



December 30, 2021

Re: Manpower 2021 Contract Modifications

The contract we have with Manpower is a cost-reimbursement contract. We contract with them to deliver career planning services, which includes compliance to the Workforce Innovation and Opportunity Act (WIOA) – Title 1; Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); the Department of Labor’s terms and conditions, notices and newsletters; Wisconsin’s WIOA Policies; and SWWDB’s WIOA policies and procedures. SWWDB, likewise, must to adhere to the same. As with all things government, compliance is built upon understanding hundreds of pages of law, regulations and policies in addition to the sub-recipient contract. In other words, the contract we have with Manpower is not a simple covenant. In reality, as our reality changes – changing workforce landscape, new projects, new allocations, new policies and updates, etc. – so will Manpower’s.

The contract requires Manpower to provide services to two groups of customers, adults and youth, and utilize up to five program fund sources to do so. The contract is funded by WIOA Title 1 formula funds (Adult, Dislocated Worker, and Youth programs) and two National Dislocated Worker Grants: the Support to Communities Grant, which serves those impacted by substance abuse, and the Employment Recovery Grant, which serves individuals impacted by high unemployment in the recent two years. The WIOA formula fund allocations are provided annually from DWD, and these funds are available to our area for two years. Like Manpower, the arrangement we have with DWD is a cost-reimbursement agreement. Any unexpended WIOA formula funds after the two years are returned to the state to be used for statewide efforts.

National Dislocated Worker Grants function a bit differently. Funds are provided for a limited period of time (period of performance) and are used to address a specific dislocation, emergency or workforce need/challenge. Most often, these grants will assist more than one workforce development area with the state serving as the grant recipient. DWD normally releases funds on an annual basis during the grant period. However, if fund utilization surpasses the local plan/goal, they will release funds early. The reason for this is two-fold: DWD wants to ensure the entire statewide grant is expended by grant end, and secondly, DWD re-recognizes changing needs in the service areas. In other words, DWD will not release additional funds if expenditures and/or enrollments are abnormally low or skewed and will release additional funds early when performance dictates.

Funds Serving Dislocated Workers

There are two programs serving dislocated workers specifically – WIOA Dislocated Worker Program and the Employment Recovery Dislocated Worker Grant (ERDWG). These two programs equally serve dislocated workers, but the periods of performance are different.

Note: Under WIOA, local boards can transfer WIOA Adult Funds to the WIOA Dislocated Worker Program and vice versa. This discussion does not delve into WIOA Adult funding as no modification was requested for this program.

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1. WIOA Dislocated Worker Program: Our contract indicates Manpower needs to serve 70 dislocated workers in this program year with a \$50,000 budget. 89 individuals have received services in this program year, while an additional 47 are being served in follow-up. With 42% of the contract period complete through November's services, they have achieved 127% of their participation goal using 53% of their budget. The Board approved a \$15,000 increase, which accounts for the 19 additional participants. Given activity to date, I would expect to see an additional modification request before program year end. Period of performance = 7/1/2021 to 6/30/2022.
2. Employment Recovery Dislocated Worker Grant: The current contract indicates Manpower needs to serve 60 participants with a \$52,500 budget. The total (two year) program participation goal is 110. The grant/performance period does not align with the standard program year, and Manpower actually has until 9/30/2022 (15 months) to meet the participation and new enrollment goal; SWWDB only provided 12 months of funding in the 7/1/2021 contract.

Program year 2021 participation is 55, while total program participation is 82. 26 individuals are being served in follow-up. With 58% of the of the two year performance period complete, Manpower has achieved 75% of the total program participation goal using 78% of their budget. Between today and August 31, 2022, Manpower needs to serve an additional 28 individuals.

SWWDB's budget for this entire project was \$275,000, and we were not expecting to receive additional funds; however, DWD provided us an additional \$250,000 in October of 2021 resulting in increased enrollment obligations. Period of performance = 10/1/2020 to 9/30/2022.

Note: This project began in October 2020. Manpower received \$68,997 in their very first contract, but only used \$45,527. SWWDB did not permit the \$23,470 carryover because a new comprehensive contract began 7/1/2021. This particular award gets a bit confusing as it is spread across 24 months, three program years, and two contracts. Plus, it is a grant that compliments the standard Dislocated Worker grant, resulting in co-enrollment between the two when needed.

Funds Serving Youth

The Youth Program is the most difficult to operate and administer. Our contract with Manpower indicates they need to serve 110 youth with no more than 50% of those being in-school youth. Of the 110 youth, at least 10 must participate in a work experience. The youth budget includes \$61,587, 30.8% of the \$200,000 budget, for work experience (the WIOA regulatory floor for youth work experience expenditures is 20%; we contracted at 31% based on Manpower's proposed budget). With 42% of the program year complete through November's services, Manpower has achieved 43% of their participation goal using 37% of their budget. Of the \$61,587 set aside for work experience activities, Manpower has achieved 190% of its participation goal using 67% of the work experience budget. Our modification request of \$50,000 ensures continued work experience activity and enrollments.

Of the total funds awarded, Manpower could use the remaining non-designated budget; however, because of the regulatory benchmarks and limits of the youth programs, the more resources we can dedicate to work experience the better. Given that our program year 2021 youth allocation increased by 55%, dedicating more of these resources overall

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to direct customer assistance ensures a robust and relevant program. SWWDB has additional youth funding in the event enrollments increase beyond current expectations.

Funds to Assist those Impacted by Substance Use/Abuse

Support to Communities Grant (Opioid Grant): this grant can serve both older youth and adults. Like the Employment Recovery Grant, the period of performance (9/1/2020 to 8/31/2024) does not align with the standard WIOA program year. Manpower's current contract is for \$22,500 with a participation expectation of 30. Manpower is currently serving 43 and has expended 60% of the program year 2021 budget. Throughout the entire period performance (four years), Manpower will be charged with assisting at least 120 individuals. We budgeted \$22,500 for each of these years. We are 31% through the four year performance period and Manpower has assisted 68 of the required 120 (57%) using 42% of the planned \$90,000, four year budget. The modification request of \$13,000 ensures continued enrollment and remaining funds at the end of this program year will be carried over to next year.

Note: this grant is spread across 48 months, six program years and, most likely, three comprehensive contracts. Also, not all workforce boards are performing as positively and there may be additional funds if our performance stays positive.

Finance Overview

In the spring of 2021, we were very conservative regarding the amount of funding we were willing allocate for a new contract, and this was reflected in our RFP. We use a quasi-capitation factor of \$900-1,000 per participant, which is based on prior years' participation. This is a just a baseline estimate of what we think it costs to provide services to individuals with barriers to employment. WIOA Title 1 Formula funds increased substantially this year (see table below); however, we never adjusted for this increase in Manpower's 2021 contract. We have the resources to release additional funds to serve additional people. Because of our conservative approach, our guidance to Manpower this year has been to continue to enroll individuals as we have the resources and can approach the Board with modification requests.

SWWDB Funding (including administrative funds)						
					From 2020 to 2021	
	2018	2019	2020	2021	Change	% Change
Youth	\$388,214	\$325,436	\$293,022	\$523,655	\$230,633	78.71%
Adult	\$328,148	\$274,980	\$247,579	\$453,390	\$205,811	83.13%
Dislocated Worker	\$315,052	\$264,420	\$251,772	\$405,826	\$154,054	61.19%

Year to Date Spending for Manpower's Contract

Danielle Thousand has provided a provided a more detailed contract analysis through November 2021.

Manpower has been asked (as we had) for years to do more with less, provide more services on continually reduced funding each year...until we got the PY21 allocation. When the RFP was announced, it was before SWWDB was made aware of the program year 2021 allocations. The following is a review of actual YTD Manpower spending with an annualized projections through 6/30/2022. Each silo of funding is tracked separately.

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	ADULT	DW	Opioid	Employ Rec.	ISY WEX	OSY WEX	ISY	OSY	One-Stop	TOTAL
Budget	100,000	50,000	22,500	52,500	30,794	30,794	69,207	69,207	25,000	450,000
<u>42% of Year complete</u>										
July	4,810	-	3,291	6,329	9,546	5,094	3,477	4,045	1,266	37,857
August	5,295	5,954	3,310	7,777	7,945	4,194	3,355	4,055	1,407	43,292
September	6,703	6,789	2,243	7,529	4,350	4,481	3,342	4,102	1,087	40,625
October	9,672	7,764	1,978	5,006	977	2,786	2,310	3,400	989	34,884
November	9,360	6,201	2,644	4,025	598	1,515	1,812	2,558	1,322	30,034
Total	35,841	26,708	13,466	30,665	23,416	18,070	14,296	18,160	6,070	186,691
Expenditure Rate	36%	53%	60%	58%	76%	59%	21%	26%	24%	41%
Annualized Projection	86,018	64,099	32,318	73,596	56,198	43,368	34,311	43,583	14,568	448,059
Over/under Projection	13,982	(14,099)	(9,818)	(21,096)	(25,404)	(12,575)	34,895	25,624	10,432	1,941
Contract to Projection	86%	128%	144%	140%	182%	141%	50%	63%	58%	100%
Approved Modification		15,000	13,000	37,500	25,000	25,000				115,500
Modified Award	100,000	65,000	35,500	90,000	55,794	55,794	69,207	69,207	25,000	565,500
Over/under Projection	13,982	901	3,182	16,404	(404)	12,425	34,895	25,624	10,432	117,441
Modified Award to Projection	86%	99%	91%	82%	101%	78%	50%	63%	58%	79%

As of the November billing from Manpower, they had spent \$186,691 of the \$450,000 award approved in the June Board meeting. With 42% of the year complete, total expenditures were coming in at 41%. It should be noted here that Manpower is in the process of onboarding their final replacement staff. Since July 1, 2021, Manpower lost three full-time staff. Manpower has since transferred a part-time to full-time, hired one person to assume programmatic and compliance-related functions, and will be on-boarding their final staff person in early January.

Historical Contract(s)

The following is the amount approved for SWWDB's Program Operator's contract(s) year by year over the last few years. Contracts are issued with the option to renew up to three years based on performance. Normally, SWWDB permits operators to carryover unspent funds to the next program year within the same contract. No carryover was permitted this program year as Manpower received a new contract. We maintain a 4 year "master" contract with Manpower, which is modified to add additional funds and expectations when annual allocations are received and new projects area awarded. A summary of the last 4 year contract is below:

2017-18 \$616,819
 2018-19 \$672,600
 2019-20 \$432,945
 2020-21 \$432,199

Contract Assurances

Manpower assumes the responsibility of disallowed or questioned costs. This is stipulated in our contract with them: *"If SWWDB pays an expense authorized by Manpower, whether the payment is to Manpower or an eligible client or vendor, that is later determined by DOL, DWD, or some other appropriate authority to be disallowed, Manpower will be required to reimburse SWWDB the full amount of that expense."*

Manpower's contract with SWWDB is quite detailed; the above reference is shared to ensure Board Members that SWWDB expects appropriate and prudent use of awards. There are many other requirements and certifications such as

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salary limitations, data sharing, not being debarred or suspended, reporting, lobbying (or inability to), etc. Manpower is held to contract compliance, WIOA compliance, Uniform Guidance compliance, Equal Opportunity compliance, and much more in the course of file and annual monitoring. The variety of authoritative entities with sway and consideration in the contract is immense, as you can see from the following list:

In performing its responsibilities under this grant agreement, the awardee hereby certifies and assures that it will fully comply with all applicable Statute(s), and the following regulations and cost principals, including any subsequent amendments:

- *Public Law 115-271, Substance Use–Disorder Prevention that Promotes Opioid Recovery and Treatment (SUPPORT) for Patients and Communities Act or the “SUPPORT for Patients and Communities Act,” Title VIII, Subtitle C, Sec. 8041, Addressing Economic and Workforce Impacts of the Opioid Crisis, authorizes this grant program.*
- *The Workforce Innovation and Opportunity Act and its corresponding regulations, including 29 CFR Part 38 which covers the nondiscrimination and equal opportunity provisions;*
- *Section 188 of WIOA and 29 CFR Part 38 WIOA Nondiscrimination and Equal Opportunity Regulations, and other applicable civil rights laws;*
- *2 CFR Part 200 Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards;*
- *2 CFR Part 2900 which covers exceptions to 2 CFR Part 200;*
- *Federal advisories in the form of Training and Employment Guidance Letters (TEGLs) and Training and Employment Notices (TENs), including those applicable to Rapid Response;*
- *DWD-DET issued WIOA policies and procedure , including those applicable to Rapid Response and the Statewide Employment Recovery DWG Project Implementation Plan;*
- *The most recent Wisconsin WIOA State Plan;*
- *Southwest Wisconsin Workforce Development Board’s Local Plan, policies, and procedures;*
- *Terms of the award outlined in DWD’s Appendix A;*
- *Terms of 2019 Wisconsin Executive Order 1 agreeing to hire only on the basis of merit and not discriminate against persons performing a contract, subcontract, or grant because of military or veteran status, gender identity or expression, marital or familial status, genetic information or political affiliation.*
- *Terms of contract MP.WIOA.2021 Title 1 and any subsequent modifications.*

In summary, SWWDB administration sought the award modifications after a review of current activity and enrollments. WIOA Title 1 Formula funding increased for program year 2021, which ends on 6/30/2022. We never adjusted the planned award to account for these increases. Each award modification entails an increased enrollment adjustment and/or adjusts for enrollments that are already exceeding contract expectations. SWWDB contracts with Manpower to deliver SWWDB programming, as we are obligated to do under WIOA regulatory requirements. This contract, to a very large extent, protects SWWDB from disallowed costs as it places that burden on Manpower through the contract assurances. Because of our low unemployment, recruiting into our programs is difficult, and those who are being served present with a variety of complicated employment barriers, often resulting in increased interventions and costs. WIOA eligibility and compliance activities are not simple or straightforward and seem to increase every year, taking away time

from true customer service. So, while we estimate \$900 to \$1,000 per customer is an appropriate amount to budget in a service provider contract, we remain concerned that it will be inadequate as compliance obligations increase.

I expect additional modifications will be requested before the end of this program year. With the additional projects brought into the organization this year, co-enrollment among the various fund sources will occur, increasing Manpower's scope of work. I hope the information provided here better explains the reasoning and need behind the modifications requested at the December 8, 2021 Board Meeting.

Wishing you all a very wonderful New Year!

A handwritten signature in blue ink that reads "Rhonda Lusla". The signature is written in a cursive style with a large initial 'R'.