

**Tri-County Executive Board Meeting  
March 27, 2014**

The quarterly meeting of the TCWIB Executive Board was held at 8:00 am, on Thursday, March 27, 2014. Attending were:

Executive Board Members: Commissioner Dale Pinkerton, Exec. Board Chair; Butler County Board of Commissioners  
Commissioner William McCarrier, Chair; Butler County Board of Commissioners  
Commissioner James Eckstein; Butler County Board of Commissioners  
Commissioner David Battaglia, Chair; Armstrong County Board of Commissioners  
Commissioner Robert Bower; Armstrong County Board of Commissioners  
Commissioner Richard Fink; Armstrong County Board of Commissioners  
Commissioner Michael Baker; Indiana County Board of Commissioners  
Commissioner Patricia Evanko; Indiana County Board of Commissioners

WIB Members: Art Cordwell, Mike Cully  
WIB Staff: Fred Fornataro, Director; Steve Paffrath, CFO; Tina Plaisted, Admin. Asst.

Guests: Michelle Bryan, Auditor, Maher Duessel  
Ian Finney, Auditor, Maher Duessel

**Call to Order**

The Executive Board Chair called the meeting to order at 8:13 am with a quorum present.

**Approval of Minutes**

Commissioner Evanko moved to approve the minutes from the December 19, 2013 meeting as written. Commissioner Fink seconded. The motion unanimously carried.

**FY 2013 Audit Review**

Michelle Bryan and Ian Finney, auditors with Maher Duessel, reported on the audit of TCWIB's financial statements and single audit including a compliance component. The 990 was included with the financial statements. Ms. Bryan reported on internal controls and who performs which processes and procedures. There were no significant findings and financial statements were clean. There were no difficulties performing the audit with excellent cooperation from staff. The auditors also contacted board members to be sure they were aware of procedures and to discuss the scope of the audit and findings. The auditors held an exit conference with the finance committee.

**Separation of Duties Form Approval**

The Director reported that TCWIB is being required to have the Executive Board Chair sign off on a Separation of Duties document acknowledging there is adequate separation of duties within TCWIB's accounting system to safeguard against issues that could arise. This new requirement is in response to issues that occurred in certain other WIA areas. Commissioner Evanko moved to authorize Commissioner Pinkerton to sign off on the Separation of Duties document. Commissioner McCarrier seconded. The motion unanimously carried.

The new Indiana County Commissioner, Mike Baker, was introduced. Commissioner Baker is completing the remainder of the term of former Commissioner Dave Frick who retired at the end of last year. Commissioner Baker was the former Indiana County coroner for 8 years and chief deputy coroner for 22 years.

**Fiscal Report**

Steve Paffrath reported on the budget, comparing the current fiscal year to last year. This year's budget is several hundred thousand dollars less than last year mainly due to the sequestration. Preliminary budget figures indicate that WIA funds may not be affected as much next year which could result in an additional \$100,000 to \$150,000. At this time last year expenditures totaled \$2.1 million and thus far this year totals \$1.9 million. As of March \$27,839 has been saved through staff furloughs during this third quarter. Total carryover has reached \$404,000. This is significant because cash is needed to fund operations for the first three months of the fiscal year because federal funds aren't always available early enough and under the new allocation typically only 5%-6% of funds are available the first few months. Projected carryover at the start of the year was \$221,000 and additional savings came from the one day furlough every two weeks and by moving a staff position from WIA to EARN. Carryover increased by \$50,000 due to expenses that were allowed to be charged to cluster money and \$15,000 from an NEG grant that was contributed to administration.

Additional savings will come from lower operating expenses, rental savings in Butler, unused IT consultant money, a staff person on disability which will save \$20,000, a staff person retiring, and a number of staff who reduced their benefits saving \$38,000. CareerLink savings are down because bills haven't yet come in from the State. The \$188,000 in projected savings would bring carryover to approximately \$592,000 by July.

Steve Paffrath said now that there is money in the budget and the savings goal has been exceeded, the WIB and CareerT.R.A.C.K. boards have agreed that staff should return to full-time status on April 7<sup>th</sup>. All staff worked together and sacrificed to make the savings plan successful with no complaints and saved everyone's positions. The WIB monitor/EO officer is retiring and those duties will be distributed to current WIB staff; however, if it becomes too much for current staff to absorb, that position may be looked at again in the future. Commissioner Pinkerton commended the staff for sacrificing paid work hours to keep the whole office family together and asked for a motion to return them to full time. Commissioner Eckstein moved to return the WIB and CareerT.R.A.C.K. staffs to full time status on April 7, 2014. Commissioner Evanko seconded. The motion unanimously carried.

PA received a \$3.6 million National Emergency Grant (NEG) and awarded participating WIA areas each \$100,000 to serve long-term dislocated workers. TCWIB expended the grant quickly and requested another \$200,000 which was also expended in five weeks. Staff has requested another \$300,000 and has a waiting list for training tuition and OJT. Many WIA areas aren't applying for these funds. Steve noted that WIB staff is inundated with red tape, paperwork, and new policies that take up the majority of staff time and he commended the CareerT.R.A.C.K. front-line staff for successfully getting the funding spent. Discussion continued.

There were no budget figures yet for next fiscal year and typically budget figures are announced in May. Staff is working on a draft budget for the May board meeting, and both the WIB and Executive Boards will vote on the budget in June.

CareerLink leases were negotiated successfully and there is an oral agreement in Indiana to downsize the CareerLink to bring the sq. ft. rate in line with the other counties. Of major concern is that State staff at the Indiana CareerLink has been shrinking. Years ago there were 4 or 5 people, but due to retirements the staff is down to 2 people and 1 is retiring in May, which will leave 1 State staff position along with the Site Administrator. At their April meeting the Operator group will discuss whether anything can be done to have any of the positions backfilled. Commissioner Fink felt that the commissioners should talk to their state legislators about how this problem is hurting the community. Steve said the State is moving people around on a temporary basis between counties. Some downsized CareerLinks no longer have full-time State staff and clients make appointments for a State person to drive to the CareerLink. Another CareerLink is trying a virtual computer hook-up with a neighboring CareerLink. Locally staff knows that hands-on assistance goes further in helping people navigate through a job search, and people aren't as computer literate as thought, especially older people and dislocated workers who haven't dealt with computers in their past employment. One of the new State policies defines what a CareerLink can look like from a full-size site to a smaller and electronically connected site.

Commissioner McCarrier moved to accept the fiscal report. Commissioner Fink seconded the motion. The motion unanimously carried.

### **Director's Report – Personnel Update**

The Director reported that employee compensation and benefits are being reviewed for the next fiscal year. Last year due to lean budgets there was a 10% give back, no salary increases, and no changes in benefits; however, with additional money available this year, compensation and benefits are being reviewed again. In the past TCWIB used the three-county average to determine salary increases and each county's personnel office has been contacted for that data. Many staff were hired as track employees, which is a payroll advancement system where they receive raises every year to bring them up to mid point. Some people were derailed because there were no raises this year or two years ago. Health care benefits will also be reviewed along with how the Affordable Care Act will impact the offices. Staff will meet with Huntington Insurance regarding the Affordable Care Act and health care options. Once the budget is ready, it will go through the WIB finance committee, then the WIB executive committee, and finally the joint personnel

committee for their recommendation. The budget will then be brought before the WIB Board and Executive Board for final approval. The 9 out of 10 days work schedule was a good tool that could be used again in the future if necessary.

### **Approval of Leases**

The Director reviewed the lease report for the CareerLink, CareerT.R.A.C.K., EARN, and TCWIB. All leases end on June 30<sup>th</sup> of the year. Approval of the Armstrong CareerLink and CareerT.R.A.C.K. leases are for their 4<sup>th</sup> year. Approval of Butler CareerLink and CareerT.R.A.C.K. leases are for their 3<sup>rd</sup> year, and the Butler EARN lease is month-to-month. The Indiana Office leases are not finalized and staff is working with ICDC on it so approval would be for the current lease. Approval of TCWIB's Office lease is for its 13<sup>th</sup> year. Both the TCWIB and Indiana leases will increase to \$11.56 per sq. ft. on July 1<sup>st</sup>. The executive committee has reviewed and approved the leases. The Board Chair noted that rents were renegotiated and greatly reduced over the last few years. Commissioner Bower moved to approve the leases for another year. Commissioner Eckstein seconded. The motion unanimously carried.

### **Labor & Industry Policies**

The Director reviewed the TCWIB Documents Report. Staff spent the end of 2012 and the first part of 2013 rewriting all of the documents listed. The documents were fine until new policies came out requiring the documents to contain different information. These documents were redone, approved locally, submitted and approved by the State last year. Most of the information being requested is already located somewhere in one of the documents but not exactly where the State wants it to be. Now certain information will have to be moved between documents and the documents must be revised and locally approved and submitted to the State by July 1, 2014 for approval. The last monitoring report didn't find anything wrong with board membership but the State doesn't like how the documents are written. The Director recommended that he continue to work on revising the documents and have a draft working copy as soon as possible to submit to the commissioners and WIB board for review before going through the recommendation process again. Commissioner Pinkerton agreed with the Director's recommendation.

### **Compliance & Oversight Monitoring Report & Local WIB Recertification Process**

The Director reported on the new Local Governance and Workforce Delivery System Policies. The Workforce Delivery System Policy is a compilation of two other documents entitled CareerLink Chartering and Integration of Services. This document explains certain requirements at CareerLinks such as forming three functional teams, the specifics on creating teams, operations and minimum chartering requirements. A major concern is that if CareerLinks don't have sufficient State staff to provide the teams and necessary services, it could affect CareerLink chartering. The CareerLinks have always been funded similarly and the investments across the three counties have been the same; however, with no local control over State staffing, it could affect whether their charters are any good. Discussion continued.

The Local Governance Policy is more restrictive in certain areas especially with board composition and appointments. The Director compared old board composition requirements to the new ones. The labor, education, community based and economic development seats were reduced from 2 to 1 and the PA CareerLink partner seats increased from 2 to 6. One requirement is that 75% of the private sector members must have ultimate authority in their organizations. It's unknown how far in depth the State will go with things. The Director reviewed the monitoring report findings pertaining to board membership and there were no major questions on membership. Findings included minor items such as financial disclosures not being completed properly and reappointment letters that need submitted. Staff is working on gathering the information.

The Director reviewed the latest compliance/oversight report dated 3/7/14 regarding governance. One question was whether the local election held last July was an effective election due to lack of a quorum; however, upon review the State determined that the election was valid. The report also noted that no local plan or modifications were submitted for the year; however, it then listed all of the agreements that were filed and in place. Another area noted that TCWIB consolidated its three CareerLink Operators into one Operator. The report noted that all required partners are represented at the CareerLinks and if not then a process is in place to refer clients to another entity that provides those

services. The report stated that the local board's monitoring contains areas for fiscal, procurement, administrative, and programmatic accountability and compliance and there is constant review and good separation of duties maintained by CareerT.R.A.C.K. A recommendation was made to include a document in participant folders verifying whether they applied for Pell or PHEAA grants and were granted or denied. It was noted that the board is the fiscal agent that provides funding and oversight of Title I contractors and service providers and monitoring is provided by local board staff, leaving a distinct firewall between providers and administrators. This was the most significant monitoring report covering all of the key issues and there were no findings within the system.

### **WIB Performance**

The Director reported that TCWIB is held accountable to nine common measures required under the Act. The measures are used to calculate success and are monitored, evaluated, and are part of the annual recertification process.

The Director reviewed PA WIB's Workforce Governance and Structure Committee report which explains the final metrics approved by the PAWIB including retention, placements, wages, and annual benchmarks. As part of the two-year recertification process, standards must continually be met. It covers labor exchange services which are the Wagner Peyser piece of the CareerLinks staffed by the State. The WIB has no control over State staff and has no authority over other partners' performance measures and whether they're doing their jobs; however, the WIB can be held accountable for it and the State is making it part of the performance measures. The report talks about monitoring market penetration, customer satisfaction, core and intensive services, training and infrastructure costs. Staff from the PA WIB will attend the May WIB meeting to give a presentation and it would be a good idea for WIB members and county commissioners to attend.

### **Other Items**

Art Cordwell said the federal budget shows they want to put more money into OJT. CareerLink staff has indicated they don't use OJT more because the State requires a minimum starting wage of around \$10.50/hr which is keeping employers away from OJTs. Something needs done to approach the State to lower the starting wage to help companies that are hiring, especially if more money is going into OJTs. Young people are coming out of high school lacking skills and experience and companies shouldn't be required to pay them that high a starting wage. Staff noted that language in the contracts, the policies and the laws involved will also scare small businesses away from OJT. Discussion continued.

The Director said the State monitors questioned how board member nomination and appointment letters were initially addressed and they're requiring those letters to be reissued. The State said that the CEO, which in this case is Commissioner Pinkerton, the Executive Board Chair, is the person who nomination letters should be addressed to and who should sign all board appointment/reappointment letters for all three counties. The Director responded to the State that each county appoints its own board members; therefore, their nomination letters come from the organizations in the respective counties to their commissioners and the county commissioners send their own appointment letters on their own county letterhead. The State was asked if it was acceptable for the letters to go to the respective county commissioners and cc'd to the Executive Board Chair. To date there has been no reply from the State. Staff is in the process of requesting that certain nomination letters be reissued from various entities and in the near future will also send the county commissioners appointment and reappointment letters to be reissued.

### **Adjournment**

Commissioner Eckstein moved to adjourn. Commissioner Evanko seconded. The meeting adjourned at 9:30 am.