

Joint Advance CTE/The Center to Advance CTE Board of Directors' Meeting
MINUTES
February 2, 2021
Zoom call

ATTENDEES: Sarah Heath, Bernadette Howard, Laura Scheibe, Steve Playl, Katie Graham, Thalea Longhurst, Jeralyn Jargo, Victoria Crownover, Cathie Raymond, Alex Harris, Luke Rhine, Marcie Mack, Wendi Safstrom, Angel Malone, Donna Lewelling

NOT PRESENT: Nicole Smith

INVITED GUESTS: Alison Albrecht, GRF Advisors; Jennifer McCahill, GRF Advisors; Carolyn Skinner, Dembo Jones

STAFF: Kimberly Green, Kate Kreamer, Austin Estes, Katie Fitzgerald, Krissy Haynes, Meghan Wills, Meredith Hills

Welcome: Heath called the meeting to order at 3:02 PM, welcoming everyone to the Joint Advance CTE/The Center to Advance CTE Board Meeting.

Heath asked for approval of minutes from January 12, 2021.

**MOTION: To approve Advance CTE and The Center to Advance CTE minutes from January 12, 2021, as presented.
Jargo; Raymond.
MOTION APPROVED.**

FY22 State Dues: Fitzgerald gave an overview of how state dues are typically determined. Since 1994, state dues rise in alignment with the Consumer Price Index (CPI). This year the CPI increase was 1.4%. Due to the economic impacts of COVID-19, Advance CTE is recommending freezing the dues at the same rates as FY21. Advance CTE is able to support this recommendation due to its strong financial position.

Scheibe asked if there will be any consideration for catch up in subsequent years. Green said the Board Policy is to look at the CPI change for the last 12 months, so we would just skip this increase and next year we would look at what the next 12 month increase would be.

Heath asked for approval of FY22 state dues.

**MOTION: To approve FY22 state dues.
Scheibe; Longhurst.
MOTION APPROVED.**

WIOA Recommendations: Hills explained that a few revisions have been made since the last meeting to align the WIOA recommendations with the newly approved vision. The recommendations were developed with input from members, partner organizations, Board

members and WIOA Kitchen Cabinet members. The recommendations will serve as Advance CTE's member-informed focal point of advocacy for WIOA reauthorization in Congress. It is intended to be a continuously moving document that is updated periodically.

The first category is "Connect Education and the Workforce." The first recommendation is to align with Perkins V. The pieces that we want WIOA to require are a shared vision for preparing and educating a skilled workforce, a shared commitment to transparency and efficiency, prioritize funding to underserved communities and populations, robust stakeholder engagement, and use of participant program and labor market information to guide state and local decisions. Advance CTE is advocating that the state CTE directors are a required partner on state workforce boards and local CTE leaders are a required partner on local workforce boards. The second recommendation for this category is to build cross-system collaboration throughout WIOA. For this, WIOA should require cross system alignment for the federal laws implicated throughout all of WIOA in each title and the related state programs. This would include, but is not limited to, common data collection and reporting, cross-system planning and regular consultation.

Crownover asked if there is a way to advocate for the U.S. Department of Education (ED) to be involved in rulemaking portion so that it is coordinated and clear across the U.S. Department of Labor (USDOL) and ED. Hills said that Advance CTE has been advocating for the USDOL and ED to be true partners and will clarify the language in the recommendations to make this clear.

The second category is "Align Federal Policy to the 21st Century Workforce." The first recommendation is to coordinate federal funding for programs and worker supports. Advance CTE's recommendation is to have a requirement in the state plan for how WIOA programs will be aligned with, and also not duplicative of, related programs funded by other federal laws. The next recommendation is to update the infrastructure requirements. We are recommending a set aside funding stream for infrastructure costs. The third recommendation in this category is to align basic skills with current workplace needs. We recommend expanding the definition of basic skills to include the skills that are necessary to succeed in the workplace today.

The next category is "Support Successful Outcomes for In-and Out- of School Youth." The recommendation is for states to be able to determine their in-school youth and out-of-school youth split, with the ability to re-examine this split on an annual basis.

The next category is "Improve Data and Accountability." The first recommendation for this category is to expand data system capacity, transparency and utilization. The next recommendation is to expand the scope of data collection. We are recommending that WIOA use a model similar to the Comprehensive Local Needs Assessment in Perkins V. We are also recommending the data should be disaggregated and have a prefer not to disclose option for gender. The final recommendation in this category is to adopt common performance metrics and terminology. This would cover WIOA, Higher Education Act and Perkins V at a minimum.

The last category is "Elevate Career Pathways." The first recommendation for this category is to reimagine career pathways. We are recommending that WIOA supports innovation in the design and delivery of flexible and responsive career pathways. The second recommendation for this category is prioritizing high-wage, high-skill or in-demand occupations based on real-time

labor market data. We are also recommending that all WIOA funded programs be organized into and delivered through career pathways that lead to careers in these in-demand high-skill, high-wage fields.

Heath asked if other states define high-skill occupations as having a bachelor's degree or higher. Hills said that it is not a definition in WIOA or Perkins V. Rhine shared that Delaware defines occupational characteristics along with degree. They look at labor market projections along with real-time labor market data. Low skill is high school diploma or less, middle skill encompasses any credential beyond high school leading through a two-year degree, and high skill is a bachelor's degree or higher. Then they do occupational reporting and characteristics of industries relative to those terms. Raymond added that Arizona looks at the different educational levels of the specific careers and the skills involved with them. They are not tied to education because there are some high-skill jobs that do not require anything above an industry credential or even a high school diploma.

Hills opened the floor to discussion and asked if there was anything missing from these recommendations. Crownover hopes that the legislation will be more streamlined throughout all sections in this version of WIOA. She stated that alignment across all sections is important to pay attention to in the next reauthorization.

Heath asked for approval of WIOA recommendations.

**MOTION: To approve the WIOA recommendations, as presented.
Howard; Mack.
MOTION APPROVED.**

FY21 Audit: Heath introduced McCahill who is the organization's Audit Partner at GRF Advisors. McCahill started by saying that the audit went fantastic and gets better each year with the continued relationship with Advance CTE. She also stated that Haynes does a wonderful job at keeping the records in line throughout the year, and was pleased to report that we were well ahead of COVID in that we have been conducting the audit virtually for the past three years.

Albrecht, the audit supervisor, presented the audit letter. The letter identifies two new accounting standards that were adopted by the organizations. The first newly adopted accounting standard deals with how revenue from contracts with customers is recognized. The adoption of this new accounting standard required Advance CTE to revise prior period financials. The second accounting standard that was adopted clarifies the scope and accounting guidance for contributions received and contributions made. Both new accounting standards were properly adopted by the organizations. There will be one accounting standard that will be required to be adopted in December 2021 that changes the accounting treatment for leases. The letter also states that there were no difficulties in dealing with management. There was one prior period adjustment, but no other adjustments, which shows that we can rely on the financials presented by management.

McCahill presented the FY20 Audit. The most important piece to the audit is the first two pages, which is the independent auditors report. It states that everything is fairly presented in all

material respects. This means they are issuing a clean or unmodified audit opinion, which is the best type an organization can get.

She continued by walking through the financial statements. She noted that the with donor restriction column are those funds that the donor has tagged for a specific programmatic or future use. At the end of the year, there was almost \$2.6 million that has been pledged or received to be used for future programmatic activity. She also noted that supporting services was at 19% at the end of the year, which is in line with the rest of the industry and where we want to be. This shows that the allocation process is going well and there's consistency across the reporting periods.

Next, she highlighted Footnote 1, which reflects the newly adopted accounting standards. Because of the adoption, there was a restatement to bring in line revenue that is treated differently due to the new standards. This is common in the first year of adoption.

She finished by saying that there are usually two letters, but since there were no deficiencies and weaknesses there is not a second letter. The organization does a very good job at maintaining the financial internal controls throughout the year, which is reflected in the audit results.

Malone thanked the team for doing an excellent job at maintaining the internal controls necessary to get a clean audit.

Heath asked for approval of the FY20 Audit.

**MOTION: To approve FY20 Audit, as presented.
Graham; Malone.
MOTION APPROVED.**

990 Review: Skinner presented the FY20 990s for Advance CTE and the Center to Advance CTE. The 990s are in line with the audited financial statements. Due to the differences in GAAP basis accounting and tax accounting, not all numbers match up identically. They are due May 15, 2021. She informed the Board that one of the questions in the 990 is if the Board has reviewed the 990 prior to submission. This is considered good governance, and the reason we ask the Boards to review and approve the 990s each year.

She highlighted page 2, which is a narrative of what the organization has accomplished during the fiscal year. Since they are public documents, the wording is important for the public to understand what was accomplished throughout the year. She also highlighted page 6, which are governance policy questions. These are important as the public can see if the organization has good governance policies. Page 7 lists the Board members along with a very rough estimate of the time dedicated to the organization.

Heath opened the floor to questions. There were no questions.

Heath asked for approval of the FY20 990s.

**MOTION: To approve the Advance CTE and The Center to Advance CTE FY20 990s, as presented.
Scheibe; Howard.
MOTION APPROVED.**

Financial Update: Haynes walked through the Advance CTE FY21 financials, which have been reconciled through December 31, 2020. Advance CTE has received 89 percent of its budgeted income for the year, which is on track. There are currently four states/territories that have outstanding dues payments: American Samoa, Virgin Islands, Illinois (40 percent) and California (50 percent). Advance CTE is 31 percent above target for organizational and individual memberships. The ABC Equity grant and NASFAA contract have been completed. Interest is already 23 percent above the budgeted target for the year. Advance CTE started receiving Spring Meeting registration and sponsorship income in January.

Advance CTE's expenses are only at 27 percent of the budget, with the primary costs being staff related costs, audit and accounting fees, rent and the New State Director Institute. The NASFAA project met 55 percent of its budgeted target in expenses, so the remaining 45 percent of funding reverts to the Advance CTE reserves. The ABC Equity grant spent 100 percent of its budgeted expenses, which was on target. Advance CTE is below target in expenses as more and more expenses are covered by The Center to Advance CTE.

The Advance CTE investments are doing very well with a 24.17 percent equity only return and 15.17 percent overall rate of return.

Next, Haynes gave an overview of The Center to Advance CTE's FY21 financials, which have also been reconciled through December 31, 2021. The Center has received 85 percent of its budgeted income. The Center received a new grant for the College In High School Alliance through Gates, which is reflected in Other Income. The PAYA grant has been extended through September 2021 with an additional \$100,000 in funding. The Center also received \$18,000 in Summit Sponsorships, with another \$25,000 expected from Strada, which will help fund the vision release. Interest is already 166 percent above the budgeted target for the year.

The Center's expenses are only at 36 percent of its budget, which include salary and benefits, rent, consultants, technology subscriptions, and audit and accounting fees. The investments have a 22.09 percent equity only rate of return with a 12.49 percent overall rate of return.

Heath asked for approval of the FY21 financial reports.

**MOTION: To approve the Advance CTE and The Center to Advance CTE FY21 financial reports, as presented.
Harris; Mack.
MOTION APPROVED.**

Green announced that Scott Stump will be joining the staff on February 16. He will be doing work around Career Clusters in a new grant that The Center just received around diversification

of the postsecondary leadership pipeline. He will also be helping to support states in technical assistance.

The next Advance CTE/The Center to Advance CTE Board of Directors Meeting is March 10, 2021. Advance CTE will meet from 2-4pm ET and The Center will meet from 3-5pm ET via Zoom.

Heath adjourned the meeting at 4:01 p.m. ET.