that he would like to see a line item in the budget for organizational development income and outgo. Chair Carroll also recommended including footnotes to explain what someone might need or want to know within reason which describe significant budgetary changes/differences. Member Howley also recommended including a depreciation line item in the budget.

Chair Carroll made a motion to approve DESC's proposed FY 2017 budget as presented here today, supported by Director Thompson. Motion Carried Unanimously.

Contract Modification (ACCESS)

Ms. Cassandra Ricks, Contract Management Supervisor, DESC, explained that DESC received an additional \$25,000 from the State of Michigan Workforce Development Agency to service refugee participants and it is necessary to increase the contract of ACCESS-PATH by the \$25,000 in order for them to hire a part-time case manager to help facilitate those services. Member Howley made a motion to approve the contract modification for ACCESS-PATH, supported by Director Preuss. Motion Carried Unanimously.

Public Comment

No public comment was presented to the committee.

Adjournment

With no further business to come before the Audit and Finance Committee, a motion to adjourn the May 25, 2016 meeting was made by Director Preuss, supported by Member Howley. Motion Carried Unanimously. The meeting adjourned at 2:20 p.m.

Prepared by: Cristal Perry