



## **Board of Directors Meeting**

### **Agenda and Meeting Materials**

**Thursday, February 16, 2023**

**11:30 a.m. – 12:30 p.m.**

**Join Zoom Meeting**

**<https://us02web.zoom.us/j/86375917905?pwd=OUZqOTNuQnBMV0EvRWlkZ2plUTd2QT09>**

**Meeting ID: 863 7591 7905**

**Passcode: 485779**

**[www.vcwnorthern.com](http://www.vcwnorthern.com)**

**THE SKILLSOURCE GROUP, INC.**  
**Board of Directors Meeting**

**February 16, 2023**  
**11:30 a.m. – 12:30 p.m.**

**Join Zoom Meeting**

<https://us02web.zoom.us/j/86375917905?pwd=OUZqOTNuQnBMV0EvRWlkZ2plUTd2QT09>

Meeting ID: 863 7591 7905

Passcode: 485779

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**AGENDA**

**Chairman's Comments**

Approval of Summary Meeting Notes from December 15, 2022 Board of Directors Meeting

**Action Items:**

- Approval of Employer Incumbent Worker Training Proposals
- Approval of Revised *SkillSource* Group Financial Management Procedures

**Information Items:**

- Review of Governor's State Workforce Agency Reorganization Legislation
- New FY 2022 *SkillSource* Return on Investment Study
- *SkillSource* Group December 2022 Financial Management Reports
- Update on FY 2023 WIOA 40% Expenditure Rate
- *SkillSource* Achievement of Highest Ratings on Candid and Charity Navigator
- Approved/Pending Contracts and Grants Matrix

**Adjournment**

**The SkillSource Group, Inc.  
Board of Directors Meeting  
Summary Notes  
December 15, 2022**

The *SkillSource* Board of Directors meeting commenced at 11:32 a.m.

**Members participating via Zoom:** William Trumbull, Christopher Rieley, Robert Bartolotta, James Thomas, Patrick Small, George Harben, Steve Deal, Rebecca Hughes, Todd Rowley, Wayne Hallheimer, and Marc Tate

**President and CEO:** David Hunn

**SSG Staff:** Seema Jain and Sabrina Miller

**Observers:** Desiree Roberts

**Approval of November 17, 2022 Summary Notes:**

A motion was made by Patrick Small and seconded by Wayne Hallheimer to accept the November 17, 2022 Summary Notes and approved unanimously, with no abstentions.

**Action Items:**

**Approval of 2022 SkillSource Group Form 990**

David Hunn reviewed the 2022 IRS Form 990 with the Board.

A motion was made to approve the IRS 990 form by Todd Rowley and seconded by Rebecca Hughes, and approved unanimously, with no abstentions.

**Information Items:**

**Review of Virginia Career Works Northern Board Task Force Report on State Workforce Agency Reorganization**

David Hunn reviewed the proposed reorganization of the State Workforce agencies and programs within the Commonwealth of Virginia. Mr. Hunn reviewed Labor Secretary Slater's concerns, the proposed implementation timeline and next steps. Lastly, Mr. Hunn identified the members of the VCW Northern Board Work Group that put together the report.

**SkillSource Group October 2022 Financial Management Reports**

Seema Jain reviewed the financial results of operations for the three months ended September 30, 2022, which **reflect an increase in Net Assets of \$10,300** on a budgeted increase of \$843, resulting in a favorable variance of \$9,461.

**The Change in Net Assets comprises:**

Increase (Decrease) in Net Assets Without Donor Restrictions	\$583
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Increase (Decrease) in Net Assets With Donor Restrictions	\$9,717
<b>Total Increase (Decrease) in Net Assets</b>	<b>\$10,300</b>

The changes in Net Assets Without Donor Restrictions and Net Assets With Donor Restrictions reflect the net result of revenues offset by expenses in each class of net assets.

Increase in Net Asset Without Donor Restrictions reflects unrestricted revenue from Ticket to Work, interest revenue, Federated Campaigns, and the surplus of billable indirect costs over actual indirect costs, offset by expenses in the Ticket to Work program, expenses related to preparing the Dodge caravan for sale, part of the GO Virginia Director's office rent not billable to GO Virginia, leasehold improvement depreciation, and delinquent tax paid for a former SCSEP participant.

Net Assets Without Donor Restrictions have decreased over the last couple of years, while Net Assets with Donor Restrictions have increased over the same period. The decrease in Net Assets Without Donor Restrictions is mostly due to reduced Ticket to Work revenue caused by the Covid pandemic and the change in the Indirect cost rate in FY2021, while the increase in Net Assets With Donor Restriction is owing to an increase in the United Way funding for the Financial Empowerment Center.

### **Program Activities:**

**WIOA:** As of October 31, 2022, PY 2021 Adult and Dislocated Worker programs have expended 100% of total allocations, and the PY 2021 Youth program has expended 95% of total allocations. Adult and Dislocated Workers' combined training rate was 44.6%, exceeding the required minimum rate of 40%. WIOA Youth's cumulative Work Experience expenditure rate is 35.1%, exceeding the required minimum rate is 20%.

**Ticket to Work:** Cash receipts totaled \$37,102, of which \$30,000 is FY 2022 revenue accrued at the end of last fiscal year; therefore, only \$7,102 is counted as FY 2023 revenue. An amount of \$48,598 was accrued at the end of October, bringing four months of revenue to \$55,700 to cover the program expenses.

**Indirect costs:** Actual indirect cost rate at the end of October is 9.70%, while the de minimis rate is 10% resulting in \$2,293 surplus. The actual indirect cost is expected to be 10% at the end of the fiscal year.

### **Update on FY 2022 WIOA 40% Expenditure Rate**

Seema Jain discussed per the formula prescribed in *VWL 14-17 Change 2* and *VWL 14-17 Change 3*, the PY 2021 training rate as of October 31, 2022, is 44.6%.

### **Ongoing Discussions with State on Center Security Funding**

David Hunn gave an update on the Memorandum sent to the Labor of Secretary regarding Center Security. This memo included the ongoing security concerns for the centers, security funding requirements, and the summary of client visitors as of November 17, 2022.



### **Approved/Pending Contracts and Grants Matrix**

David Hunn and Seema Jain reviewed the current new Grants and Contracts Matrix and responded to questions from Board members.

The Board of Directors meeting adjourned at 12:19 p.m.

**Virginia Career Works - Northern  
Incumbent Worker Training Grants Panel  
February 9, 2023**

**Summary of Grant Requests**

In FY 2023, \$90,000 in funding has been allocated for Incumbent Worker Training (IWT). Approximately \$7,983 has been obligated in IWT funding, leaving \$82,017 remaining in IWT funding.

<b>Company</b>	<b>Company Size</b>	<b>Total Training Cost</b>	<b>Total Grant Request</b>	<b>% of Total Training Cost</b>	<b>Total Employees Trained</b>	<b>SSG Cost Per Employee Trained</b>	<b>Certifications</b>
<b>Little Austria Bakery</b>	3	\$2,250	\$2,025	90%	3	\$675	Hazard Analysis Critical Control Point (HACCP) Certification
<b>iPower, LLC</b>	24	\$825	\$825	90% (employee wages are being used as match)	3	\$825	Certified Cybersecurity Maturity Model (CMMC) Professional
	24	\$7,690	\$7,690	90% (employee wages are being used as match)	2	\$3,845	Certified Cybersecurity Maturity Model (CCMC) Assessor
<b>TOTAL/AVG</b>	--	<b>\$10,765</b>	<b>\$10,540</b>	--	<b>8</b>	--	--

**Bernhard Gallent**

CEO & Co-Founder

45915 Maries Rd. S. 102

Sterling, VA 20166

(301) 917 7664

[bernhard@little-austria.com](mailto:bernhard@little-austria.com)

[www.little-austria.com](http://www.little-austria.com)

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**LETTER OF REQUEST - Northern Virginia Incumbent Worker Training Grants**

January 26, 2023

Dear. Mr Hunn,

My name is Bernhard Gallent and I am the owner of **Little Austria**, a Sterling, VA based specialty bakery. Our operations started in 2017 and we specialize in making traditional & authentic Austrian strudels. We received an AFID facility grant in 2018 and we were named Main Street Small Business of the Year by the Loudoun County Chamber of Commerce in 2019. After six successful years we plan on expanding our facility for an additional 7,000 sqft to be able to automate our production process and scale our manufacturing output. It is important that we manufacture with the highest possible quality standards, which is why we aim for a HACCP certification of our facility.

A HACCP certification serves as proof of a food establishment's commitment to upholding highest food safety regulations. A food manufacturing business is required to have a food safety management system to control hazards in its operations.

To develop our food safety plan to obtain a HACCP certification for our facility, I would like to request a grant for three (3) key people, our operation managers, Mr. Michael Willson and Ms. Tayana Kalburgi as well as myself. Both, Mr. Willson and Ms. Kalburgi are full-time employees with the company.

Thank you very much for the consideration.

With best regards,

Bernhard Gallent

**The SkillSource Group, Inc. and  
The Northern Virginia Workforce Development Board (Area #11)**

**Incumbent Worker Training Application Form**

**Employer Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Telephone:** \_\_\_\_\_

**Email:** \_\_\_\_\_

**Contact Name:** \_\_\_\_\_

**# of Employees:** \_\_\_\_\_

**Industry Type:** \_\_\_\_\_

**Detailed Description of Incumbent Worker Training Request:**

**Types of Occupations Impacted:**

**Identified Training Provider**

**Total Costs Per Trained Incumbent Worker**

**Signature\***

\_\_\_\_\_  
**Name**

\_\_\_\_\_  
**Title**

\_\_\_\_\_  
**Date**

\*Signed form to be submitted with letter of request on Employer stationery.

# HACCP Training for Processors

Online

13 hours

## Course Overview

This online, self-paced HACCP training course is designed to provide learners with a thorough understanding of the concepts and application of the Hazard Analysis Critical Control Point (HACCP) method for assessing, identifying and controlling hazards. In this course, learners will gain the knowledge, confidence and skills to apply the Codex 12 steps to HACCP to develop, implement and maintain a HACCP-based food safety management system.

### What You'll Do

- Work through Codex HACCP form templates for a product and process
- Work through the methodology of food safety risk assessment
- Differentiate between critical control points (CCPs) and process controls (PCs)

Upon registration, you will receive an email with instructions on how to access the training course through NSF's eLearning portal. **An email address is required for registration and to receive the login instructions.** You will have three months to complete the course from the date of registration. Upon successful course completion, including a passing score on an 80-question final test, you will gain access to print your official NSF Certificate of Accomplishment. If the course is not completed (including completion of the final online exam) within the three month time frame, the learner will need to re-register for the course and pay the full registration fee.

This course satisfies the HACCP training requirement for the Global Food Safety Initiative (GFSI) benchmarked standards (BRCGS, SQF, FSSC 22000, etc.).

Prerequisite(s): A strong understanding and working knowledge of prerequisite programs/ GMPs is required.

This online course will take approximately 13 hours to complete. You can start, stop, and pause at any time, progressing through the course at your own pace.

**Train your team:** Licenses can be purchased individually or in bulk. Bulk pricing discounts are available for eLearning licenses when training seven or more team members. The more you purchase, the more you save. Bulk pricing for this program is as follows:

- 1-6 User Licenses: \$750.00 USD/license
- 7-15 User Licenses: \$560.00 USD/license
- 16+ User Licenses: \$375.00 USD/license

Please [email us \(mailto:nsflearn@nsf.org\)](mailto:nsflearn@nsf.org) to take advantage of this pricing today.

This course is also available through [virtual instructor-led training \(https://www.nsflearn.com/us/courses/haccp-training-processors-webinar\)](https://www.nsflearn.com/us/courses/haccp-training-processors-webinar).

This program is also available as an onsite offering. Please [email us \(mailto:nsflearn@nsf.org\)](mailto:nsflearn@nsf.org) for a quote.

Have you already completed HACCP training? Do you only need a refresher? [Register now for our Online HACCP Refresher Training \(https://www.nsflearn.com/us/courses/online-haccp-refresher\)](https://www.nsflearn.com/us/courses/online-haccp-refresher).

## Pricing

\$750

December 19, 2022

David Hunn  
SkillSource President and CEO  
8300 Boone Boulevard  
Suite 450  
Vienna, Virginia 22182

Re: Northern Virginia Incumbent Worker Training Grant Application

Dear Mr. Hunn:

iPower is one of the first companies in the nation to be certified as an Authorized CMMC Third-Party Assessor Organization (C3PAO) and is now qualified to conduct CMMC assessments for companies supporting the DoD who wish to pursue certification. To provide these assessment services, several iPower employees must become Certified CMMC Professionals (CCPs), which entails passing a certification exam.

Obtaining this certification will benefit iPower by allowing the company to qualify for additional contracts with the Department of Defense as CMMC becomes a requirement and by expanding our consulting services offering CMMC assessments and auditing assistance to hundreds of firms in our county and other parts of Northern Virginia. CMMC certification can also be used as a recruitment tool as technologists and cybersecurity experts, who are greatly in demand, seek to work for firms in our area who have this prestigious and valuable certification.

It will benefit the employees by expanding their knowledge of cybersecurity, allowing them to become a valuable part of the nation's efforts to secure the networks that serve our government and American citizens. It will enhance their value to iPower and allow them to better serve our customers. Additionally, having these certifications will give them a new skill and increased confidence in their cybersecurity abilities. Their individual resumes as well as the capabilities of our woman-owned small business will be greatly enhanced.

The cost of the requested exam is \$825 (\$275 per employee). Total wages of \$649.50 will be paid to three employees while sitting for the exams. Therefore, we are requesting that wages in the amount \$649.50 be applied to our 10% matching contribution. We are seeking a total reimbursement of \$825.

Sincerely,



Deborah A Hunt  
President/CEO, iPower LLC

Enclosure: Northern Virginia Incumbent Worker Training Request Form

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1 of 1

703-338-7436 • [info@ipowerllc.com](mailto:info@ipowerllc.com) • <http://www.ipowerllc.com>  
iPower LLC • P.O. Box 8624 • Reston, Virginia 20195

**The SkillSource Group, Inc. and  
The Northern Virginia Workforce Development Board (Area #11)**

**Incumbent Worker Training Application Form**

**Employer Name:** iPower LLC  
**Address:** 1897 Preston White Drive, Suite 201; Reston, VA 20191  
**Telephone:** 703-338-7436  
**Email:** dhunt@ipowerllc.com  
**Contact Name:** Deborah Hunt  
**# of Employees:** 24  
**Industry Type:** Business/IT Consulting

**Detailed Description of Incumbent Worker Training Request:**

iPower is among the first companies in the nation to be certified as an Authorized CMMC Third-Party Assessor Organization (C3PAO). To provide assessment services, several iPower employees have taken required training and must now pass certification exams. Please see attached addendum for more information.

**Types of Occupations Impacted:**

IT professionals, cybersecurity advisors, consultants

**Identified Training Provider**

Cyber AB (<https://cyberab.org/CMMC-Ecosystem/Ecosystem-roles/DIB-Companies-OSCs>)

**Total Costs Per Trained Incumbent Worker**

\$275/ employee x 3 employees = \$825. Plus wages. Please see attached addendum.

**Signature\***

Deborah  
Hunt

Digitally signed by  
Deborah Hunt  
Date: 2022.12.19  
19:00:04 -05'00'

Owner/CEO

12/19/22

**Name**

**Title**

**Date**

\*Signed form to be submitted with letter of request on Employer stationery.



## Incumbent Worker Training Application Form Addendum

### **Detailed Description of Incumbent Worker Training Request:**

To support iPower's CMMC assessment services, iPower employees must become Certified CMMC Professionals (CCPs).

#### *CERTIFIED CMMC PROFESSIONAL (CCP):*

*A CCP is a person seeking to become responsible for the assessment, examination, verification, and review of an organization for compliance to a respective level of CMMC standards. They will utilize compliance checklists prescribed by the CMMC standard to control scope and ensure fairness in applied criteria. Assessors may work for a C3PAO or be independent.*

*A CCP is eligible to become CMMC Certified Assessor (CCA), participates up to CMMC Level 2 assessments, and holds a valuable credential reflecting the training to understand the CMMC requirements for a Defense supplier.*

We have three employees pursuing this credential. In addition to the training that they have already completed, they must pass the CCP certification exam from Cyber AB, the official accreditation body of the Cybersecurity Maturity Model Certification (CMMC) Ecosystem. An information sheet on the training and exam is attached.

iPower's employees plan to schedule the 3½ hour proctored exam in the first quarter of 2023.

### **Total Costs Per Trained Incumbent Worker:**

Certification exam cost:	\$275
No of employees taking exam:	3 employees
Total cost:	\$825
Estimated exam duration	3.5 hours
Employee hourly wages (for 3 employees):	\$185.57
Total wages (for 3.5 hours)	\$649.50

## Summary

Updated and Approved for CMMC 2.0

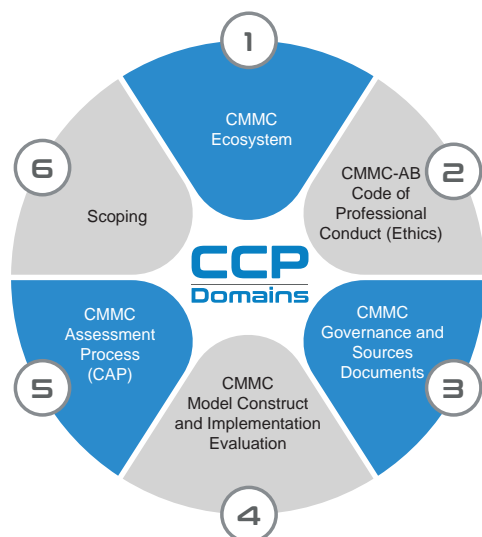
The CCP exam will verify a candidate's knowledge of the Cybersecurity Maturity Model Certification (CMMC), relevant supporting materials, and applicable legal and regulatory requirements to protect Federal Contract Information (FCI) and Controlled Unclassified Information (CUI). The CCP exam will also assess the candidate's understanding of the CMMC ecosystem. A passing score on the CCP exam is a prerequisite to Certified CMMC Assessor (CCA), and Certified CMMC Instructor certifications.

## Authoritative Source

The Department of Defense (DoD) is the authoritative source for CMMC documentation.

<https://www.acq.osd.mil/cmmc/documentation.html>

## Certified CMMC Professional (CCP)



## Prerequisites

- ◆ College degree in a cyber or information technical field or 2+ years of related experience or education; or 2+ years of equivalent experience (including military) in a cyber, information technology, or assessment field.
  - ◆ Suggested CompTIA A+ or equivalent knowledge/experience.
  - ◆ Complete CCP Class offered by a Licensed Training Provider (LTP).
  - ◆ Pass DoD CUI Awareness Training no earlier than three months prior to the exam.
- ◆ <https://securityhub.usalearning.gov/index.html>

## All Content is Digital



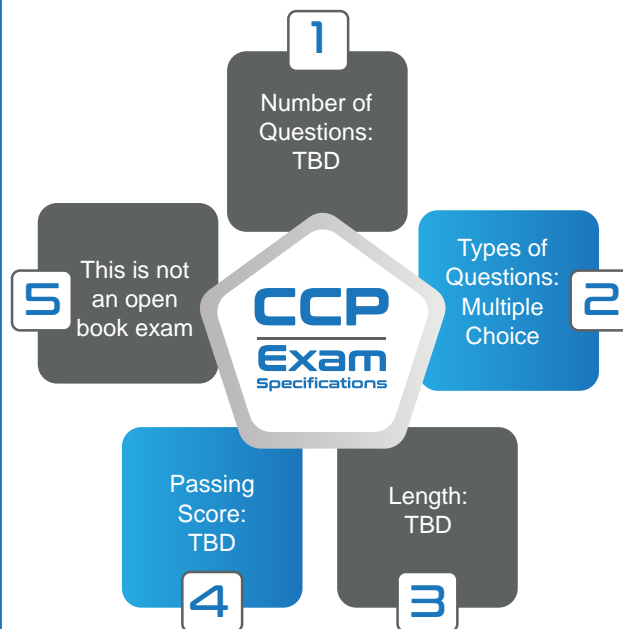
## Intended Audience

- ◆ Employees of Organizations Seeking CMMC Certification (OSC)
  - ◆ IT and Cybersecurity Professionals
  - ◆ Regulatory Compliance Officers
  - ◆ Legal and Contract Compliance Professionals
  - ◆ Management Professionals
- ◆ Cybersecurity and Technology Consultants
- ◆ Federal Employees
- ◆ Candidate CMMC Assessment Team Members

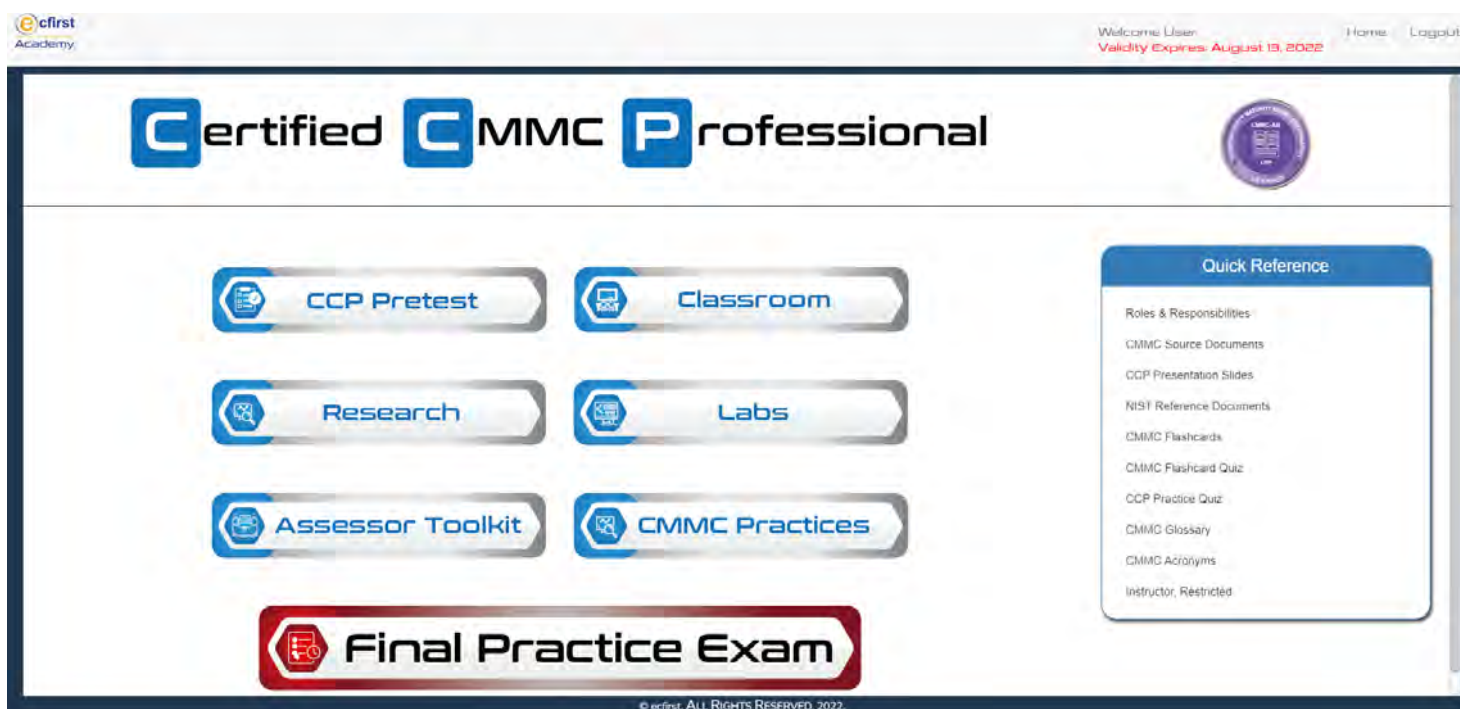
## Domain Exam Weight

#	Domain	Exam Weight	Schedule
1	CMMC Ecosystem	5%	Domain 1 & 2 Tuesday, Day 1
2	CMMC-AB Code of Professional Conduct (Ethics)	5%	
3	CMMC Governance and Sources Documents	15%	Domain 3 & 4 Wednesday, Day 2
4	CMMC Model Construct and Implementation Evaluation	35%	
5	CMMC Assessment Process (CAP)	25%	Domain 5 & 6 Thursday, Day 3
6	Scoping	15%	
7	Practice Exam & Review	Friday, Day 4	

## CCP Exam Specifications



<https://academy.ecfirst.com>



The screenshot shows the CCP Academy website interface. At the top, there is a navigation bar with the 'ecfirst Academy' logo, a user welcome message, and a validity expiration date of August 13, 2022. The main content area features the 'Certified CMMC Professional' title and a grid of interactive buttons for various resources: CCP Pretest, Classroom, Research, Labs, Assessor Toolkit, and CMMC Practices. A prominent red button at the bottom is labeled 'Final Practice Exam'. On the right side, a 'Quick Reference' sidebar lists various documents and tools available for download or reference, including Roles & Responsibilities, CMMC Source Documents, CCP Presentation Slides, NIST Reference Documents, CMMC Flashcards, CMMC Flashcard Quiz, CCP Practice Quiz, CMMC Glossary, CMMC Acronyms, and Instructor Restricted.

## Day 1 | Tuesday

8:30 am to 4:00 pm Central | Lunch Duration: 30 Mins.

Content Presentation | Domain Review | Quiz

### Introduction

#### Domain 1: CMMC Ecosystem

Task 1 Identify and compare roles/responsibilities/requirements of authorities across the CMMC Ecosystem.

#### Domain 2: CMMC-AB Code of Professional Conduct (Ethics)

Task 1 Identify and apply your knowledge of the Guiding Principles and Practices of the CMMC-AB Code of Professional Conduct (CoPC)/ISO/IEC/DoD requirements.

## Day 2 | Wednesday

8:30 am to 4:00 pm Central | Lunch Duration: 30 Mins.

Content Presentation | Domain Review | Quiz

#### Domain 3: CMMC Governance and Sources Documents

Task 1 Demonstrate your understanding of FCI and CUI in non-federal unclassified networks.

Task 2 Determine the appropriate roles/responsibilities/authority for FCI and CUI.

Task 3 Demonstrate your understanding of the CMMC Source and Supplementary documents.

#### Domain 4: CMMC Model Construct and Implementation Evaluation

Task 1 Given a scenario, apply the appropriate CMMC Source Documents as an aid to evaluate the implementation/review of CMMC practices.

Task 2 Apply your knowledge of the CMMC Assessment Criteria and Methodology, to the appropriate CMMC practices.

Task 3 Analyze the adequacy/sufficiency around the location/collection/quality/usage of Evidence.

## Day 3 | Thursday

8:30 am to 4:00 pm Central | Lunch Duration: 30 Mins.

Content Presentation | Domain Review | Quiz

### Domain 5: CMMC Assessment Process

Task 1	Choose the appropriate roles of the CCP in the CMMC Assessment Process when developing the assessment plan (Phase 1 – Plan and Prepare Assessment).
Task 2	Apply CMMC Assessment Process requirements pertaining to the role of the CCP as an assessment team member while conducting a CMMC assessment (Phase 2 – Conduct Assessment).
Task 3	Demonstrate your comprehension of the CCP role in the preparation of assessment report (Phase 3 – Report Assessment Results).
Task 4	Demonstrate your comprehension of the CCP role in the process of evaluating outstanding assessment issues on Plan of Action and Milestones (POA&M) (Phase 4 – Evaluation of Outstanding Assessment POA&M Items).
Task 5	Given a scenario, determine the appropriate phases/steps to assist in the preparation/conducting/reporting on a CMMC Level 2 Assessment.

### Domain 6: Scoping

Task 1	Understand CMMC High-Level Scoping as described in the CMMC Assessment Process.
Task 2	Given a Scenario, analyze the organization environment to generate an appropriate scope for FCI Assets.

## Day 4 | Friday

8:30 am to 11:00 am Central



Practice Exam



Review

# Reimagining Cyber Defense

January 26, 2023

David Hunn  
SkillSource President and CEO  
8300 Boone Boulevard  
Suite 450  
Vienna, Virginia 22182

Re: Northern Virginia Incumbent Worker Training Grant Application

Dear Mr. Hunn:

iPower is one of the first companies in the nation to be certified as an Authorized CMMC Third-Party Assessor Organization (C3PAO) and is now qualified to conduct CMMC assessments for companies supporting the DoD who wish to pursue certification. To provide these assessment services, two iPower employees must become Certified CMMC Assessors (CCAs), which entails taking a four-day training class which is required prior to taking a certification exam.

Obtaining this certification will benefit iPower by allowing the company to qualify for additional contracts with the Department of Defense as CMMC becomes a requirement and by expanding our consulting services offering CMMC assessments and auditing assistance to hundreds of firms in our county and other parts of Northern Virginia. CMMC certification can also be used as a recruitment tool as technologists and cybersecurity experts, who are greatly in demand, seek to work for firms in our area who have this prestigious and valuable certification.

It will benefit the employees by expanding their knowledge of cybersecurity, allowing them to become a valuable part of the nation's efforts to secure the networks that serve our government and American citizens. It will enhance their value to iPower and allow them to better serve our customers. Additionally, having these certifications will give them a new skill and increased confidence in their cybersecurity abilities. Their individual resumes as well as the capabilities of our woman-owned small business will be greatly enhanced.

The cost of the requested training is \$7690 (\$3845 per employee for training and exam fee). Total wages of \$5,653.60 will be paid to two employees while sitting for four days in this training class. Therefore, we are requesting that wages in the amount \$5,653.60 be applied to our 10% matching contribution. We are seeking a total reimbursement of \$7690.

Sincerely,



Deborah A Hunt  
President/CEO, iPower LLC

Enclosure: Northern Virginia Incumbent Worker Training Request Form

**The SkillSource Group, Inc. and  
The Northern Virginia Workforce Development Board (Area #11)**

**Incumbent Worker Training Application Form**

**Employer Name:** iPower LLC  
**Address:** 1897 Preston White Drive, Suite 201; Reston, VA 20191  
**Telephone:** 703-338-7436  
**Email:** dhunt@ipowerllc.com  
**Contact Name:** Deborah Hunt  
**# of Employees:** 24  
**Industry Type:** Business/IT Consulting

**Detailed Description of Incumbent Worker Training Request:**

iPower is among the first companies in the nation to be certified as an Authorized CMMC Third-Party Assessor Organization (C3PAO). To provide assessment services, two employees need to proceed to the next step in taking the Lead Assessor Training and pass the exam. Please see attached addendum for more information.

**Types of Occupations Impacted:**

IT professionals, assessors, cybersecurity advisors, consultants

**Identified Training Provider**

ecFirst

**Total Costs Per Trained Incumbent Worker**

\$3845.00/ employee x 2 employees = \$7690.00. Plus wages. Please see attached addendum.

**Signature\***

Deborah  
Hunt

Digitally signed by  
Deborah Hunt  
Date: 2023.01.26  
11:32:17 -05'00'

Owner/CEO

1/26/23

**Name**

**Title**

**Date**

\*Signed form to be submitted with letter of request on Employer stationery.

## Incumbent Worker Training Application Form Addendum

### **Detailed Description of Incumbent Worker Training Request:**

To support iPower's CMMC assessment services, iPower employees must become Certified CMMC Assessors (CCAs).

#### *CERTIFIED CMMC Assessor (CCA):*

*A CCA is a person who is able to perform assessment, examination, verification, and review of an organization for compliance to a respective level of CMMC standards. They will utilize compliance checklists prescribed by the CMMC standard to control scope and ensure fairness in applied criteria. Assessors may work for a C3PAO or be independent.*

*As a Certified CMMC Assessor (CCA for Level 2) these individuals have received rigorous training from a Licensed Training Provider (LTP) and will be required to take and pass the upcoming certification exams. Once they pass their certification exam(s) they will become certified assessors. To be a Level 2 assessor the individual must hold both a CCP and CCA certification, be a US citizen, have participated in a minimum of three (3) Level 2 assessments, and achieved a favorable DoD suitability determination.*

We have two employees pursuing this training and credential. In addition to the training that they have already completed, they must pass the CCP certification exam from Cyber AB, the official accreditation body of the Cybersecurity Maturity Model Certification (CMMC) Ecosystem. An information sheet on the training and exam is attached.

iPower's employees plan to take the required training and schedule the 4-hour proctored exam in the first quarter of 2023.

### **Total Costs Per Trained Incumbent Worker:**

Training Course cost:	\$3495.00
Certification exam cost:	\$350.00
No of employees taking exam:	2 employees
Total cost:	\$7690.00
Course plus exam duration	40 hours
Employee hourly wages (for 2 employees):	\$141.30
Total wages (for 40 hours)	\$5,653.60



#	Domain	Exam Weight	CCA Program	36 Hours
1	CCA Pre Program Prep			2 Hours
2	Welcome Introductions, About the Portal and Pre-Quiz		<b>Domain 0, 1, 2</b> Tuesday, Day 1 8:30 am - 4:30 pm Group Exercises: 11 Offline Prep: 2 Hours	10 Hours
	Introduction			
	Evaluating OSC Against CMMC Level 2 Requirements	15%		
3	CMMC Level 2 Assessment Scoping	20%		
4	CMMC Assessment Process (CAP)	25%	<b>Domain 3</b> Wednesday, Day 2 8:30 am - 4:30 pm Group Exercises: 8 Offline Prep: 2 Hours	10 Hours
5	Assessing CMMC Level 2 Practices	40%	<b>Domain 4</b> Thursday, Day 3 8:30 am - 4:30 pm Group Exercises: 7 Offline Prep: 2 Hours	10 Hours
6	Practice Exam & Review		<b>Review and Final Quiz</b> Friday, Day 4 8:00 am - 12:00 pm	4 Hours



**The *SkillSource* Group, Inc.**

## **Financial Management Policies and Procedures**

**February 16, 2023**

**The SkillSource Group, Inc.**  
**Financial Management Policies and Procedures Manual**

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## Division of Duties

The following is a list of personnel who have responsibilities for the *SkillSource* Group, Inc. (SSG):

David Hunn – President and CEO (CEO) obtains financial reports from the Director of Budget and Financial Accounting (DBF) on a monthly basis and reviews them for reasonableness and accuracy. All transactions are ultimately authorized and approved by David Hunn, SSG President and CEO.

Seema Jain - Senior Vice President of Operations (VPO) oversees contracts and programs and participates in grant proposal development. She serves as the back-up approval of transactions in the absence of the President and CEO.

Ngan (Nancy) Nguyen – Director of Budget and Financial Accounting (DBF) provides grant financial reporting, grant draw down requests and monthly financial management services.

Deborah Shaffer – Junior Accountant (JA) prepares cash receipts, cash disbursements, logs timesheets, files accounting records and performs other accounting tasks.

Sabrina Miller – Program Coordinator (PC) opens and distributes mail, invoices for payments.

The Burdette Smith & Bish Group (BSB) provides accounting services.

Additionally, members of the SSG Board of Directors (BoD) and Finance Committee review financial data, including internal financial statements , at each meeting.

## Signature Authorization Policy

When committing SSG resources, it is required that all SSG personnel adhere to the signature authorization policy.

Signature authorization levels have been established to provide for proper authorization of transactions, to safeguard against improper use of company resources, and to properly record and report transactions.

The following table provides the signature authorization levels for Disbursement Requests, Corporate Credit Card transactions, and accessing the Line of Credit.

	Approver	Authorizer	Reviewer
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Disbursement Request			
Budgetary Authority <\$500	NA	Program Manager or Director	DBF
Budgetary Authority >\$500 & <\$1000	Program Manager or Director	VP of Operations	DBF
All other	Program Manager, Director, VPs	CEO	DBF
Corporate Credit Card			
Budgetary Authority <\$1000	NA	Card Holder	DBF
All other	Card Holder	CEO	DBF
Bank Line of Credit			
All amounts	President & CEO, Chair or Vice Chair	President & CEO, Chair or Vice Chair (not the approver)	Board of Directors or the Executive Committee within powers defined in Bylaws

### *Bank Accounts*

The following individuals are signers on FVCbank Operating and Payroll accounts:

David Hunn, President and CEO  
Seema Jain, Senior VP of Operations  
**Christopher Rieley**, Chair, SSG

SSG also maintains an Insured Cash Sweep arrangement with FVCbank. This provides the ability to invest excess funds through FVCbank with other banking institutions so that the maximum amount of SSG funds are protected through the FDIC.

### *Line of Credit*

SSG has established a \$100,000 line of credit to be accessed in the event of an emergency cash flow requirement that cannot be met through the normal course of business.

The following corporate officers are authorized to draw down on the line of credit consistent with the Signature Authorization requirements specified in the table above:

David Hunn, President and CEO  
**Christopher Rieley**, Chair, SSG

### *Company Credit Cards*

SSG has issued FVCbank credit cards to the following personnel with the maximum charge ceilings:

David Hunn, President and CEO - \$20,000  
Program Coordinator - \$10,000  
Van 1 - \$1,000

Changes to the holders and credit limits can be authorized by the signature of two of the following officers:

David Hunn, President and CEO  
**Christopher Rieley**, Chair, SSG

\*the election of new Officers will automatically assume the authorizations defined above upon execution of required bank documents.

## Cash Receipts and Deposits Procedures

### *Funds Received*

All Federal Grant drawdowns are received electronically. SSG programs, for the most part, are cost reimbursement arrangements. For one specific grant, SSG receives quarterly advances from Fairfax County Government for expenses paid in the following months. Foundation funds are received per agreement. The EYE Summer Youth Employment program is funded from corporate and government sponsors. These funds are either checks that are received in the mail or paid through local County Government purchase orders.

**(Step 1):** The PC or JA opens the mail, copies the checks, and gives them to the CEO. The CEO endorses the checks and provides them to the JA to deposit through digital check scan. The PC provides copies to the DBF for supporting documentation. Receipts are deposited in the bank within one business day of receipt.

**(Step 2):** The JA, with review by the DBF, weekly reconciles deposits and cash receipts to bank records. BSB receives backup for each new deposit and posts cash receipts. All checks received are recorded in QuickBooks either by choosing “receive payments” under the “customer” tab to apply the payment against a previously created invoice or “deposits” under the “banking” tab for other payments received but not invoiced.

If receiving payments for a previously created invoice, the applicable customer is selected in the “receive payments” screen. A list of outstanding invoices for that customer populate and the invoice that the payment is being applied to is selected. BSB then selects the bank account that the payment will be deposited to at the bottom of the screen and clicks “save”. All deposits are made into the Operating Account.

**(Step 3):** Cash receipt documents are filed in the respective binder by the JA after preparation, review and entry is complete.

## Cash Disbursements Procedures

### *Entering Bills*

A Cash Disbursement Request will be completed by the JA or by the Approver and forwarded with the invoice to the DBF for review of the vendor, invoice number, amount of invoice, complete description, and customer/job. After which, it is submitted to the CEO for final Authorization, as required by policy. A copy of the invoice package is filed in the SSG electronic and paper vendor payment file by the JA.

Electronic Fund Transfers (EFT) and credit card payment for invoices require the same process for authorization, approval, data entry and record storage.

### *Making Payments*

Payments to vendors are made using the operating account at First Virginia Community Bank (FVCbank).

**(Step 1):** The JA selects the invoices to be paid by going under the “Pay bills” screen under the “Vendors” and prints the checks. Each check is then paper clipped to the front of each invoice and check request and ready to be signed. EFT transactions are approved by the CEO/VPO, submitted to the ACH portal by the JA, and authorized by the DBF. When an EFT transaction is submitted by the DBF, the VPO authorizes it.

**(Step 2):** The JA provides the printed checks and invoices to the CEO for signature.

**(Step 3):** The CEO generally signs checks; in his absence, the VPO is authorized to sign. Checks are mailed directly to the vendors from the SSG office. The JA files check stubs and copies of invoices within vendor files at SSG offices. Electronic copies are stored in SSG’s database on SharePoint.

**(Step 4):** When an invoice needs to be paid by credit card, the JA makes the payment with the Program Coordinator’s credit card, and provides the payment receipt to the DBF for supporting documentation.

**(Step 5):** The JA records the payments into QuickBooks, and files approved invoices and payment requests in the vendor files at SSG office and files electronic copies on SharePoint.

**(Step 6):** The SSG Finance Committee's regular review of financial data, in addition to review by the DBF, and VPO provide control over transactions authorized by the CEO.

### *Credit Card Procedures*

Credit Card signature authorization requirements are set forth above.

Company credit cards may only be used for business expenses and may not be used for expenses of a personal nature. Employees agree that personal use of Corporate Credit cards may result in deduction of the amounts from their pay and disciplinary action.

Individuals issued Company Credit Cards are responsible for

- Using the cards only for their intended purpose
- Retaining receipts and providing explanations for all company credit card transactions by noting the purpose of the expense on or with each receipt.
- Submitting the original corresponding receipts with the monthly bill in a timely fashion to the DBF.
- Reporting charges of any amount, for which the receipt is missing to their supervisor and obtaining their initials to acknowledge review.
- Obtaining authorization for credit card use as per the Authorization table.

At the end of each month, when credit cards statements are available, the JA assembles the receipts and documentation and hand-writes, next to credit-card activity, the account number, job and class to record the expenses. The expenditures are entered into QuickBooks by the JA and recorded as credit card transactions. The transactions are reviewed by the DBF.

The DBF is responsible for:

- Ensuring that all credit card transactions are properly documented, classified, and authorized
- Processing payments for credit card invoices on a timely basis to avoid late payment charges

Acceptance of a Corporate Credit Card signifies agreement with SSG Corporate Credit Card and Authorization policies.

## **Reconciliations and Financial Reporting**

### *Bank Reconciliations*

Once the statements become available, bank reconciliations are performed by BSB following the end of each month and are agreed to their respective balance sheet accounts. Exceptions and errors identified in the SSG depository and disbursement accounts are rectified on a timely basis. The reconciliation process identifies any differences between the accounting and bank records.

### *Financial Reporting*

Every month, after reconciliations and review of revenue have been performed, DBF will prepare the following financial reports for the year to date:



- Financial Reports Notes
- Year to Date Profit & Loss - Budget vs. Actual
- Budget to Actual report by Contract
- Other Financial Activities
- Virginia Career Works - Woodbridge Comprehensive Center Budget to Actual Report
- Virginia Career Works – Cherokee Avenue Budget to Actual Report
- Statement of Financial Position

Financial reports, both internal and external, are produced directly from the accounting system after all transactions for the period have been recorded and posted.

The income or profit-and-loss statement is the basic financial report for each cost objective (funding source, cost pool or other activity for which income and/or expense are separately tracked). The DBF examines the full set of income statements for the month to determine the following:

- a) That indirect costs are fully and accurately allocated
- b) That the income and expense amounts for the month and year-to-date appear reasonable
- c) That no anomalies exist in any income or expense line. For example, a zero balance or a credit amount in the current month on a line where debit amounts routinely appear may indicate that a transaction was not properly accrued.
- d) That costs charged to federal grants are allowable and in accordance with CFR 200 of the Uniform Guidance.

Monthly financial reports are typically required by each of the company's funding sources. These reports are generally at a summary level (total expenses for a contract, or total expenses for a small number of cost categories) and can be prepared by transferring data manually from the appropriate income statement to the reporting template provided by the funding source. The Monthly Expenditure Detail Report for the Workforce Innovation and Opportunity Act requires both additional detail and supporting documentation. See *Financial Reporting – MEDR* for more information. The DBF prepares reports for external funding sources within the required timeframes each month. Each report is reconciled to the income statement produced from the accounting system on both a current-month and year-to-date or program-to-date basis.

The DBF prepares internal financial reports each month for the use of the CEO, the Finance Committee and the Board. These reports are prepared at the same level of detail as the budget and are used to monitor financial performance against expectations by line item and by cost objective.

These reports are forwarded to the CEO and VPO for review before the monthly Finance Committee meeting. The DBF presents interim financial reports to the BoD.

The SSG's financial statements are audited annually by an independent auditor as required by the Code of Virginia and Federal grantor agencies. The audit is designed to meet Government Auditing

Standards and OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Uniform Financial Reporting requirements of Virginia counties and municipalities as established by the Auditor of Public Accounts of the Commonwealth of Virginia. The annual IRS Form 990 is also completed and submitted at that time.

## Financial Reporting – MEDR

The Monthly Expenditure Detail Report (MEDR) is the reporting format used by the Virginia Community College System for the Workforce Innovation and Opportunity Act (WIOA) Federal formula funds. It has these unique characteristics: it requires reporting at a greater level of detail than other VCCS reports; the report line-items are not fully consistent with the architecture of the SSG profit and loss statements; and the recipient is required to maintain more specific supporting documentation than is indicated for other VCCS reports. For these reasons, a linking worksheet is required to tie the output of the accounting system with the MEDR. VCCS provides line-by-line instructions that should be followed in connection with the following steps in preparing the report.

**(Step 1):** Refer to the most recent Notice of Obligation (NOO) dated before the end of the reporting month and update the NOO line accordingly.

**(Step 2):** Open the 20xx worksheet corresponding to the program year of the report. Create a new page for the current month by copying and renaming the previous month's page.

**(Step 3):** Run a profit and loss report in QuickBooks for the program-to-date through the end of the reporting month. Referring to the Indirect Costs, calculate the percentage of the total that is represented by salaries, by fringe benefits and by all other costs. Enter these percentages/this information on the worksheet. They will be used to disaggregate the Indirect Cost allocation to each of the WIOA programs into its component parts as required by the Detailed Expenditures section of the MEDR.

**(Step 4):** Run a profit and loss by job report in QuickBooks for the same period as in step 3.

**(Step 5):** For each WIOA program (adult, dislocated worker and the two youth categories) enter the cumulative indirect cost allocation (as found in the profit and loss by job report) on the worksheet where indicated.

**(Step 6):** WIOA: For each program, sum the direct operating costs shown on the profit and loss by job report. For each job (program) the direct operating costs include all those except the indirect cost allocation and the training costs (ITA and OJT). Enter these totals on the worksheet where indicated.

**(Step 7):** WIOA: For the adult and dislocated worker programs, enter the training costs where indicated. For the youth programs, record training costs in the categories required on the specific

Youth page.

**(Step 8):** From the WIOA Administration job in QuickBooks record the salary, fringe benefits and total expenses for administration in the cells indicated on the Cost Worksheet

As entries are made, worksheet formulas distribute numbers to the proper cells needed for reporting purposes. Do not overwrite formulas with values without making note of the change and the reason as to why. For instance, when funds are nearly exhausted, manual entries to allocate WIOA Administration costs may require an override.

**(Step 9):** Examine the payables and accruals entries in QuickBooks to determine which costs were recorded following the end of the reporting period. At a minimum, this will include the DFS invoice for the month. List this cost in the Accruals box on the worksheet, under the correct program.

**(Step 10):** Determine if there have been changes in obligations to subcontractors and service providers and update the Obligations if needed. Obligations include the DFS funding matrix and the budgets included in contracts with any other service providers. Change the Expenditures line in the Obligations box to reflect cumulative subcontractor and service provider expenses through the current month.

**(Step 11):** Verify that the total shown on the worksheet for each program is the same as the total for that job in QuickBooks, rounding excepted.

**(Step 12):** Transfer the amounts from the worksheet to the matching cells in the MEDR. Additional entries are required for Adult & Dislocated worker case management and Youth Work Experience.

**(Step 13):** When entry is complete, verify that the amounts shown in the Total column for the Total Expenditures lines reconcile to the worksheet.

**(Step 14):** Prepare the Cash Payment Request from the MEDR. Compare the total request to the total WIOA month-to-date report from Quickbooks as these totals must agree.

**(Step 15):** Submit the completed report to CEO along with a copy of the worksheet, program-to-date report and other supporting documentation.

## Payroll

SSG employs staff in accordance with local, state and federal regulations.

**(Step 1):** All employees enter time into the Summit web portal provided by Lindsey Business Group (LBG), the human resources and payroll consultant. Employees working on multiple grants

print, sign and submit approved timesheets to the JA. Employees supporting a single grant are required to prepare certificates attesting to their time every six months.

**(Step 2):** The CEO and Managers review and approve electronic time sheets on a bi-weekly basis. The CEO's timesheet is co-signed by the VCWN or SSG Chair. All employees' timesheets will be approved by their supervisor prior to the date that the payroll is processed. Upon electronic approval, the payroll is processed by LBG.

**(Step 3):** The CEO recommends salary increases to the Board and if accepted, directs the DBF to prepare and provide the new salary rates to LBG. Employees are responsible for entering and/or coordinating benefits, tax withholding, direct deposit and other activities directly with LBG. The SSG Board approves the CEO's contract, annual salary, and bonus, if applicable.

**(Step 4):** BSB makes the journal entry with the labor distribution based on the payroll reports for each pay period. Payroll and benefits entries are accomplished at the employee level in order to support preparation of the indirect cost rate proposals.

**(Step 5):** Copies of the payroll register and the cost code report from the accounting system are kept with the related journal entries in the SSG office.

When there are changes related to an employee's information such as pay rate, position, addresses, etc, the information will be recorded in a Personnel Action Form (PAF), which must be signed by the Executive Director. The Executive Director's PAF must be signed by the Chairman of the Board of Directors. No employee can sign their own PAF. The PAF will then be forwarded to LBG to record the change in the payroll system. PAFs must be approved prior to the effective date of change.

## Budgeting

A comprehensive, organization-wide budget is prepared each year as a means of recording resource allocation decisions and as a basis for measuring financial performance. The budget is reconciled to the organization's approved funding for the year and is organized by line-item and cost objective. It may be modified over the course of the year to reflect changes in funding or in resource allocation decisions.

**(Step 1):** A budget format is drafted by the DBF and approved with any desired modifications by SSG's CEO. The format identifies elements of income and expense at a level of detail that provides a full understanding of planned financial activity and allows discrete resource allocation decisions to be reflected clearly.

**(Step 2):** In April, the DBF prepares a first draft of the upcoming fiscal year's budget. Expenditure estimates are derived from the current and previous year's actual results or ongoing funding, adjusted for any planned changes in resource allocation that are known at that time. The

organization's primary subcontractor (Department of Family Services of the Fairfax County government) also presents its cost proposal for the upcoming year and this information is factored into the budget under the appropriate cost objectives.

**(Step 3):** The draft is reviewed by the SSG management team (CEO, VPO, DBF) and any changes are incorporated into a second or subsequent draft. Additional drafts may be required as new resource information becomes available.

**(Step 4):** The revised draft is presented to the Finance Committee of the Board of Directors no later than their May meeting, and then with the committee's approval to the Board.

**(Step 5):** The Board of Directors adopts the budget in June in anticipation of the July fiscal year start. The adoption is memorialized in the minutes, creating a record of the expenditure levels that have been approved for the year, by line-item and funding source.

**(Step 6):** Data from the approved budget is transferred to the management report template and is the basis for comparing actual to planned expenditures throughout the year.

**(Step 7):** Changes in funding sources or levels (such as the award of a new contract) will occasion a revision to the budget during the year. Such revisions require the approval of the finance committee and the Board.

Annually, at the time of contract or renewal, SSG verifies that sub-awardees have not been debarred or suspended with the government ([www.epls.gov](http://www.epls.gov).)

## Investments

The SSG co-mingles cash and temporary investments, except for certain cash and investments required to be maintained separately as a fiscal agent.

SSG seeks to protect, through FDIC insurance, the maximum possible while retaining funds at one financial institution. To achieve this objective, SSG established an Insured Cash Sweep (ICS) arrangement with its primary bank, FVCbank. Using the ICS, excess funds are invested through FVCbank with other banking institutions in amounts that provide for FDIC coverage.

SSG complies with the federal requirement that funds are deposited to an interest-bearing account.

The SSG adheres to the Virginia Investment of Public Funds Act.

## Contributions/Pledges Receivables

Linked to cash receipts process.

## Procurement

*SkillSource* follows the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) which detail can be found at [http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

Purchase Type	Characteristics and Requirements
<b>Below simplified acquisition threshold of \$150,000</b>	
<b>Micropurchases</b>	<ul style="list-style-type: none"> <li>• Under the micropurchase threshold (currently \$10,000)</li> <li>• No bid or quote process required</li> <li>• No cost or price analysis required</li> <li>• Should be distributed among a range of qualified vendors</li> <li>• Use interentity agreements where applicable</li> </ul>
<b>Small purchases</b>	<ul style="list-style-type: none"> <li>• Under \$150,000</li> <li>• Price or rate quotes from an adequate number of sources</li> <li>• May use competitive proposals when determined appropriate for any purchases under between \$10,000 and \$150,000</li> <li>• Should be distributed among a range of vendors</li> <li>• Use interentity agreements where applicable</li> </ul>
<b>Above simplified acquisition threshold of \$150,000</b>	
<b>Sealed bids</b>	<ul style="list-style-type: none"> <li>• Bids must be publicly solicited</li> <li>• Two or more bidders are willing and able to compete and qualified to do the work</li> <li>• Complete, adequate, and realistic specification or purchase description is available</li> <li>• Firm fixed-price contract is feasible; a bidder can be selected based on price</li> </ul>
<b>Competitive proposals</b>	<ul style="list-style-type: none"> <li>• Requires Request for Proposal process and solicitation of adequate number of bidders</li> <li>• Written method of evaluation, considering price as well as other factors advantageous to the program</li> </ul>
<b>Above or below simplified acquisition threshold</b>	
<b>Noncompetitive proposals</b>	Falls into one or more of these four circumstances: <ul style="list-style-type: none"> <li>• Item available only from a single source</li> <li>• Public exigency or emergency won't permit a delay resulting from competitive solicitation</li> <li>• Expressly authorized by the awarding agency or pass-through entity</li> <li>• Competition is determined to be inadequate after solicitation</li> </ul>

## **Guidelines for Competitive Proposals**

When a contract is competitively bid, a public Request for Proposals (RFP) is posted online on the *SkillSource* website for at least 30 days. Sometimes it is advertised in the Proposals & Bids section of a local publication, such as the Washington Post and the Washington Business Journal, and the National Association of Workforce Boards website. Email notices regarding the posting of the RFP are also sent to vendors that provide the service or to interested bidders. In some instances, particularly for larger contracts over \$500,000, a Pre-Proposal Conference for interested bidders is held to answer questions, which are then posted online within seven (7) days of the Pre-Proposal Conference.

Bids must be delivered to the *SkillSource* offices; electronic copies are not considered, and any proposals received after the deadline are not considered. The *SkillSource* RFP Review Committee, comprised of *SkillSource* staff and Board Members, review and rate all proposals received. If necessary, in-person interviews are scheduled with top applicants, and references are checked. Once the top bidder is selected by the RFP Review Committee, the recommendation is then submitted to the *SkillSource* Board of Directors for final approval. Upon approval from the Board, a contract is issued to the selected applicant for a period of one-year, renewable for up to five (5) years.

The applicants that were not selected are notified via letter. All rating sheets and copies of proposals submitted are kept on-file by *SkillSource* for at least ten (10) years.

## **Verification of Exclusion and Debarment Status**

*SkillSource* staff will search for all vendors on the System for Award Management (<https://www.sam.gov/portal/SAM/>) (SAM), to verify the individual or entity has not been suspended, prohibited, or excluded from performing federally funded work. *SkillSource* staff also utilize the Commonwealth of Virginia eProcurement Portal (<https://eva.virginia.gov/i-buy-for-virginia.html>) to verify debarment status within the Commonwealth.

## **Conflicts of Interest in Procurement**

*SkillSource* employees and board members involved in procurement activities sign a Conflict of Interest statement on an annual basis that they agree that the purchase of goods or services from a business in which an employee or his/her family has a financial interest, or may directly benefit from such purchase, is a potential conflict of interest. Such situations **must** be disclosed to the *SkillSource* President and CEO and/or Board of Directors for review prior to the purchase.

## **Capital Assets**

Assets, including land, buildings, improvements, equipment, library collections, purchased

capacity, and infrastructure, that individually cost \$5,000 or more, with useful life greater than one year are capitalized. Purchased capital assets are recorded at historical cost and include all direct costs incurred. Construction capital assets include all associated costs necessary to bring such assets to the condition or costs necessary to bring such assets to the condition or location necessary for their intended use. Donated capital assets are expensed when received and recorded at their estimated fair market value as of the date of donation as a memo entry on the fixed assets schedule.

## Prepaid Expenses & Deferred Revenue

Prepaid expenses are cash disbursements for expenses of a future accounting period. Amounts of \$500 or less for a period of a year are expensed when paid or in the event of prepayment in the prior year, in the first month of coverage.

Deferred revenues are the cash receipts that are related to revenue earned in a future period, but not specifically designated.

## Inventory

In accordance with VCCS requirements, *SkillSource* Group, Inc. (SSG) records computers, printers, monitors, furnishings, equipment and other items that do not meet its capitalization threshold of \$5,000 each but have a cost of at least \$100 per item and a useful life of three or more years, into Inventory.

Items purchased which meet the parameters of the policy, are classified to one of the following general ledger accounts:

- #70655 Office Supplies – Computers [& Peripherals] or
- #70653 Office Supplies – Furniture [& Equipment]

Periodically, reports are produced of the transactions in these two accounts and the purchases transcribed into the Inventory spreadsheet maintained in Excel.

Purchases are identified in the spreadsheet by recording the following information, which is consistent with **VWL-16-08-Equipment Management**:

- Name of the Item
- Description
- Acquisition Date
- Purchase Price
- Vendor or other Source
- Serial Number (if applicable)
- Inventory Number



- Location
- Source of Funds

Dispositions are recorded to include the date of disposal and other disposition details and the item will be removed from the listing so that the Inventory listing reflects the best estimate of the value of items currently in use by SSG.

Documentation supporting additions and dispositions recorded into Inventory is retained in a binder maintained by the JA and periodically reviewed by the DBF.

## Accounts Payables & Purchases

The SSG makes payments by (1) the date on which payment is due under the terms of the contract, or (2) if a date is not established by contract, not more than 30 days after goods and services are received or not more than 30 days after the invoice is rendered, whichever is later. In addition, within twenty days after the receipt of the invoice of goods or services, the agency must notify the supplier of any defects or impropriety that would prevent payment by the payment date.

### Accruals

An accrual system of accounting is used. At month-end, costs which have been incurred but not yet recorded in the accounts payable system, and revenue, which has been earned but not yet entered in the accounts receivable journal, are recorded as accruals in the month to which they are attributable. All financial reports are maintained on the accrual basis.

### Expense Reimbursements

Employees should be mindful of the SSG's objective that expenses should be properly and carefully managed. Ordinary, necessary, and reasonable travel expenses incurred in conducting SSG business are reimbursable, if properly documented and approved. Employees are reimbursed at the current GSA or IRS mileage rate, as applicable. While unusual, should additional travel expenses for federal grants be necessary, reimbursement would be in accordance with GSA policy.

Good judgment is expected. Expenditures that do not appear to have a business purpose, or items that appear unnecessary for any reason, may not be approved for reimbursement. Most expense reimbursements are paid by the grantors, due to the fact that practically all grant contracts are on a reimbursable basis.

## Temporarily Restricted Net Assets

Temporarily Restricted Net Assets represent cash or goods received with donor imposed requirements for use. Schedules are maintained to support the addition, use and balance of restricted net assets.

## Indirect Cost Allocation

Uniform Guidance provides that costs are allowable under a contract, grant or activity only to the extent that they are allocable to that function. Allocable costs may be assigned directly to a benefiting function or may be charged among benefiting functions through the application of a cost allocation plan. The appendix to this procedure describes the cost principles observed by the company.

The typology of costs for the **SSG** includes those that are assignable direct, un-assignable direct (see the appendix for definitions) and administrative indirect. Assignable direct costs are charged to the cost objective which they benefit. Un-assignable direct costs are assigned to an intermediate cost objective (indirect cost pool or Clearing) and allocated to all benefiting cost objectives at the end of each month.

To comply with the WIOA definition of administrative costs and that the costs not exceed 10% of the award, indirect costs are accumulated in two pools: Indirect – Administrative and Indirect – Other. While allocated separately, the allocation conforms to the requirements of the negotiated indirect cost agreements.

In FY 13, SSG entered into a Negotiated Indirect Cost Agreement with the Department of Labor. The adopted base for allocating costs from the indirect cost pool to the final benefiting activities is the total SSG and DFS Personnel Costs incurred by each activity. In the case of certain discretionary awards made by the Virginia Community College System from WIOA funds, the grantor may specify that the allocation of operating or administrative costs is less than the pro-rata share which that award would be assigned on the basis of relative direct costs. In these cases, VCCS takes the position that operating and administrative costs are already covered under the formula WIOA awards, and that the discretionary award funds are to be used only (or at least disproportionately) for program purposes. The allocation of costs from the indirect cost pool conforms to any cost limitations imposed by the grantor in the approved budget for each award.

### Salary

The criteria for assigning salary and wage cost to one or another cost objective is the degree of benefit received by the cost objective, as prescribed by the Uniform Guidance. Direct salary and wage costs are those which benefit one particular cost objective. As with all other costs, salaries and wages that are incurred for the benefit of only one cost objective, such as a single grant or program, are assigned to that objective. Some salary and wage costs directly benefit two or more cost objectives, wherein the distribution of the benefit among the cost objectives can be specified on the basis of some unit of measure unique to the cost objectives. These costs are directly assigned to the benefiting objectives using the number of hours of work provided or the relative number of participants served in each. Costs which meet the Uniform Guidance requirements for allowability, which benefit all of the cost objectives administered by *SkillSource* and for which there is no satisfactory means of direct allocation are assigned to the Indirect cost pool.

The means for assigning costs directly or indirectly is the employee timesheet. The

employee designates the activity or activities in which he or she spent time during the pay period. The employee's manager certifies that the time distribution is accurate. The payroll service utilized by *SkillSource* uses these timesheet entries to charge costs to the activities specified.

1. Direct

To the extent that the work performed by staff members benefits a single final cost objective (grant or contract), the salaries and wages are assigned directly to the benefiting objective. Examples of *SkillSource* staff whose time is directly assigned include the following:

- A business developer whose time is paid from a state award to promote employment for those receiving Temporary Assistance for Needy Families (TANF.)
- Drivers whose time is paid from an award from the Metropolitan Washington Council of Governments to drive incarcerated people to work-release jobs.

2. Indirect

No positions are entirely indirect because staff perform certain tasks required by and directly supporting WIOA programs in addition to their activities that benefit the organization as a whole.

3. Mixed

The salary and wage costs of the following positions are divided between the indirect cost pool, WIOA administration, and specific grants based on timesheet allocations:

- President
- Vice President of Operations
- Director of Budget & Financial Accounting

### *Fringe benefits*

*SkillSource* incurs payroll taxes and employee benefits costs in the following categories:

- Social Security and Medicare payroll taxes at the rate prescribed by federal law;
- Unemployment insurance tax at the rates defined annually under Federal, Virginia and Maryland law;
- Workers compensation insurance at the rates calculated annually by the company's carrier;
- Medical insurance, at the rates negotiated annually with the company's provider;
- Life and disability insurance, at the rates charged by the company's provider; and
- Contributions to employees' 401(k) or other retirement plans

Sick leave, vacation leave earned, holidays and other forms of paid leave are included in salaries and are charged to benefiting functions as part of salary costs.

Fringe benefits costs are directly assigned to the programs benefited by the employee.

Insurance premium costs paid prior to the period to which they apply are classified as

prepaid costs until the beginning of the applicable period, at which time they are expensed.

Because *SkillSource* directly assigns fringe benefits, the organization does not require an approved fringe benefit cost rate.

#### *WIOA administrative costs*

WIOA regulations require that certain costs defined as administrative be reported separately from program costs. Administrative costs include those relating to financial management, human resources management, grant proposals, and the supervision of those functions. SSG costs that meet these criteria are assigned directly to the WIOA Administration job in QuickBooks. Up to ten percent of the formula WIOA Adult, Dislocated Worker and Youth allocations may be used for administrative costs. Under VCCS financial policy, administrative costs that benefit discretionary awards such as Incentive and National Emergency Grants are assigned to WIOA Administration. Administrative activities benefiting multiple contracts, grants or activities are assigned to the Indirect – Administrative pool.

#### *Operating expenses*

Lease costs at Boone Boulevard are charged to the benefiting program while administrative costs which support the work of all staff are charged to Indirect – Administration. Telecommunications, shared multi-function printer, postage, supplies, materials and office services which support the work of all staff are assigned initially to the Indirect-Other cost pool.

#### *Other direct costs*

Certain program costs such as advertising, marketing or labor market information benefit all or a number of the contracts the company administers. These costs are assigned initially to the cost pool and are subsequently allocated to the benefiting programs but not to the administrative activity. SSG from time to time also provides program services directly, rather than through a subcontractor (e.g., attending a job fair). These costs are assigned directly to the benefiting activity or activities. In the event of the activity benefiting WIOA programs as a whole, costs are allocated to the Adult and Dislocated Worker Programs and to Youth Programs using a pre-determined ratio, which is based upon the number of unduplicated caseloads in the prior fiscal year.

In QuickBooks Indirect Costs-Administrative, Indirect Costs-Other, and Clearing are established as “Customers” as are each payer sources. Multiple grants with a single payer source are set up as “jobs” within a Customer. Every income and expense transaction is assigned upon entry to a specific Customer and, specifically, to a job. Sick, holiday, inclement and benefit costs, temporarily assigned to Clearing, are allocated based on each employee’s time directly billed during the month. Indirect Costs are allocated to contracts and other activities at the end of the

month consistent with the methodology agreed to in the Negotiated Indirect Cost Rate Agreement

### **De Minimis Rate:**

When SSG does not have any direct Federal awards, the de minimis rate is used to allocate indirect costs. The de minimis rate is 10% of modified total direct costs (MTDC).

*MTDC* means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.  
(§ 200.68 Modified Total Direct Cost (MTDC))

## **Drawdown of Grant and Contract Funds**

**SSG's** primary activities are related to and funded under contracts from the state or federal government. Each funding agency prescribes procedures and forms to be used in obtaining contract funds, a process known as drawing down. As a general practice, SSG draws down grantor funds on a reimbursement basis after the expenditure has occurred.

Drawdowns are submitted to funding sources on a monthly basis unless otherwise directed by the funding source, after the preparation of financial reports.

**(Step 1):** The DBF uses the income statement for each contract to determine the total reimbursable expenses for that contract on a program-to-date basis and compares that to the total amount previously requested from the funding source. The difference is the amount that can be requested at this time.

**(Step 2):** The DBF compares the amount derived above with the current month's expenses recorded under the contract; the two amounts should generally be equal. The most common exception occurs when costs are recorded, or other adjustments made in a previous month for which a drawdown request has already been prepared. In this case, the drawdown request for the current month should equal the amount of the current month expenses adjusted by the amount of the change recorded in the earlier month.

**(Step 3):** The funding source's drawdown request form is completed by DBF following the instructions provided by the grantor. The amount of the request is that derived in steps 1 and 2 above. Note that with the exception of the WIOA formula awards, most VCCS awards use the same document to report expenses and request funds.

**(Step 4):** The completed documents, along with any supporting schedules, are forwarded to CEO for approval, signature and submission.

**(Step 5):** For the WIOA formula awards, the DBF may prepare a mid-month drawdown request as well as the month-end request. The amount of the mid-month request is determined by taking the average of the previous months' cost pool allocations to each program. Funds are not requested at mid-month in anticipation of the invoice from Fairfax County, as the variability in the amount of those invoices from month to month creates the possibility of requesting more funds at mid-month than will be reported that month as expenditures by the County.

## Computer Controls

### Software

SSG utilizes QuickBooks software and shares access with BSB to the modules and capabilities within modules. Security is provided at the user level and user profiles within applications define access to the rights within the system components.

### Journal Entries

Journal entries are prepared by the DBF and BSB. Standard journal entries are prepared by BSB and reviewed by the DBF and are identified as follows:

- Payroll & related cash disbursement entries
- Expense prepaids
- Depreciation
- Allocations of sick and holiday leave
- Allocations of sick and holiday payroll taxes
- Allocation of benefits
- Vacation accrual
- Shared Center costs allocated to WIOA and other awards
- Indirect expense allocations
- Income accruals

Quickbooks does not have the capability to separate the entry and the posting of journal entries, thus journal entries are prepared, entered and posted by the preparer. Journal entries prepared and entered by BSB or the JA are reviewed by the DBF and CEO. Journal entries prepared and entered by the DBF are reviewed by the CEO. Review and approval is indicated for either each journal entry or for the list of entries.

Journal entries include appropriate documentation and support.

Journal entries affecting the WIOA Monthly Income/Expenditure Detail Report (MEDR) must be signed prior to when the report is submitted to the state each month.

## Internal Control

The SSG Board of Directors is responsible for establishing and maintaining an internal control structure designed to ensure that the assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow the preparation of financial statements in conformity with accounting principles generally accepted in the United States. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived.

## Executive Compensation

Executive Compensation is limited by the Salary and Bonus Limitations in Public Law 109-234 and detailed in U.S. Department of Labor TEGL 05-06 and on the U. S. Office of Personnel Management website (appended to this document.) TEGL 05-06 specifies that salary and bonus payments are considered on a cash basis for every twelve-month period.

SSG complies with the Executive Compensation limits, considers the limitation throughout the year, and tests its compliance on an annual basis in the fourth quarter of each calendar year by comparing executive compensation reported to the Virginia Employment Commission to the Executive Pay Schedule for the calendar year. Compensation paid may be adjusted by any amounts charged to unrestricted sources of funds.

Should SSG determine that Executive compensation is likely to exceed the limits, appropriate action will be taken, which includes charging current or reclassifying past compensation to unrestricted sources of funds and reducing amounts charged to federal programs.

## Grants and Contracts

When seeking grants, the CEO and VPO put together a grant proposal that includes the budget, which is prepared by the DBF, project summary and detailed plan of action as to how funding is to be utilized. The budget is then reviewed, approved, finalized and submitted. Once the grant or contract is awarded, the CEO, VPO and DBF create an action item for both the SSG Finance Committee to accept the funding and SSG Board of Directors to approve the funding. The CEO drafts and signs all contracts and Memorandums of Understanding (MOUs) with all Project Partners.

The CEO prepares RFPs and orders necessary supplies, hires staff and other activities required to implement new projects. The DBF prepares monthly drawdown of revenues, keeps track of and reports expenditures. The VPO and CEO prepare and submit Monthly/Quarterly reports on project outcomes required by the Grantor.

The VPO prepares all contracts with vendors and sub-recipients. Contract agreements will be

signed and executed prior to the implementation date.

The CEO, VPO and DBF prepare periodic internal reports for the SSG BoD and Northern Virginia Workforce Investment Board and Committees on project progress, successes, and challenges.

The SSG is committed to complying with all grant provisions including the Special and General Provisions associated with Federal grants.

## **Staff Onboarding and Termination Process**

When hiring new staff, the DBF, VPO, or CEO will prepare a Personnel Action Form (PAF) that provides details for the start date, salary, title, and location details for the new hires. This form will be signed by the CEO. In the event the CEO is unavailable, the VPO or the new hire's supervisor can sign the PAF. This PAF will be submitted to Lindsey Business Group (LBG) on or before the new hire date.

In the event of an employee termination or when an employee leaves their employment with *SkillSource*, the DBF, VPO, or CEO will prepare a PAF that provides details for the employee's end date and reason for the termination, if applicable, and if they are eligible for re-hire. This PAF will be submitted to LBG on or before the employee's last day with the company.

## **Subrecipient Monitoring**

Consistent with federal requirements, SSG monitors sub-recipients no less than two-times annually during the term of the grant. Transactions are selected from a variety of accounts and documentation reviewed to confirm amount, classification, payee, and that the amount is allowed. A summary of findings is provided to the sub-recipient including a time-line for response.



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## Appendix: Cost Allocation Principles

Costs may be charged to a grant, contract or other activity only to the extent that they are allowable. To be allowable a cost must meet the following criteria:

- be reasonable for the performance of the award and allocable thereto;
- be net of all credits;
- conform to any limitations or exclusions contained in the award regulations or provisions, or in applicable government circulars;
- be consistent with policies and procedures that apply uniformly to both publicly financed and other activities of the company;
- be accorded consistent treatment;
- be determined in accordance with generally accepted accounting principles;
- not be included as a cost in more than one public award or as a cost in one award and a part of a matching requirement in another (unless the award explicitly allows matching to be made with other public funds); and
- be adequately documented.

A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs.

A cost is allocable to a particular cost objective, such as a grant or contract, in accordance with the relative benefits received.

A cost is allocable to a public grant or contract if it is treated consistently with other costs incurred for the same purpose in like circumstances, and if one of the following applies:

- it is incurred specifically for that award;
- it benefits both that award and other awards or activities and can be distributed in reasonable proportion to the benefits received; or
- it is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown.

A cost which is allocable to a particular grant or contract may not be shifted to another grant or contract to overcome funding deficiencies or to avoid restrictions imposed by law or the terms of the award unless another grant can legitimately provide for services. Annually, and as updated periodically, a table of Grant Requirements includes an itemization of other funding sources. The most current schedule is appended to this document.

Some costs are necessary and reasonable to the conduct of company activities but by definition

are not allowable to any state or federal award. Interest, bad debts and entertainment are examples. When they are incurred, these costs are deemed "unrestricted" in that they must be offset by income from sources not restricted by federal or state regulations.

A *direct* cost is one which has a specific relationship to one or more particular benefiting cost objectives. Direct costs relating to a single cost objective are called *assignable*; *un-assignable direct costs* are those relating to two or more particular cost objectives, wherein the distribution of the benefit among the cost objectives can be specified on the basis of some unit of measure unique to the cost objectives. A supportive service payment to a training client is an example of a direct assignable cost. The cost of an employee whose time is spent overseeing the activity of several contracts is an example of a direct un-assignable cost.

## Record Retention Policy

### The SkillSource Group, Inc.

#### Records Retention Policy

**All records should be retained, stored and maintained in a safe and confidential manner that additionally meets any legal and contract requirements. Electronic records should be stored to a hard drive or backed up, as required. All business files, including e-mails, are the property of the corporation and may not be removed for personal use without express permission. Certain operations records must be maintained for prescribed periods in order to comply with requests of internal and external auditors; with federal, state and local laws; or with the requirements of funding and referral sources, or the regulations of other administrative bodies.**

#### DEFINITIONS

Records are those organizational documents, including correspondence, related to proceedings and actions of all aspects of the business and provision of services. This policy relates to records stored in any form; including paper and electronic files and data.

Correspondence includes communication by written and electronic means, including e-mail.

Records Custodian is the person(s) responsible and accountable for storage and preservation of all records, whether in written or electronic form.

#### PROCEDURES

##### General Business Records

1. General business records maintained by individual employees or departments and not specifically covered in the attachment *Records Retention Schedule* shall be retained as can be reasonably anticipated they may be needed for business purposes.

2. Records no longer needed for the operation of the business nor required by law, regulation, contractual obligation or the attached *Schedule* should be disposed of according to prudent business practices and in such a manner as to safeguard confidentiality of protected information.
3. Each employee should assist in reducing unnecessary record storage.

Records shall be maintained in their original form on paper or by acceptable electronic means (such as “write once CD ROM”). Records will be stored in a secured, waterproof and fire resistant manner if appropriate to the nature of the information.

Confidential records which are authorized for destruction shall be disposed of in such a manner as maintains the confidentiality of protected or proprietary data.

Records shall be maintained by fiscal year, except records required by law to be maintained on a calendar year basis, or that have a stipulated contractual requirement.

Exceptions to the time periods for records retention may be required in cases where there are current or there is reasonable belief of future controversies, claims or disputes. In those instances, instructions will be issued by the CEO. When such instructions are issued, the records are to be held until specific authorization is granted for their destruction.

### RECORDS RETENTION SCHEDULE

Description	Retention Period
Accident reports and claims (settled cases)	7 years
Accounts payable ledgers and schedules	7 years
Accounts receivable ledgers and schedules	7 years
Affirmative Action Plans	7 years
Annual Corporate Reports	Permanently
Alleged rights violations files and related correspondence	10 years
Articles of Incorporation, Amendments, Bylaws	Permanently
Audit reports of accountants and external monitoring reports	Permanently
Bank statements and reconciliations	2 years
Capital stock and bond records; ledgers, transfer registers, stubs showing issues, record of interest coupons, options, etc.	Permanently
Cash books	Permanently
Certificate of Incorporation and Corporate Records	Permanently
Chart of accounts	Permanently
Checks (canceled but see exception below)	7 years
Checks (canceled for important payments, i.e., taxes, purchases of property, special contracts, etc. (checks should be filed with the papers pertaining to the underlying transaction)	Permanently
Consumer case files (after closing)	7 years (contractual requirements for longer periods will

	take precedence)
Contracts and leases (expired)	7 years (contractual requirements for longer periods will take precedence)
Contracts and leases still in effect	Permanently
Contributions records and donor data base	Permanently
Correspondence (routine) with members, customers, or vendors	1 year
Correspondence (general)	3 years
Correspondence (legal and important matters only)	Permanently
Deeds, mortgages, and bill of sale	Permanently
Depreciation schedules	Permanently
DOL audits	Permanently
Duplicate deposit slips	2 years
Employee personnel records (after termination)	8 years
Employment applications	3 years
Expense analyses and expense distribution schedules	7 years
Financial statements (end-of-year, other months optional)	Permanently
General and private ledgers (and end-of-year trial balances)	Permanently
Insurance certificates by others and to others (after termination)	1 year
Insurance policies (expired)	3 years
Insurance records, current accident reports, claims (incl. workers comp), policies, etc.	Permanently
Internal audit and monitoring reports (in some situations, longer retention periods may be desirable)	3 years
Internal reports (miscellaneous, including sales revenue, program outcomes, etc.)	3 years
Inventories of products, materials, and supplies	7 years
Invoices to members and customers	7 years
Invoices from vendors	7 years
Job jackets	3 years
Journals	Permanently
Membership applications	3 years
Minutes of directors and committees, including by-laws and charter	Permanently
Notes receivable ledgers and schedules	7 years
OSHA Reports/Forms/Logs	5 years
OSHA Reports of Employee Exposure to toxic substances or harmful physical agents	30 years
Outcomes Management Reports - Rehab	5 years
Payroll records and summaries, including payments to pensioners	7 years
Petty cash vouchers	3 years
Physical inventory tags	3 years
Plant cost ledgers	7 years
Property appraisals by outside appraisers	Permanently
Property records-including costs, depreciation reserves, end-of-year trial balances, depreciation schedules, blueprints and plans	Permanently

Publications which are provided to the public	Permanently
Purchase orders (except purchasing department copy)	2 years
Receiving sheets	2 years
Requisitions	2 years
Sales records	7 years
Savings bond registration records of employees	3 years
Scrap and salvage records (inventories, sales, etc.)	7 years
Shipping Records	1 year
Stock and bond certificates (canceled)	7 years
Stockroom withdrawal forms	2 years
Subsidiary ledgers	7 years
Tax returns and worksheets, revenue agents' reports and other documents relating to determination of income tax liability	Permanently
Time books	7 years
Trade mark registrations	Permanently
Voucher register and schedules	7 years
Vouchers for payment to vendors, employees, etc. (includes allowances and reimbursement of employees, officers, etc., for travel and entertainment expenses)	7 years
W-2 or 1099 forms	10 years

Update Approval:	02/16/2023	Approved By:	
Approval Date:	11/25/2011	Approved By:	D Hunn
Effective Date:	7/1/2010	Responsible Manager:	T Gaylor
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Revision #: 6	02/25/2021	Revision Author:	N. Nguyen
Revision #: 7	12/17/2021	Revision Author:	N. Nguyen S. Jain
Revision #: 8	02/16/2023	Revision Author:	S. Jain

	Action	HB2195 Alternative Page and Line	SB1470 Alternative Page and Line	VCW Northern Board Recommendation
1.	Establishes VA Secretary of Labor as Administrator of Federal Workforce Innovation and Opportunity Act funds. Eliminates resolution of policy, funding or administration disagreements of WIOA funds.	Page 2, Line 89	Page 4, Line 89	CONCERN with elimination of any Executive position for resolution of disagreements for WIOA funding and policy.
2.	Creates New Virginia Department of Workforce Development and Advancement.	Page 2, Line 100	Page 4, Line 98	SUPPORT, with implementation questions surrounding timeline and new performance metrics.
3.	Creates Innovative Internship Fund and Program	Page 3, Line 174	No Provision	SUPPORT. State grant funding will be made to higher education institutions to facilitate paid or credit-bearing student internships. DOES NOT APPEAR TO INCLUDE ONE STOP SYSTEM CUSTOMERS AS ELIGIBLE
4.	Requires consolidated agencies to share program data and outcomes for State evaluation purposes in the Virginia Workforce Data Trust.	Page 4, Line 224	Page 7, Line 77	SUPPORT, with implementation concerns.
5.	Requires New Department to Create Successful Job Placements and Job Retentions Across All State Workforce Programs	Page 5, Line 289	Page 10, Line 242	SUPPORT, noting duplication of WIOA Title 1 Program Reporting requirements.
6.	Creation of State Apprenticeship Council; Creation of Joint Local-State Apprenticeship Committees,	Page 6, Line 318 Page 6, Line 364	Page 11, Line 269 Page 13, Line 325	SUPPORT.
7.	Establishment of Virginia State Job Service.	Page 8, Line 473	Page 17, Line 433	SUPPORT.
8.	Creation of Virginia Veterans Skills Database.	Page 9, Line 488	Page 17, Line 448	SUPPORT.
9.	Creates State Office of Business Engagement and Outreach	No Provision	Page 19, Line 493	QUESTION: How does this new Office impact Local Workforce Development Boards, which are expected to engage the regional business community by Federal Law?
10.	Authorizes a biennial evaluation of the Department of Workforce Development.	Page 12, Line 675	Page 25, Line 648	SUPPORT

11.	<b>Provides Governor with authority to transfer appropriated funding from impacted State agencies to the new Department to facilitate this Reorganization.</b>	<b>Page 24, Line 1453</b>	<b>Page 54, Line 1412</b>	<b>QUESTION: Is this a permanent authority for any future Governor as well?</b>
12.	<b>Provides Governor with authority to transfer any employee from impacted State agencies to the new Department to facilitate this Reorganization.</b>	<b>Page 25, Line 1467</b>	<b>Page 54, Line 1427</b>	<b>QUESTION: Is this a permanent authority for any future Governor as well?</b>
13.	<b>Assigns Virginia Employment Commission as conducting interim business functions of new Department.</b>	<b>Page 25, Line 1473</b>	<b>Page 54, Line 1433</b>	<b>QUESTION: Why is transfer necessary as Virginia Community College System role is already in place for administering WIOA Title 1 funding.</b>
14.	<b>Directs Secretary of Labor to conduct a comprehensive review of State Workforce Programs and make recommendations on 1) Adequacy of collaboration among programs, 2) duties of DWDA, #) operations of local workforce boards and geographic areas, 4) Proper role of VCCS. Preliminary Report by November 2023, Final Report by June 2025.</b>	<b>Page 25, Line 1497</b>	<b>Page 55, Line 1456</b>	<b>Support</b>
15.	<b>Authorizes Secretary of Labor to convene a Stakeholder Work Group, including local workforce boards, to advise during July 2023-June 2024 transition.</b>	<b>Page 25, Line 1511</b>	<b>Page 56, Line 1469</b>	<b>Support</b>

## Department of Planning and Budget

### 2023 Fiscal Impact Statement

**1. Bill Number:** HB2195

**House of Origin**    ☐ Introduced    ☒ Substitute    ☐ Engrossed  
**Second House**    ☒ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Byron

**3. Committee:** General Laws and Technology

**4. Title:** Department of Workforce Development and Advancement created; consolidation of the Commonwealth's workforce development policies and programs; report.

**5. Summary:** Creates the Department of Workforce Development and Advancement (the Department) to administer workforce development programs. The bill consolidates statewide workforce program evaluation and data sharing under the Department and provides protections against improper disclosure of data. The bill provides for the Virginia Board of Workforce Development to conduct an independent evaluation of the operations and program objectives of the Department on a biennial basis with the first report due on December 1, 2025. The bill also (i) transfers administration of apprenticeship programs from the Department of Labor and Industry to the Department, (ii) moves the Innovative Internship Fund and Program from the State Council of Higher Education for Virginia to the Department, and (iii) directs the Secretary of Labor (the Secretary) to conduct a comprehensive review of the Commonwealth's workforce development programs and make recommendations to address a wide range of subjects relating to improving the effectiveness and efficiency of such programs. The Secretary is also required to convene a stakeholder work group to advise the Secretary during the transition period. This bill is a recommendation of the Small Business Commission.

**6. Budget Amendment Necessary:** No amendment is needed to implement the provisions of this legislation as the Governor is given the authority to administratively move appropriation to establish the new agency.

**7. Fiscal Impact Estimates:** Indeterminate. See item 8, below.

**8. Fiscal Implications:** This fiscal impact statement is preliminary and will be updated as information from the impacted agencies becomes available.

The bill creates the Department of Workforce Development and Advancement (DWDA), which is to consolidate workforce programs from several existing agencies. It is anticipated that the restructuring will result in a fiscal impact, including but not limited to: costs tied to



the management/administration of the new DWDA agency; the transition of a number of classified and non-classified employees into the DWDA, and potential Workforce Transition Act costs resulting from it; impacts related to the loss of capacity in agencies whose staff is reduced; as well as costs resulting from a small number of new duties assigned to a few agencies. A study conducted by Deloitte indicates that operational and programmatic efficiencies from the consolidation of these workforce programs will result in reduced annual costs beginning in the 2024-2026 biennium.

The bill requires that DWDA administer and become the fiscal agent for a number of programs currently housed in several agencies, including the Virginia Employment Commission, Virginia Community College System (VCCS), the Department of Labor and Industry (DOLI), the State Council of Higher Education for Virginia (SCHEV), and the Secretary of Labor (SOL).

Programs to be transferred include the implementation of Titles I and III of the Workforce Innovation and Opportunity Act (WIOA); Trade Adjustment Assistance Program; Jobs for Veterans State Grant program; Reemployment Services and Eligibility Assessment program; registered apprenticeship programs and other apprenticeship programs; Virginia Career Works Referral Portal and Workforce Data Trust; Virginia Workforce Connection; labor market information services; Virginia Voyager; Innovative Internship Fund and Program (also known as the Virginia Talent and Opportunity Partnership); Network2Work; and the Hampton Roads Skilled Trades Rapid On-Ramp Network for Growth.

The bill allows the Governor to transfer appropriations within the VCCS, VEC, SCHEV, DOE, DOLI, and from any other agency to another to effectuate this bill's reorganizations; the Governor is also authorized to transfer employees within the VCCS, VEC, SCHEV, DOLI, or from any other agency to another to support the changes in organization or responsibility resulting from moving the programs,

The apprenticeship program is to be transferred from DOLI to the new agency; at this time fiscal impact estimates are not available from DOLI.

Preliminarily, VCCS has identified 38 positions supported by \$53.9 million of nongeneral, federal WIOA Title I appropriation that would be transferred under this proposal. These 38 positions represent the total number authorized by Chapter 2, Special Session I, 2022 Acts of Assembly (the 2022 Appropriation Act) and may not directly indicate the number of positions that will be needed in DWDA. VCCS indicates that the costs associated with the few positions split-funded with WIOA funds can be absorbed. Additionally, VCCS has identified staff currently located at Piedmont Virginia Community College (PVCC) supported by a portion of the \$2.0 million general fund appropriation authorized by Item 487.50.B.3, the 2022 Appropriation Act for "Network2Work" that would be transferred via this legislation. It is anticipated that these personnel would remain at PVCC; however, it is unclear if VCCS will continue to receive support for the positions from the "Network2Work" appropriation. Costs associated with remaining systems and other technology resources used to support these and other transferred programs is indeterminate at this time.

According to VCCS, the Hampton Roads Skilled Trades Rapid On-ramp Network Growth (Hampton Roads STRONG) was envisioned as a partnership between community colleges serving the Hampton Roads region, the Virginia Ship Repair Association, and the Hampton Roads Workforce Council. \$2.5 million from the general fund supports expenditures in this program annually. From this funding, approximately \$1.0 million, or 40 percent, is spent directly by VCCS on personal and non-personal services associated with instructors, investment in equipment and infrastructure improvements specifically tailored for the intended programs and internal administrative costs. The remaining amounts are pass-through.

Current budget language under VCCS provides that 15 percent of the revenues received for WIOA Title I administration is reserved by the Governor in a fund to support administration of the Title I programs and statewide strategic workforce initiatives. DWDA may be able to use some of these funds to cover transition and initial implementation expenses, if approved by the Governor.

According to SCHEV, Item 144, of the 2022 Appropriation Act contains the funding and language associated with the Innovative Internship Fund and Program. The total appropriation is \$2.0 million from the general fund in each year of the biennium. In addition, Item 487.50 provides an additional \$3.0 million in FY 2023 and \$10.0 million in FY 2024 from the general fund. HB1400/SB800, as introduced, adds \$5.0 million from the general fund in FY 2024, for a total program appropriation in FY 2024 of \$17 million.

The proposed legislation also requires the Secretary of Labor to complete a review of all workforce service programs and training and to convene a stakeholder group. The introduced budget includes funding for two additional positions in order to expand capacities in the Secretariat. The SOL anticipates that any fiscal impact that may result from the review of all workforce service programs and training can be absorbed within the resources included for the Secretariat in the introduced budget bill.

The VEC anticipates that this bill will impact approximately 322 nongeneral fund positions and \$34.2 million from nongeneral fund, primarily federal sources. Approximately 163 of the 322 positions would be located in the central office for the new department and the remainder would be supporting programs in satellite locations. The specific financial resources or fund details tied to these positions are not available at this time.

According to the Department of Veterans Services (DVS), the fiscal impact of this proposal is indeterminate as there is not enough information to estimate the costs associated with establishing the Veterans Skills Database.

At this time, administrative and support cost estimates for the new department are not available. In the near term, it is anticipated that VEC could provide administrative support for the new agency until those costs for DWDA are identified and addressed with the resources

available from the programs being moved into DWDA. Any costs incurred by the VEC for providing administrative support could also be covered from these resources.

It is anticipated that the Office of Education and Labor Market Alignment within the Virginia Economic Development Partnership and the Department of Professional and Occupational Regulation (DPOR) can absorb any impact that may result from this bill.

The Department of Social Services (DSS) states that the Virginia Initiative for Education and Work (VIEW) and the Supplemental Nutrition Assistance Employment and Training (SNAP E&T) programs already provide data sets for the databases mentioned in the bill.

The bill includes a misdemeanor penalty for violations of the terms for data sharing. There is not enough information available to reliably estimate the possible increase in jail population as a result of this proposal. However, any increase in jail population will increase costs to the state. The Commonwealth currently pays the localities \$4.00 a day for each misdemeanant or otherwise local-responsible prisoner held in a jail. It also funds a large portion of the jails' operating costs, e.g., correctional officers. The state's share of these costs varies from locality to locality. However, according to the Compensation Board's most recent Jail Cost Report (November 2022), the estimated total state support for local jails averaged \$40.39 per inmate, per day in FY 2021.

Both the House and Senate amendments to HB1400/SB800 include \$5 million general fund to provide for the implementation of the provisions of this legislation.

9. **Specific Agency or Political Subdivisions Affected:** Department of Workforce Development and Advancement (established); Virginia Employment Commission; Virginia Community College System; Department of Labor and Industry; Virginia Economic Development Partnership; State Council of Higher Education for Virginia; Secretary of Labor; Department for Aging and Rehabilitative Services; Department for the Blind and Vision Impaired; Department of Social Services;; Department of Juvenile Justice; Department of Corrections; Department of Veterans Services; Secretaries of Labor, Commerce and Trade, and Finance; State Board for Community Colleges; courts; local and regional jails; localities.
10. **Technical Amendment Necessary:** Multiple references to the federal Workforce Innovation and Opportunity Act include a link to the Code of Virginia. This is federal law.  
Line 370: "wielding" should be amended to "welding"  
Line 373: "establish" should be "established"
11. **Other Comments:** According to DPOR, § 54.1-1131, Code of Virginia, has a reference to "apprenticeships approved by the Commissioner of DOLI", which requires updating in order to include the new role of the DWDA. Students enrolled in apprenticeship programs are currently exempt from certain license exams when applying to DPOR's boards for licensure. DPOR estimates that approximately 180 applicants each year who are currently exempt

would be required to take exams as a result of this bill unless this Code section is updated to reflect DWDA's new role in administering apprenticeship programs.



## NORTHERN REGION

Fairfax County | Prince William County | Loudoun County | City of Fairfax | City of Falls Church | City of Manassas | City of Manassas Park

January 31, 2023

**TO:** George Taratsas  
Director of Workforce Development  
Office of the Virginia Secretary of Labor

**FROM:** David Hunn  
Executive Director

**SUBJECT: Projected Regional Adult Education Losses Due to HB 2195/SB 1470**

The Virginia Career Works Northern Region has identified significant Northern Virginia school division staffing and revenue losses associated with bill language provisions in HB 2195 and SB 1470, the Governor's Workforce Agency Consolidation legislation. Both bill versions propose to eliminate the role of local public school divisions in delivering adult education programming and services.

In HB 2195, the provisions are found at Page 61, Line 1609 and Page 66, Line 1755.

In the original SB 1470 (before the House Alternative legislation), the provisions are found at Page 23, Line 1381 and Page 27, Line 1649.

Should these bill provisions be included in any final enacted legislation, we estimate that a grand total of 262 positions and \$4,732,716 in State funding, estimated program income and match funding will be lost should adult education programs be terminated from the Northern Virginia local school divisions. Approximately ten (10) positions are full-time; the remainder are part-time teaching employees. The details by these local school divisions effective as of July 1, 2023 (FY 2024), as follows:

Northern Virginia School Division	Projected State Revenue Losses	Projected Staffing Losses
Fairfax County Public Schools	\$1,459,364	129 positions
Prince William Public Schools	\$672,629	61 positions
Loudoun County Public Schools	\$229,299	33 positions
Arlington County Public Schools	\$288,663	25 positions
Alexandria City Public Schools	\$207,157	14 positions
<b>Projected Total Losses</b>	<b>\$2,857,112</b>	<b>262 positions</b>

Virginia Administration Officials have stated that 'No one will lose their job through the Governor's Workforce Agency Consolidation Plan.' That statement is clearly not correct. The elimination of local school division delivery of adult education programming will have a substantially negative impact on students and local adult education program staff throughout Northern Virginia and other urban regions of the Commonwealth.

I can be reached at 703-795-0684 and [david.hunn@vcwnorthern.com](mailto:david.hunn@vcwnorthern.com).

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**THE SKILLSOURCE GROUP, INC.  
BOARD OF DIRECTORS MEETING  
SUMMARY SHEET**

**SUBJECT:    New FY 2022 SkillSource Return on Investment Study**

The Virginia Career Works Northern Region system was instrumental in helping 833 individuals obtain jobs in FY2022. The associated incremental household income for those individuals was approximately \$36.1 million. The total impact of those programs and services is estimated to be 1,003 jobs in Northern Virginia, associated with \$47.1 million in total regional labor income, \$34.1 million in additional regional economic output, and \$6.2 million in state, local, and federal tax revenue.

Excluding job placements through One-Stop services, the Virginia Career Works Northern Region helped 745 individuals obtain employment through its non-self-service programs in FY2022. The increased household income for those was approximately \$31.2 million. The total impact of those programs is estimated to be 891 jobs in Northern Virginia, associated with \$40.7 million in total regional labor income, \$29.5 million in additional regional economic output, and \$5.3 million in state, local, and federal tax revenue.

In FY2022, the public cost associated with all VCWNR programs and services was \$7.2 million. Comparing benefit and cost, the benefit-to-cost ratio for VCWNR non-self-service programs was 5.6, while the benefit-to-cost ratio rose to 6.5 for all VCWNR programs and services.

PREPARED FOR  
Virginia Career Works Northern Region



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NORTHERN REGION

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January 24, 2023

# ECONOMIC IMPACT & RETURN ON INVESTMENT OF THE VIRGINIA CAREER WORKS NORTHERN REGION

**FISCAL YEAR 2022**



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## 1. Executive Summary

This report assesses the economic impact and return on investment (ROI) attributable to the workforce programs and services provided by the Virginia Career Works Northern Region (VCWNR) for Fiscal Year (FY) 2022 in the region of Northern Virginia.<sup>1</sup> The main findings of the report are summarized below.<sup>2</sup>

During FY2022, the region was still recovering from the significant job losses resulting from the COVID-19 pandemic. By the fourth quarter of 2019, wage and salaried employment in Northern Virginia reached 1.28 million. As the COVID-19 pandemic caused shutdowns across the nation, employment dropped to 1.13 million by the second quarter of 2020. The region recovered 114,990 jobs (+10.1%) between June 2020 and June 2022 to reach 1.25 million employed.

As of the second quarter of 2022, the average annual wage in Northern Virginia was \$92,636. This was significantly higher than the state average of \$69,814 and the national average of \$69,381.

Comparing the four-quarter average ending with the second quarter of 2022 against the prior year, the Northern Virginia region gained 37,551 total wage and salaried jobs. Gains of more than 33,513 in the private sector were partially offset by losses of 506 jobs in federal government. State government

lost 8 jobs, while employment in local government rose by 4,552.

In FY2022, the largest industry by employment in Northern Virginia was professional, scientific, and technical services followed by health care and social assistance, and retail trade.

At the end of FY2022 (June 2022), the unemployment rate stood at 2.5% in Northern Virginia, lower than 3.0% statewide and 3.9% nationally. The regional unemployment rate has continued to decline to 2.3% as of October 2022, indicating a continuing tightening of the labor market.

**The workforce programs and services provided by the Virginia Career Works Northern Region have a large economic impact in Northern Virginia.**

In FY2022, Virginia Career Works Northern Region provided the following workforce programs and services:

- Workforce Innovation and Opportunity Act (WIOA) Adult Program
- WIOA Dislocated Workers Program
- WIOA Youth Program
- Incumbent Workers Training
- Fairfax Alternative Incarceration Branch Center (AIB)
- Temporary Assistance for Needy Families (TANF)
- Senior Community Service Employment Program (SCSEP)
- Return to Earn
- One-Stop services, providing self-service resources for jobseekers<sup>3</sup>

<sup>1</sup> Fiscal Year 2022 starts on July 1, 2021 and ends June 30, 2022. Virginia Career Works Northern Region serves the counties of Fairfax, Loudoun, and Prince William, and the cities of Fairfax, Falls Church, Manassas, and Manassas Park. This region is referred to as the VCWNR service area. However, in this report, the study region is defined as Northern Virginia, which also includes Arlington County and the City of Alexandria, in addition to seven localities served by VCWNR.

<sup>2</sup> Chmura provides economic software, consulting, and data to our clients that help them make informed decisions to benefit their communities. Our Ph.D. economists, data scientists, and strategic planners guide clients through their local labor market. Over the past 24 years, Chmura has served hundreds of clients nationwide with thoroughness, accuracy, and objectivity.

<sup>3</sup> In this report, all workforce programs and services excluding One-Stop services are collectively termed VCWNR non-self-service programs. Economic impact and ROI are evaluated for all non-self-service VCWNR programs and all VCWNR programs and services.



In FY2022, the Virginia Career Works Northern Region successfully helped 745 individuals obtain employment through its non-self-service programs. The increased annual household income associated with those programs is estimated to have been \$31.2 million in FY2022. The number of individuals served and total household income effects are returning to typical levels seen in past pre-pandemic reports as the region recovers.

The increased income resulting from VCWNR non-self-service programs is estimated to have supported 891 total jobs in Northern Virginia in FY2022, associated with \$40.7 million in total regional labor income. In addition, the increased income is estimated to have generated \$29.5 million in additional regional economic output, and \$5.3 million in state, local, and federal tax revenue.

If job placements through One-Stop services were included, VCWNR was instrumental in helping 833 individuals obtain employment in FY2022. The increased annual household income associated with those job placements is estimated to have been \$36.1 million in FY2022.

Increased income resulting from VCWNR programs is estimated to have supported 1,003 total jobs in Northern Virginia in FY2022, associated with \$47.1 million in total regional labor income. In addition, the increased income was also responsible for \$34.1 million in additional regional economic output, and \$6.2 million in state, local, and federal tax revenue.

**The return on investment analysis shows that the benefit of VCWNR programs and services exceeds the cost.**

In FY2022, the cost associated with all VCWNR programs and services was \$7.2 million.

The benefit is defined as the total labor income attributable to persons served through VCWNR programs and services.

Excluding One-Stop services, the benefit-to-cost ratio of VCWNR non-self-service programs was 5.6 in FY2022, indicating that the benefit of VCWNR programs was more than five times the public cost required.

If the ROI analysis is expanded to encompass One-Stop services, the benefit-to-cost ratio of all VCWNR programs and services in FY2022 would rise to 6.5. This indicates that the benefit is more than six times the public cost required.

## 2. Background

Virginia Career Works Northern Region (VCWNR) serves the counties of Fairfax, Loudoun, and Prince William, and the cities of Fairfax, Falls Church, Manassas, and Manassas Park (VCWNR service area).<sup>4</sup> Through the SkillSource Group, Inc., (SkillSource), Virginia Career Works Northern Region provides a comprehensive list of workforce development programs, such as the Workforce Innovation and Opportunity Act (WIOA) Adult, Youth, and Dislocated Worker programs; and other career services. In addition, there are five SkillSource-managed centers (One-Stop Employment Centers) in the region (Figure 2.1).

Each year, the SkillSource Group commissions a study of the economic and

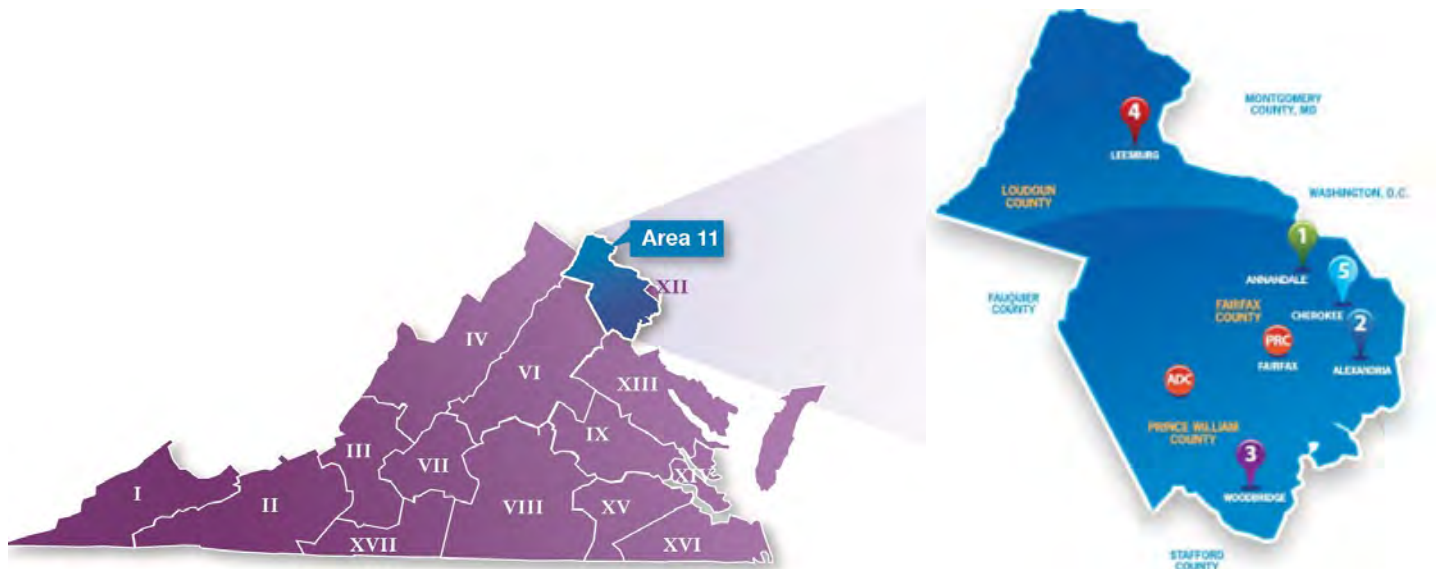
fiscal impacts of the Virginia Career Works Northern Region focusing on the varied workforce training and career services programs it provides. In addition, SkillSource seeks to understand the return on investment (ROI) of VCWNR programs and services. Chmura Economics & Analytics (Chmura) was contracted to perform such an analysis for Fiscal Year 2022.

The remainder of this report is organized as follows:

- Section 3 explains the methodology in conducting economic impact and return on investment analysis for workforce programs and services.

- Section 4 provides a profile of VCWNR programs and services and an economic profile of Northern Virginia.
- Section 5 analyzes the economic impact of VCWNR programs and services in Northern Virginia.
- Section 6 performs the ROI analysis for VCWNR programs and services.
- Section 7 provides a summary and conclusion.

**Figure 2.1: Virginia Career Works Northern Region Center Locations**



Source: SkillSource Group. The numbers on the map represent VCWNR Center locations.

<sup>4</sup> Source: SkillSource website, <https://vcwnorthern.com/contact/>. Please note that the economic impact and economic profile are analyzed for the broader Northern Virginia region, which also includes Arlington County and the City of Alexandria.

### 3. Economic Impact Methodology

To maintain consistency with prior reports published by SkillSource on the economic impact and ROI of VCWNR programs and services, this study largely utilizes a similar methodology to previous studies.<sup>5</sup>

Based on the needs of SkillSource and a review of prior studies, this report includes three major components:

1. A profile of Virginia Career Works Northern Region programs and services, and an economic profile of Northern Virginia for FY2022.
2. The economic impact of VCWNR programs and services in Northern Virginia for FY2022.
3. Return on investment analysis of VCWNR programs and services for FY2022.

#### 3.1. Profile of VCWNR and Economic Profile of Northern Virginia

The profile of VCWNR is a summary of existing programs and services and demonstrated roles they play in helping regional workers achieve career success. This profile presents information such as a list of VCWNR programs and services, participants and job placements by program, and post-training wages for program participants. The main data

sources for this analysis are SkillSource program reports, audited SkillSource financial records, and administrative data.

An economic profile of Northern Virginia is also included, providing a broad context to evaluate the economic impact and ROI of VCWNR programs and services. Chmura analyzed data on total employment and

employment growth, employment by major industry sector, employment by ownership category, average wages, and unemployment rate for the region. Data from Chmura's proprietary JobsEQ® platform were utilized to complete this analysis.

#### 3.2. Economic Impact Analysis

In this analysis, Chmura examined the economic impact of VCWNR programs and services in Northern Virginia. The main source of economic impact is the incremental income gained by individuals who either successfully transitioned into employment or gained new training with the help of VCWNR programs and services.<sup>6</sup> For individuals who were unemployed prior to utilizing VCWNR programs and services, the incremental wage is equivalent to wages and salaries they would receive in their new jobs. For individuals receiving training, the incremental wage is defined as the difference between pre- and post-training wages.

When individuals spend incremental income in Northern Virginia, additional economic impact is generated in the region. While incremental spending constitutes the direct economic impact of VCWNR programs and services in Northern Virginia, the total economic impact also includes economic ripple effects from the direct impact. Ripple effects, categorized as indirect and induced impacts (see Appendix 1 for definitions), measure the secondary benefits of increased household spending at regional businesses. For example, when newly employed individuals spend their wages on housing and groceries, they help other businesses and support additional jobs. The cumulative result of these secondary effects is called indirect impact

when it represents business-to-business transactions, and induced impact when it represents household (employee)-to-business transactions.

Direct impact, measured as household spending from incremental income, was estimated based on data from SkillSource. Chmura estimated the indirect and induced economic impacts with the IMPLAN Model after the direct impacts were estimated.

In the analysis, Chmura examined economic impacts of VCWNR programs and services in four dimensions:

1. Employment, or the total number of jobs that are supported in the regional

<sup>5</sup> For examples of previous studies, please see <https://vcwnorthern.com/public-documents/>.

<sup>6</sup> The operation of VCWNR will also generate positive economic impact in the area. In addition, VCWNR also manages other programs such as the Center for Business Planning and Development. Those impacts are not included in this study as the focus is the success of participants of VCWNR programs.

economy through incremental household income.

2. Labor income, or the salaries and wages that are associated with total employment.

3. Economic output, or the total amount of regional economic activity that is generated through secondary indirect and induced transactions.
4. Fiscal impact, or the federal, state, and local tax revenue as a result of the

increased economic activity. To minimize variance in tax estimates from IMPLAN, Chmura directly estimated federal, state, and local taxes for the fiscal impact estimates.

### 3.3. Return on Investment Analysis

In addition to the economic impact analysis, Chmura also assessed the return on investment (ROI) of VCWNR programs and services. ROI is expressed as a benefit-to-cost ratio. In this study, the cost is represented by all expenses associated with workforce programs and services provided by Virginia Career Works

Northern Region in FY2022. The benefit is represented by the total annual labor income attributable to VCWNR programs and services, resulting from new job placements.<sup>7</sup>

To conclude the ROI analysis, a benefit-to-cost ratio was computed for two broad programs. These included all non-self-service VCWNR programs, and all VCWNR programs and services, including One-Stop services.

<sup>7</sup> This definition is consistent with prior studies.

## 4. Profile of VCWNR and the Northern Virginia Regional Economy

### 4.1. Profile of VCWNR Programs and Services

The Virginia Career Works Northern Region provides a wide range of workforce training programs and services to regional jobseekers to help them locate employment in the area. In particular,

VCWNR offers several structured workforce programs in which individuals are enrolled and work with case managers (non-self-service programs). In addition, VCWNR also maintains five One-Stop

Employment Centers (SkillSource centers) where individuals can utilize facilities and resources in search of employment. There are also programs helping employed workers gain new knowledge and skills.

#### 4.1.1. Description of VCWNR Programs & Services

In FY2022, Virginia Career Works Northern Region provided career training and job placement services through the following programs:<sup>8</sup>

- **Workforce Innovation and Opportunity Act (WIOA) Programs**

- o WIOA Adult Program – provides employment and training services to assist eligible adults (individuals 18 years and older) in finding meaningful employment.
- o WIOA Dislocated Worker Program – provides employment and training services to dislocated workers (an individual who has been terminated or laid off, or has received notice that they will be terminated or laid off) in finding meaningful employment.
- o WIOA Youth Program – provides summer and year-round development programs to at-risk youth ages 16 – 24 years (e.g., dropouts, foster children, juvenile offenders, children of incarcerated parents, and migrant children).

- **Other WIOA Grant Programs**

- o Additional WIOA Programs – includes some programs carried over from prior years.

- **Non - WIOA Grants Programs**

- o Fairfax Alternative Incarceration Branch (AIB) Center – previously known as Fairfax pre-release employment center (PRC), supports the transition of long-term incarcerated adults into the workforce and community.
- o Temporary Assistance for Needy Families (TANF)– SkillSource currently has three TANF grants that have a mission to prepare jobseekers with barriers such as low-income, legal history, and/or disabilities to enter and maintain employment, with the prospect of a career path and wage growth.
- o Senior Community Service Employment Program (SCSEP) –

provides temporary community service training opportunities as a bridge to find employment opportunities outside the program.

- o Return to Earn – matches payments from eligible small businesses with less than 100 employees to support new hires in their transition back into the workforce.

In the analysis that follows, Chmura refers to all programs and services (other than One-Stop services) as VCWNR non-self-service programs. Economic impact and ROI evaluations are conducted for all VCWNR programs and services, as well as for non-self-service programs.

<sup>8</sup> The impact of some programs may not be evaluated if data are not available

#### 4.1.2. Outcome of VCWNR Programs & Services

Table 4.1 summarizes participants and job placements for different VCWNR programs and services in FY2022. Participation and successful job placements continued to be hindered by the COVID-19 pandemic but largely rebounded. In FY2022, a total of 1,224 individuals were enrolled in various non-self-service programs. Just under half (547) were enrolled in WIOA Adult, WIOA Dislocated Worker, and WIOA Youth programs. In addition, 667 jobseekers were enrolled in non-WIOA funded programs, such as Return to Earn and SCSEP. Finally, individuals utilized the VCWNR's One-Stop Employment Centers in-person and virtually to conduct job searches. They registered 37,662 total visits in FY2022.

In total, these programs and services were instrumental in transitioning 833 individuals to employment or improving their skills. VCWNR helped place them into meaningful jobs, with an average annual wage of \$43,323. Out of this number, 206 were placed into employment through the WIOA Adult, Dislocated Worker, and Youth programs. An additional 539 jobseekers found jobs through non-WIOA funded programs, such as Return to Earn and TANF. Finally, 88 jobseekers found employment as a result of utilizing VCWNR One-Stop services.

**Table 4.1: Virginia Career Works Northern Region Participants and Job Placements in FY2022**

VCWNR PROGRAMS & SERVICES	ENROLLMENT	JOB PLACEMENTS	AVERAGE INCREMENTAL ANNUAL SALARY
<b>WIOA Enhanced Career Services</b>	<b>547</b>	<b>206</b>	<b>\$50,001</b>
WIOA – Adult	275	97	\$48,391
WIOA – Dislocated Worker	121	58	\$59,219
WIOA – Youth	151	51	\$33,155
<b>Other Programs</b>	<b>677</b>	<b>539</b>	<b>\$38,740</b>
SCSEP	120	23	\$35,630
TANF	127	86	\$38,896
Return to Earn	430	430	\$38,875
<b>Total Non-Self-Service Programs</b>	<b>1,224</b>	<b>745</b>	<b>\$41,854</b>
<b>One-Stop Services*</b>	<b>37,662</b>	<b>88</b>	<b>\$55,765</b>
<b>Total VCWNR Programs &amp; Services</b>		<b>833</b>	<b>\$43,323</b>

Source: SkillSource

\* Visit numbers are brought current to include all virtual services provided by center programs that would have utilized pre-COVID walk-in services if available. Some programs may not be displayed here if data are not available.

## 4.2. Regional Economic Profile

### 4.2.1. Trend in Employment and Wages

Employment level and growth is the broadest and timeliest indicator of a region's overall economic health. A growing labor market also increases the chances that participants of VCWNR programs and services can find meaningful employment in the region.

The data show that in the second quarter of 2022 (last quarter of FY2022), Northern Virginia had total wage and salaried employment of 1.25 million, 2.3% above the 2<sup>nd</sup> quarter of 2021.<sup>9</sup> Employment dropped rapidly at the end of the first quarter and over the second quarter of 2020 due to the COVID-19 pandemic and statewide stay-at-home orders. As the economy reopened, the region has recovered 81% of the lost jobs as of the second quarter of 2022, and remains slightly below pre-pandemic levels.

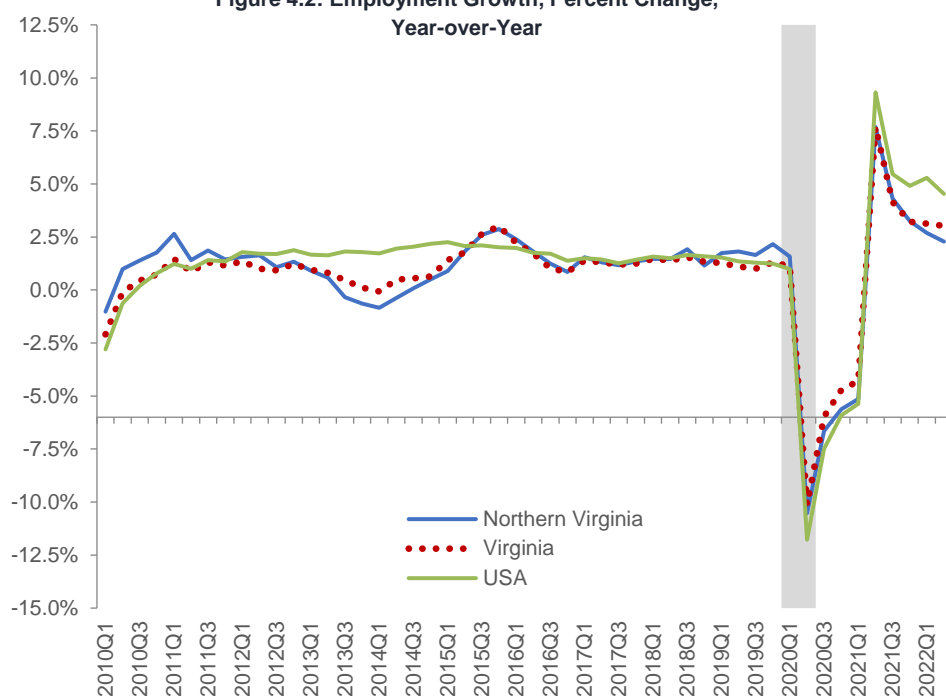
Figure 4.1 depicts quarterly trends in total employment in Northern Virginia since 2010. Despite the seasonal regional employment decline in the first quarter of each year, the overall employment trend shows an expansion with two interruptions. Regional employment growth stalled during 2013 and 2014 largely due to federal spending cuts as a result of federal budget sequestration. Growth resumed after 2014, with strong employment growth occurring from 2015 through 2019. Employment peaked at 1.28 million in the fourth quarter of 2019, up 16.2% (or 178,087 jobs) since 2010. Job losses due to the pandemic set employment in the region back to its lowest level since the first quarter of 2011. As of the second quarter of 2022, the region has recovered an estimated 81% of the jobs lost in early 2020.

**Figure 4.1: Northern Virginia Quarterly Wage and Salaried Employment**



Source: JobsEQ® by Chmura

**Figure 4.2: Employment Growth, Percent Change, Year-over-Year**



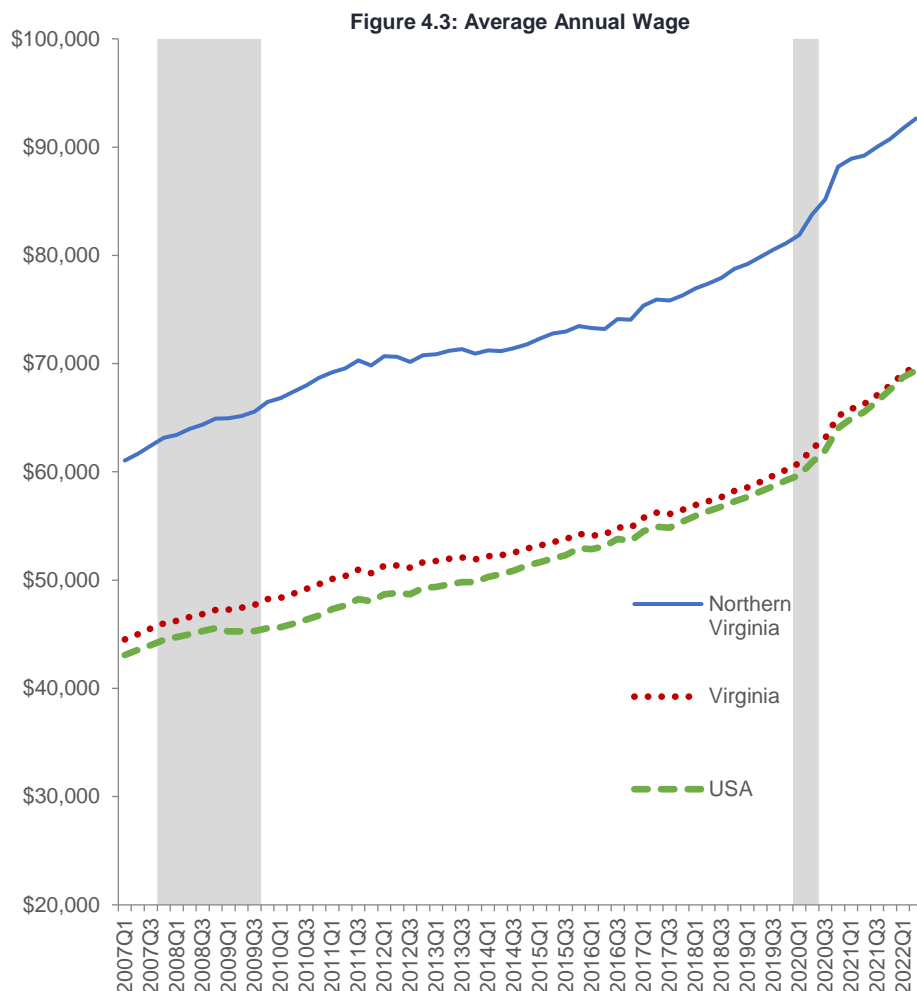
Source: JobsEQ® by Chmura

<sup>9</sup> Wage and salaried employment does not include proprietors or self-employed individuals. Chmura excluded those groups to be consistent with prior studies.



In terms of employment growth, since 2010, Northern Virginia's employment expanded at an average rate of 0.9% year-over-year; this is compared with 0.8% for Virginia and 1.1% for the nation. As Figure 4.2 shows, Northern Virginia rebounded from the 2007 to 2009 recession faster than both the state and nation, as job growth from 2010 to 2012 generally outpaced those two regions. Regional job growth lagged state and national averages from 2013 to 2015. This is largely due to federal budget cuts resulting from budget sequestration, which affected Northern Virginia disproportionately as the region has a high concentration of federal employees and federal contractors. The negative effect of federal budget cuts has since worn off. Employment growth in the region was steady from 2015 to the fourth quarter of 2019. However, there was a sharp decline in the second quarter of 2020 due to the COVID-19 pandemic, with a healthy recovery over FY2021. Over FY2022, employment growth in all three regions has begun to slow as employment numbers move closer to pre-pandemic levels.

As of the second quarter of 2022, the average annual wage per worker in Northern Virginia was \$92,636, significantly higher than the state average of \$69,814 and the national average of \$69,381 (Figure 4.3). As analyzed later, the higher average wage can be primarily attributed to the industry mix of the region. Northern Virginia has a high concentration of professional services and high-tech jobs, as well as federal government employees, which tend to pay high salaries. But wage growth in Northern Virginia trailed both state and national averages. Since 2010, the average annual wage per worker in Northern Virginia grew at 2.7% per year, compared with state and national averages of 3.0% and 3.3%, respectively.



Source: JobsEQ® by Chmura



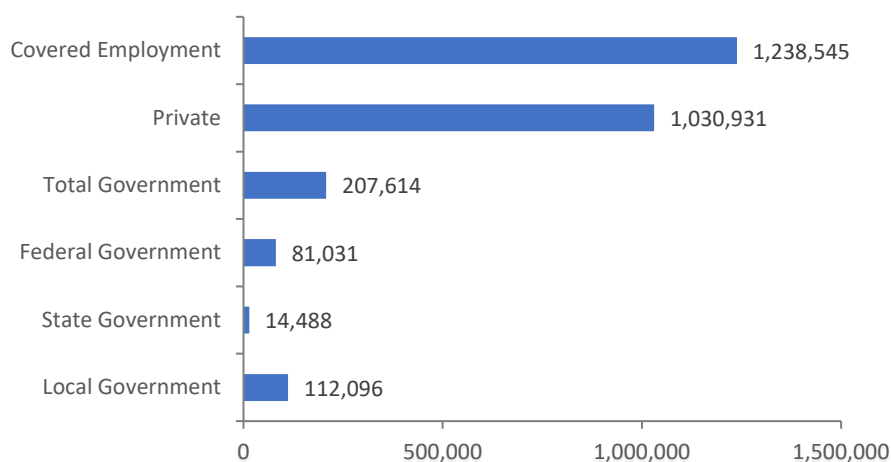
#### 4.2.2. Employment and Wage by Ownership

Figure 4.4 provides a breakdown of total wage and salaried employment in Northern Virginia in FY2022 by ownership category. The data show that in FY2022, 1,030,391 jobs (or 83.2% of the region's total employment of 1.24 million) were in the private sector. With 207,614 jobs (or 16.8%) in the government sector, the percentage of overall government employment in Northern Virginia is smaller than the state average of 17.8%. However, there is a higher percentage (6.5%) of federal government employment in the region than in Virginia (4.8%).

Among different ownership categories, average wage was the highest for workers in the federal government, averaging \$121,172 in FY2022. This is significantly higher than the average of \$92,636 for all wage and salaried workers in Northern Virginia (Figure 4.5). In contrast, workers employed in state and local governments had average wages of \$63,286 and \$67,836, respectively—much lower than wages in the federal government and private sector.

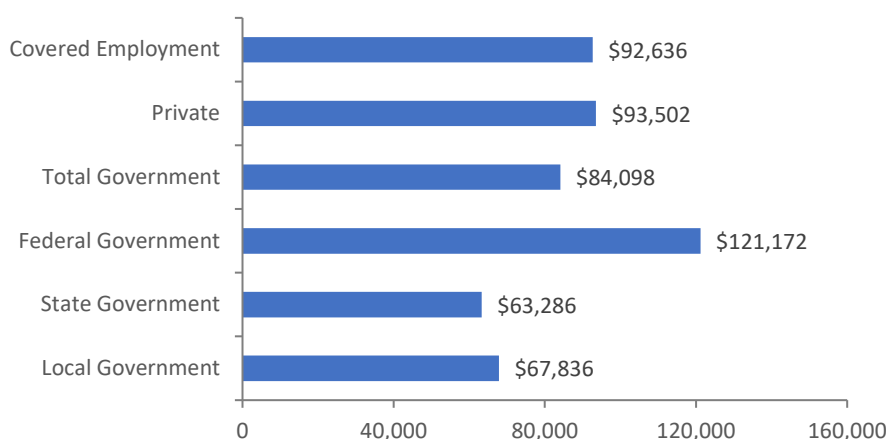
Figure 4.6 depicts the changes in employment by ownership category from FY2021 to FY2022 in Northern Virginia. Recovery from the COVID-19 pandemic was in full effect for employment in the private sector, which added 33,513 jobs over this period. Local governments gained 4,552 jobs, and federal and state government employment decreased by 506 and 8 jobs respectively.

**Figure 4.4: Employment by Ownership Category, FY2022**



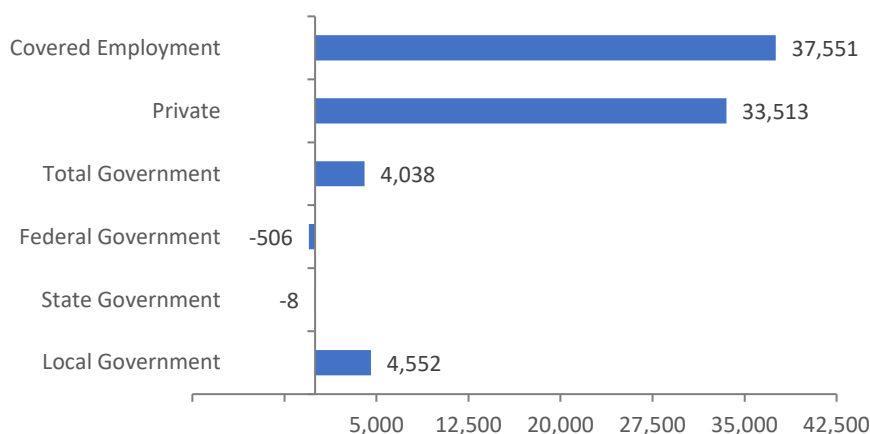
Source: JobsEQ® by Chmura

**Figure 4.5: Average Annual Wage by Ownership Category, FY2021**



Source: JobsEQ® by Chmura

**Figure 4.6: Annual Change in Employment by Ownership Category, FY2020 to FY2021**



Source: JobsEQ® by Chmura

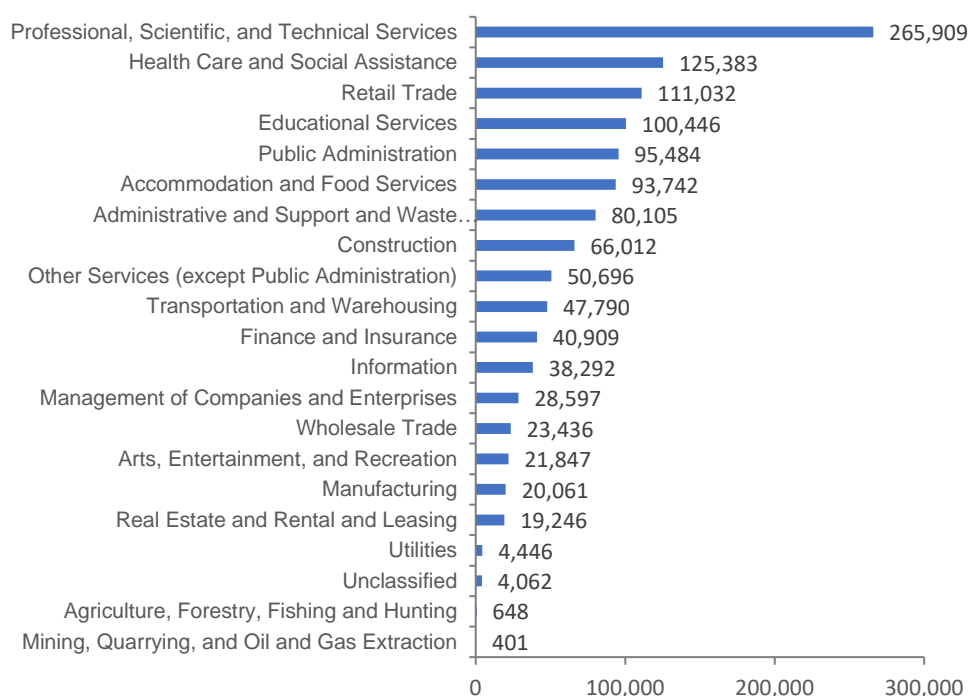
### 4.2.3. Employment and Wage by Industry Sector

Northern Virginia is home to many different industries. As Figure 4.7 shows, in FY2022, the largest industry by employment was professional, scientific, and technical services (265,909 jobs), followed by health care and social assistance (125,383 jobs), and retail trade (111,032 jobs). Other large industry sectors included educational services (100,446 jobs), public administration (95,484 jobs), and accommodation and food services (93,742 jobs). The high-paying professional, scientific, and technical services industry plays an important role in the regional economy as more than one in five (21.5%) regional workers were employed in this industry, compared with 11.8% for the state average.

Figure 4.8 presents the average annual wages by major industry in Northern Virginia for FY2022. Management of companies and enterprises was the highest-paying industry, with an average annual wage of \$193,248. This industry represents many corporate headquarters in Northern Virginia, employing a large number of corporate executives and highly skilled professionals. Finance and insurance ranked second with an average annual wage of \$159,807. Other high-paying industries were information (\$154,897 average annual wage), wholesale trade (\$141,032), and professional, scientific, and technical services (\$138,801).

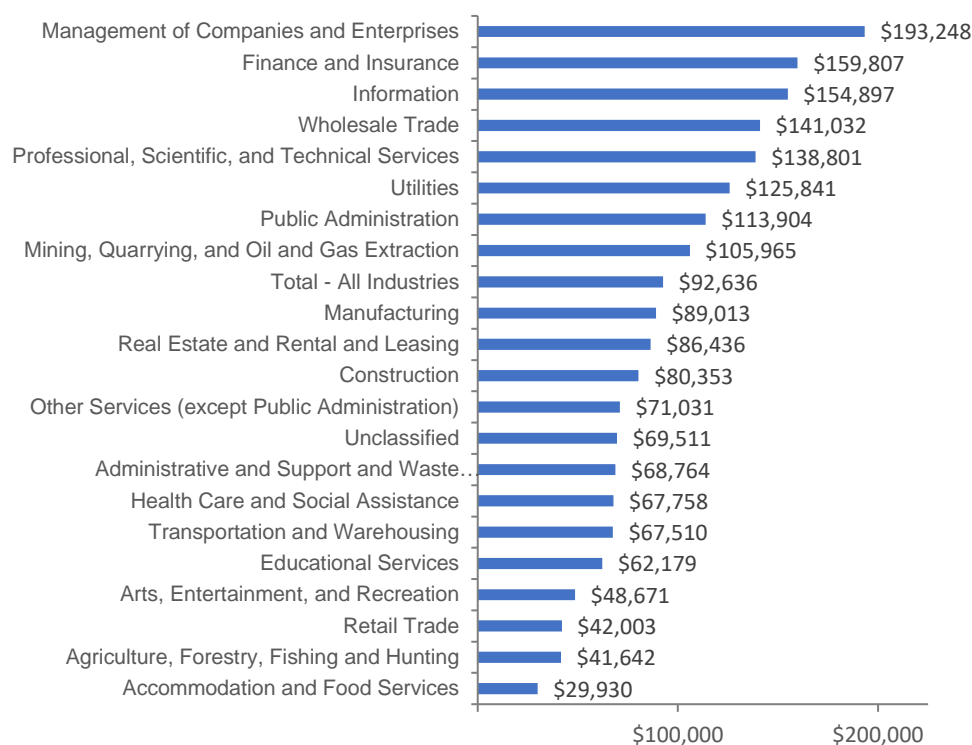
On the other end of the spectrum, the accommodation and food services and agriculture, forestry, fishing, and hunting industry paid the lowest annual wages, averaging \$29,930 and \$41,642, respectively, in FY2022. Workers in those industries may have faced challenges to maintain a certain standard of living as costs for housing and transportation in Northern Virginia are higher than in other areas of Virginia.

**Figure 4.7: Employment by Major Industry, FY2022**



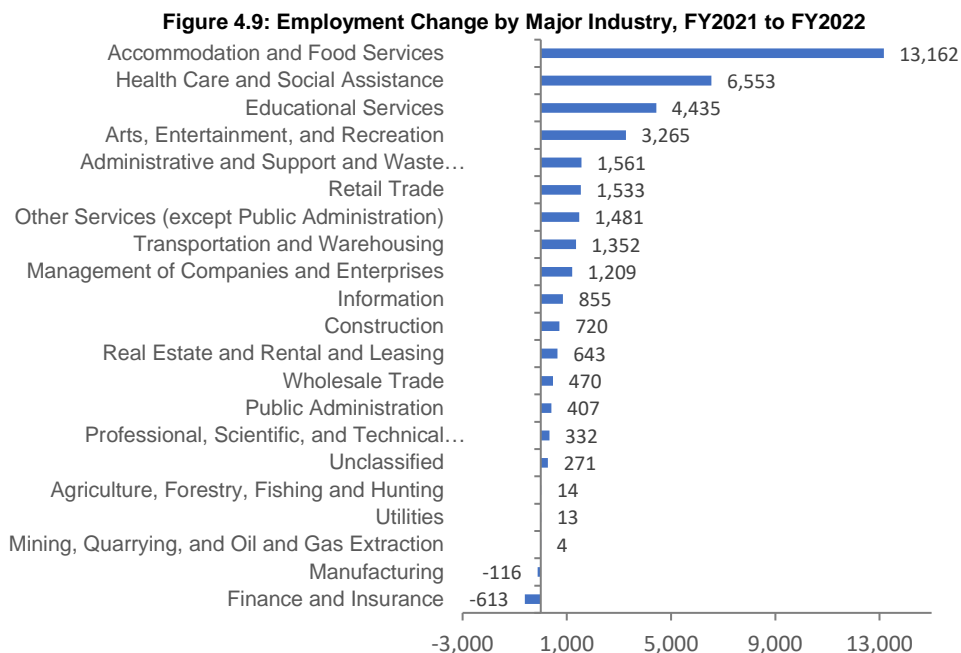
Source: JobsEQ® by Chmura

**Figure 4.8: Average Annual Wages by Major Industry, FY2022**



Source: JobsEQ® by Chmura

Figure 4.9 summarizes the employment changes by industry in Northern Virginia between FY2021 and FY2022. The largest employment gains over the period occurred in accommodation and food services (up 13,162 jobs following severe losses from the year prior due to the pandemic), and health care and social assistance (up 6,553 jobs). On the other hand, the largest employment losses over the period occurred in finance and insurance (down 613 jobs), and manufacturing (down 116 jobs). From the perspective of many participants of VCWNR programs and services, opportunities may lie in industries recovering lost jobs and forecast to grow in the long run such as health care and social assistance, educational services, and transportation and warehousing.

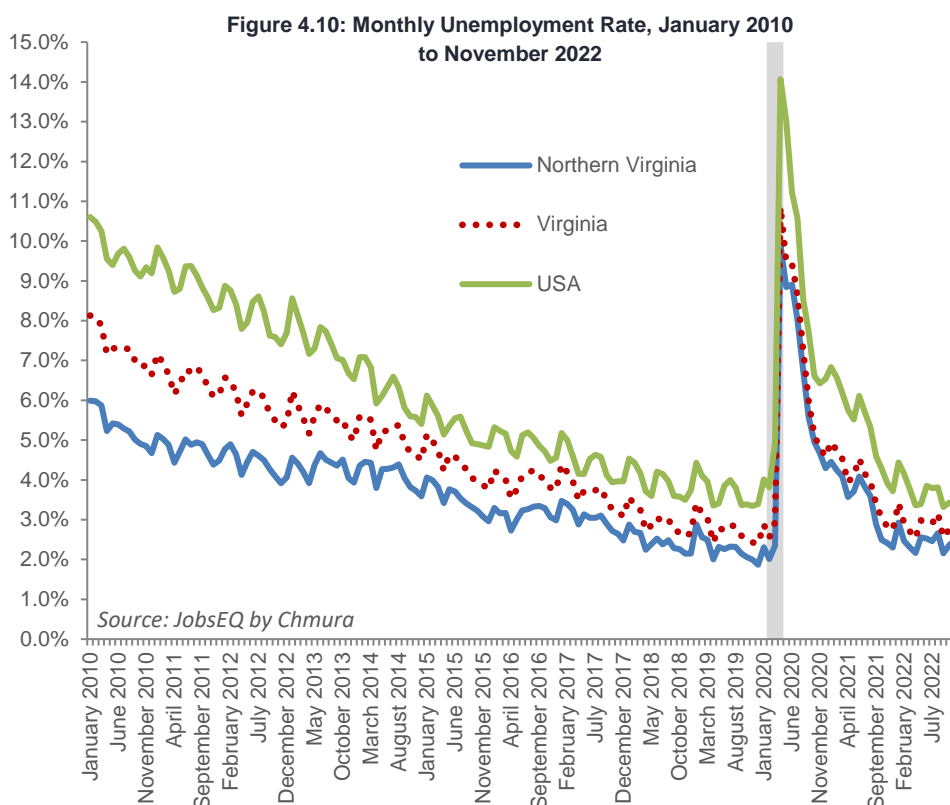


Source: JobsEQ® by Chmura

#### 4.2.4. Unemployment Rate

Another broad indicator of the health of a regional economy is the unemployment rate. Figure 4.10 compares recent unemployment trends in Northern Virginia to those at the state and national levels. The unemployment rate data is monthly from January 2010 through November 2022 (the most recent month for which such data were available).

The unemployment rates of the region, state, and nation steadily declined between 2010 and 2020 as the country recovered from the recession of 2007 to 2009. The data also show that unemployment rates in Northern Virginia have been consistently below the Virginia and U.S. levels since 2010. At the end of FY2022 (June 2022), unemployment rates stood at 2.5% in Northern Virginia, 3.0% statewide, and 3.9% nationally. The unemployment rate spiked in April 2020 to 9.9% in the region due to the pandemic, compared with 10.9% in the state, but has been on a steady decline ever since. The regional unemployment rate has fallen to 2.5% in November 2022, indicating a rather quick recovery from the



Source: JobsEQ by Chmura

unemployment caused by the pandemic. The resilient economy and recovery bode well for participants of VCWNR programs

and services as they are more likely to find employment with adequate wages in the region.

## 5. Economic Impact of VCWNR

As noted earlier, the main benefit for a jobseeker to enroll in VCWNR workforce training programs and services is the potential for obtaining a job and receiving higher earnings for those formerly unemployed. When this additional income is spent within local communities, it generates additional economic impact in Northern Virginia.

As shown in Table 5.1, a total of 833 individuals found employment after enrolling in VCWNR programs or utilizing One-Stop services in FY2022. Their average incremental wage was \$43,323 per year. As a result, the total annual incremental household income generated through VCWNR programs'

job placements is estimated to be \$36.1 million. Of this figure, \$31.2 million is the incremental income for those who found jobs or received training through VCWNR non-self-service programs, and \$4.9 million is for those using One-Stop services, which remained somewhat constrained during the social distancing concerns in FY2022.

**Table 5.1: Additional Household Income Attributable to FY2022 VCWNR Programs**

VCWNR PROGRAMS & SERVICES	JOB PLACEMENTS	INCREMENTAL AVERAGE ANNUAL SALARY	INCREMENTAL TOTAL HOUSEHOLD INCOME (MILLION)
WIOA – Adult	97	\$48,391	\$4.7
WIOA – Dislocated Worker	58	\$59,219	\$3.4
WIOA – Youth	51	\$33,155	\$1.7
SCSEP	23	\$35,630	\$0.8
TANF	86	\$38,896	\$3.3
Return to Earn	430	\$38,875	\$16.7
<b>Total Non-Self-Service Programs</b>	<b>745</b>	<b>\$41,854</b>	<b>\$31.2</b>
<b>One-Stop Services</b>	<b>88</b>	<b>\$55,765</b>	<b>\$4.9</b>
<b>Total VCWNR Programs &amp; Services</b>	<b>833</b>	<b>\$43,323</b>	<b>\$36.1</b>

Source: SkillSource

### 5.1. Economic Impact of VCWNR Non-Self-Service Programs

Excluding job placements through One-Stop services, a total of 745 individuals found jobs with the help of VCWNR non-self-service programs in FY2022. They earned \$31.2 million in annual incremental income from wages and salaries.

It is assumed that all consumption expenditures were made within Northern Virginia. In addition, the economic impact is estimated based on a "representative year" assuming all those individuals work a full year, even though employment start dates were likely spread out over FY2022.<sup>10</sup>

Table 5.2 sums up the economic impact of VCWNR non-self-service programs in Northern Virginia in FY2022. In terms of regional employment, direct impact is represented by 745 individuals who transitioned into employment through VCWNR programs. The household expenditures made by these newly employed individuals also supported an

**Table 5.2: Economic Impact of VCWNR Non-Self-Service Programs, FY2022**

	EMPLOYMENT	LABOR INCOME (MILLION)	OUTPUT
Direct Impact	745	\$31.2	\$0.0
Indirect & Induced Impact	146	\$9.5	\$29.5
Total Impact	891	\$40.7	\$29.5
	STATE & LOCAL	FEDERAL	TOTAL
Fiscal Impact (\$Million)	\$2.2	\$3.2	\$5.3

Note: Numbers may not sum due to rounding

Source: IMPLAN 2021

additional 146 jobs in the area through indirect and induced impact, for a total employment impact of 891 jobs in Northern Virginia.

For regional labor income, the direct impact is represented by \$31.2 million in annual wages and salaries paid to individuals benefiting from VCWNR non-self-service programs. The household expenditures

made by these individuals also generated \$9.5 million in additional regional labor income through indirect and induced impact, for a total regional labor income of \$40.7 million in FY2022.

Finally, household spending by newly employed individuals also generated \$29.5 million in annual total economic output in the region.<sup>11</sup> In addition, this household

<sup>10</sup> This same assumption has been used in previous studies.

<sup>11</sup> Economic output is typically represented by total sales (revenue of all businesses) in a region.

spending is estimated to have generated \$2.2 million in state and local tax revenue, and \$3.2 million in federal tax revenue—for

a total fiscal impact of \$5.3 million in FY2022.

## 5.2. Economic Impact of all VCWNR Programs and Services

Including job placements from One-Stop services, a total of 833 individuals found jobs with the help of VCWNR programs and services in FY2022. They earned an estimated \$36.1 million in annual income in terms of wages and salaries.

Table 5.3 summarizes the economic impact of all VCWNR programs and services in Northern Virginia in FY2022. In terms of regional employment, direct impact is represented by 833 individuals who transitioned into employment through VCWNR programs and services. Household expenditures made by these individuals also supported an additional 170 jobs in the area through indirect and induced impact, for a total regional employment impact of 1,003 jobs.

For regional labor income, the direct impact is represented by \$36.1 million in

**Table 5.3: Economic Impact of all VCWNR Programs and Services, FY2022**

	EMPLOYMENT	LABOR INCOME (\$MILLION)	OUTPUT
Direct Impact	833	\$36.1	\$0.0
Indirect & Induced Impact	170	\$11.0	\$34.1
Total Impact	1,003	\$47.1	\$34.1
	STATE & LOCAL	FEDERAL	TOTAL
Fiscal Impact (\$Million)	\$2.5	\$3.7	\$6.2

*Note: Numbers may not sum due to rounding*

*Source: IMPLAN 2021*

annual wages and salaries paid to individuals benefiting from all VCWNR programs and services. Household expenditures made by these individuals also generated \$11.0 million in regional labor income through indirect and induced impact, for a total regional labor income of \$47.1 million in FY2022.

In addition, household spending was responsible for generating \$2.5 million in additional state and local tax revenue, and \$3.7 million in additional federal tax revenue. The total fiscal impact was \$6.2 million in FY2022.

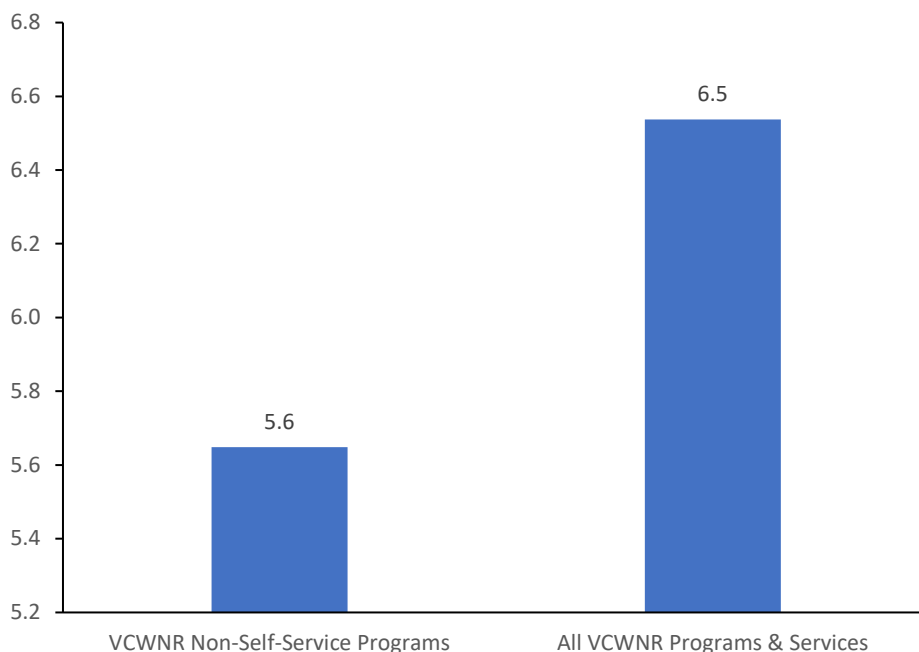
## 6. Return on Investment

In FY2022, the public cost associated with delivering VCWNR programs and services was \$7.2 million.<sup>12</sup> Comparing this cost to the benefit derived from these programs, measured in total labor income, it is estimated that the benefit-to-cost ratio was 5.6 in FY2022 for VCWNR non-self-service programs. This indicates that the benefit derived from the programs was more than five times the public cost required (Figure 6.1).

If the analysis is expanded to encompass all programs and services provided by VCWNR, including One-Stop services, the benefit-to-cost ratio rose to 6.5 in FY2022, indicating that the benefit was more than six times the public cost required.<sup>13</sup>

The ratios estimated above only capture the annual benefits of VCWNR programs and services. However, the benefits will recur in Northern Virginia each year, provided those individuals remain employed. As a result, the long-term return on investment of VCWNR programs and services can be significantly higher.

**Figure 6.1: Benefit-to-Cost Ratio of VCWNR Programs and Services, FY2022**



Source: Chmura, IMPLAN 2021

<sup>12</sup> Source: Audit Report, Financial and Federal Award Compliance Examination, for Year Ending June 30, 2022, SkillSource Group.

<sup>13</sup> To be consistent with prior studies, this report does not differentiate costs for One-Stop services.

## 7. Conclusion

In FY2022, Virginia Career Works Northern Region made significant contributions to the economy of Northern Virginia. Rebounding strongly following interruption of the COVID-19 pandemic, the system was instrumental in helping 833 individuals obtain jobs in FY2022. The associated incremental household income for those individuals was approximately \$36.1 million. The total impact of those programs and services is estimated to have been 1,003 jobs in Northern Virginia, associated with \$47.1 million in total regional labor income, \$34.1 million in

additional regional economic output, and \$6.2 million in state, local, and federal tax revenue.

Excluding job placements through One-Stop services, the Virginia Career Works Northern Region helped 745 individuals obtain employment through its non-self-service programs in FY2022. The increased household income for those was approximately \$31.2 million. The total impact of those programs is estimated to have been 891 jobs in Northern Virginia, associated with \$40.7 million in total

regional labor income, \$29.5 million in additional regional economic output, and \$5.3 million in state, local, and federal tax revenue.

In FY2022, the public cost associated with all VCWNR programs and services was \$7.2 million. Comparing benefit and cost, the benefit-to-cost ratio for VCWNR non-self-service programs was 5.6, while the benefit-to-cost ratio rose to 6.5 for all VCWNR programs and services.

# Appendix 1: Impact Analysis Glossary

*Impact Analysis*—an examination of business-business and business-consumer economic relationships capturing all monetary transactions in a given period, allowing one to calculate the effects of a change in an economic activity on the entire economy (input-output analysis).

*Direct Impact*—economic activity generated by a project or operation. For construction, this represents activity of the contractor; for operations, this represents activity by tenants of the property.

*Overhead*—construction inputs not provided by the contractor.

*Indirect Impact*—secondary economic activity that is generated by a project or operation. An example might be a new office building generating demand for parking garages.

*Induced (Household) Impact*—economic activity generated by household income resulting from direct and indirect impacts.

*Ripple Effect*—the sum of induced and indirect impacts. In some projects, it is

more appropriate to report ripple effects than indirect and induced impacts separately.

*Total Economic Impact*—the sum of the direct, indirect and induced impact.

*Fiscal Impact*—the tax revenue for federal, state or local governments derived from the direct economic impact.

*Multiplier*—the cumulative impacts of a unit change in economic activity on the entire economy.



## Appendix 2: The SkillSource Group, Inc. Board of Directors

**Robert Bartolotta**

Manhattan Strategy Group

**Joseph Carter**

R&K Cyber Solutions LLC

**Cris Daniluk**

Rhythmic Technologies

**Debra Eshelman**

Independent Consultant

**Wayne Hallheimer**

WCH Realty Advisors LLC

**George Harben**

Prince William County Department of  
Development Services

**Todd House**

Washington Gas

**Rebecca Hughes**

SAP Global Marketing

**Roxana Mejia**

IUPAT District Council 51

**Christopher Rieley**

Bank of Clarke County

**Todd Rowley**

Old Dominion National Bank

**Patrick Small**

City of Manassas Economic Development

**Marc Tate**

Amazon Web Services

**James Thomas**

J.E. Thomas and Associates

**William Trumbull**

ICF International

**Hector Velez**

Vector Talen

## Appendix 3: Virginia Career Works Northern Region Board of Directors

**Shakera Alvarado**

Fairfax County Public Schools

**Robert J. Bartolotta**

New Editions Consulting

**Michael Becketts**

Fairfax County Department of Family Services

**Glenda Blake**

Northern Virginia Family Services

**Anthony Cancelosi**

Columbia Lighthouse for the Blind

**Joseph Carter**

R&K Cyber Solutions LLC

**Louis Cernak**

International Union of Operating Engineers, Local 99

**Julie Coons**

Northern Virginia Chamber of Commerce

**Joseph Diaz**

Didlake, Inc.

**Edward Dupass**

Virginia Employment Commission

**George Harben**

Prince William County Department of Development  
Services

**Debora Harvey**

Heavy Construction Contractors Association

**Larry Hoffman**

George Washington University

**Derwin Overton**

OAR

**Steven B. Partridge**

Northern Virginia Community College

**Bruce Patterson**

ServiceSource

**Leanne Rerko**

Virginia Department for Aging and Rehabilitative  
Services

**Christopher Rieley**

Bank of Clarke County

**Todd Rowley**

Old Dominion National Bank

**Roopal Saran**

English Empowerment Center

**Olivia Shultz**

SAP NS2

**Mary Ann Shurtz**

Stratford University

**Karen Smaw**

Fairfax County Economic Development Agency

**Zuzana Steen**

Micron Technology, Inc.

**Paul Steiner**

Fairfax County Public Schools

**William Trumbull**

ICF International

**Roxana Mejia**

IUPAT District Council 51

**Susan Mitchell**

Guardians of Honor, LLC

**William Mountjoy**

AFL-CIO

**Fatimah A. Ogungbade**

Dominion Energy

**Hector Velez**

Vector Talent

**Michele Weatherly**

Prince William County Department of Economic  
Development

**Lisa Whetzel**

Britepaths, Inc.

**Joan Wise**

Cornerstones

**THE SKILLSOURCE GROUP, INC.**  
**BOARD OF DIRECTORS**  
**SUMMARY SHEET**

February 16, 2023

**SUBJECT: December 31, 2022 Management Report Notes**

The financial results of operations for the six months ended December 31, 2022, reflect a **decrease in Net Assets of \$21,214** on a budgeted increase of \$1,201, resulting in an unfavorable variance of \$22,412.

The Change in Net Assets comprises:

Increase (Decrease) in Net Assets Without Donor Restrictions	\$5,759
Increase (Decrease) in Net Assets With Donor Restrictions	<u>\$(26,973)</u>
<b>Total Increase (Decrease) in Net Assets</b>	<b>\$(21,214)</b>

The changes in Net Assets Without Donor Restrictions and Net Assets With Donor Restrictions reflect the net result of revenues offset by expenses in each class of net assets.

The detailed changes in Net Assets Without Donor Restrictions and Net Assets With Donor Restrictions are presented in the tables below:

<b>Category</b>	<b>Change in Net Assets Without Donor Restrictions</b>
Fundraising	959
Unrestricted	(2,375)
Indirect (surplus)	7,175
<b>Total change in Net Assets Without Donor Restrictions</b>	<b>5,759</b>

Increase in Net Assets Without Donor Restrictions reflects unrestricted revenue from Ticket to Work (TTW), interest revenue, Federated Campaigns, and the surplus of billable indirect costs over actual indirect costs, offset by expenses in the TTW program, and other expenses charged to Unrestricted Funds.

<b>Program</b>	<b>Change in Net Assets With Donor Restrictions</b>
SCSEP	32,245
NVITE	(9,709)
UW FEC	(64,728)
EYE	11,434
MWCOG Van sale proceeds	3,500
Donation restricted for VCW Northern branded clothing, net of expenses	284
<b>Total change in Net Assets With Donor Restrictions</b>	<b>26,973</b>

**The decrease in Net Assets With Donor Restrictions reflects the timing difference of revenue and expense recognition, and not an indication of under-performance.** The UW FEC and NVITE grant revenues received in early calendar year 2022 were recognized at that time; however, many

expenses did not incur until the second half of calendar year 2022, which is the first half of fiscal year 2023. Some new UW FEC funding is anticipated in early 2023, which was recorded in December 2022 as accrued revenue. However, this new funding is not expected to cover all of FY23 costs, resulting in the deficit in this program. February 16, 2023

**Program Activities:**

**WIOA:** As of December 31, 2022, PY 2021 Adult, Dislocated Worker, and Youth programs have expended 100% of total allocations. Adult and Dislocated Workers' combined training rate was 44.6%, exceeding the required minimum rate of 40%. WIOA Youth's cumulative Work Experience expenditure rate is 33.6%, exceeding the required minimum rate is 20%. Most of December WIOA expenses were charged to WIOA PY22, with expenditure rates for WIOA Adult, Dislocated Worker, and Youth of 23%, 12% and 11% respectively.

**Ticket to Work:** Cash receipts after six months totaled \$83,732, of which \$30,000 was FY 2022 revenue accrued at the end of FY 2022; therefore, only \$53,732 was recorded as FY 2023 revenue. \$28,496 was accrued at the end of December, bringing six months of revenue to \$82,228 to cover program expenses.

**Indirect costs:**

Actual indirect cost rate at the end of December is 9.35%, while the de minimis rate is 10% resulting in \$7,175 surplus. The actual indirect cost is expected to be 10% at the end of the fiscal year.

**The SkillSource Group, Inc.**  
**Budget to Actual**  
**For the Six Months Ended December 31, 2022**

February 16, 2023

	Actual	Current Budget	Variance	Annual Budget	Balance
<b>Revenue</b>					
Government Contracts	3,224,966	4,484,957	(1,259,991)	8,969,913	5,744,947
Other Restricted Income	477,127	551,064	(73,936)	1,102,127	625,000
Unrestricted Income	83,454	85,088	(1,634)	170,175	86,721
Interest Income	997	900	97	1,800	803
<b>Total</b>	<b>3,786,544</b>	<b>5,122,008</b>	<b>(1,335,464)</b>	<b>10,244,015</b>	<b>6,457,471</b>
<b>Personnel Expenses</b>					
Salaries & Wages	675,355	677,709	2,354	1,355,417	680,062
Fringe	197,221	198,832	1,611	397,663	200,442
<b>Total Personnel</b>	<b>872,576</b>	<b>876,540</b>	<b>3,964</b>	<b>1,753,079</b>	<b>880,504</b>
<b>Operating Expenses</b>					
Annual Report	5,510	3,000	(2,510)	6,000	490
Audit	38,991	19,261	(19,730)	38,522	(469)
Communications	22,386	21,092	(1,295)	42,183	19,797
Contracted Maintenance	24,392	32,895	8,503	65,790	41,398
Dues & Memberships	1,945	2,018	73	4,035	2,090
Equipment & Maintenance Costs	12,384	6,675	(5,709)	13,350	966
Financial Management	13,138	17,917	4,779	35,833	22,696
HR & PR Processing	23,527	26,575	3,048	53,150	29,623
Insurance	15,626	13,542	(2,084)	27,084	11,458
Leases	242,133	240,147	(1,986)	480,293	238,160
Meetings & Conferences	1,822	1,613	(209)	3,225	1,403
Professional Development	-	2,000	2,000	4,000	4,000
Professional Services	11,692	74,614	62,922	149,228	137,536
Supplies	44,068	40,422	(3,646)	80,844	36,776
Travel	6,733	4,078	(2,655)	8,155	1,422
Utilities	14,617	15,750	1,133	31,500	16,883
<b>Total Operating Expenses</b>	<b>478,963</b>	<b>521,596</b>	<b>42,633</b>	<b>1,043,192</b>	<b>564,229</b>
<b>Program Services</b>					
Outreach	19,086	20,052	966	40,104	21,018
Onestop center shared costs	58,528	81,615	23,087	163,230	104,702
Incumbent Worker Training	8,413	65,000	56,587	130,000	121,587
Pay for Performance Bonus Payment (WIOA Youth)	-	17,500	17,500	35,000	35,000
Transitional/Work Experience	472,294	550,538	78,244	1,101,076	628,782
Training & Other Supportive	104,343	173,982	69,639	347,963	243,620
Transportation & vouchers	-	5,888	5,888	11,776	11,776
<b>Total Program Services</b>	<b>662,664</b>	<b>914,575</b>	<b>251,911</b>	<b>1,829,149</b>	<b>1,166,485</b>
<b>Contractual Services - One Stop Operator</b>					
Personnel	1,222,683	1,312,468	89,784	2,624,935	1,402,252
Operating	(3,339)	10,894	14,233	21,788	25,127
Training & Supportive Services	400,042	605,679	205,636	1,211,357	811,315
<b>Total Contractual - One Stop Operator</b>	<b>1,619,386</b>	<b>1,929,040</b>	<b>309,654</b>	<b>3,858,080</b>	<b>2,238,694</b>
<b>Contractual Services - Other</b>					
Personnel	79,855	39,414	(40,441)	78,827	(1,028)
Operating	94,315	47,158	(47,158)	94,315	-
Training & Customer Services	-	-	-	-	-
<b>Total Contractual Services - Other</b>	<b>174,170</b>	<b>86,571</b>	<b>(87,599)</b>	<b>173,142</b>	<b>(1,028)</b>
<b>Total Contractual</b>	<b>1,793,556</b>	<b>2,015,611</b>	<b>222,055</b>	<b>4,031,222</b>	<b>2,237,666</b>
<b>Total Expense</b>	<b>3,807,758</b>	<b>4,328,322</b>	<b>520,564</b>	<b>8,656,642</b>	<b>4,848,885</b>
Unobligated Funds	-	516,895	516,895	1,033,789	1,033,789
NoVA HealthForce Program Services	-	-	-	-	-
One-Stop Center Set Aside	-	275,594	275,594	551,188	551,188
<b>Total Expense</b>	<b>3,807,758</b>	<b>5,120,807</b>	<b>1,313,052</b>	<b>10,241,619</b>	<b>6,433,862</b>
<b>Change in Net Assets</b>	<b>(21,214)</b>	<b>1,201</b>	<b>(22,412)</b>	<b>2,396</b>	<b>23,609</b>

The SkillSource Group, Inc.  
Preliminary Statement of Financial Position  
As of December 31, 2022

February 16, 2023

Assets	
<b>Current Assets</b>	
Cash & Equivalents	
Operating & Payroll	254,754
Insured Cash Sweep	210,890
Total Cash & Equivalents	<u>465,644</u>
Contracts Receivable	1,343,652
Other Current Assets	
Employee Advances	8,035
Other Account Receivable	409
Total Other Assets	<u>8,445</u>
Prepaid Expenses	36,780
<b>Total Current Assets</b>	<u>1,854,521</u>
<b>Fixed Assets</b>	
Property and Equipment	76,671
Less Accumulated Depreciation	<u>(51,373)</u>
<b>Total Fixed Assets</b>	<u>25,299</u>
<b>Total Assets</b>	<u><u>1,879,820</u></u>

Liabilities and Net Assets					
<b>Current Liabilities</b>					
Accounts Payable					618,614
Deferred Income					12,289
Accrued Expenses					152,479
Other Current Liabilities					980
NOVA HealthForce Funds Held in Trust					<u>357,817</u>
<b>Total Current &amp; Other Liabilities</b>					1,142,180
<b>Net Assets</b>					
	<i>Beginning</i>	<i>Increase</i>	<i>Decrease</i>	<i>Change</i>	<i>Year-to-date</i>
Unrestricted Net Assets	446,623	5,759		5,759	452,382
Restricted Net Assets					
MWCOG	-	3,500	-	3,500	3,500
UW FEC at PW Center	252,928	50,000	(114,728)	(64,728)	188,201
NVITE	31,859	-	(9,709)	(9,709)	22,150
Other restricted - Donation	-	4,000	(3,716)	284	284
SCSEP	-	567,426	(535,181)	32,245	32,245
TANF4	27,444	67,625	(67,625)	-	27,444
EYE	-	30,375	(18,941)	11,434	11,434
<b>Total Temporarily Restricted Net Assets</b>	<u>312,231</u>	<u>722,926</u>	<u>(749,900)</u>	<u>(26,973)</u>	<u>285,258</u>
<b>Total Net Assets</b>	<u>758,854</u>	<u>728,686</u>	<u>(749,900)</u>	<u>(21,214)</u>	<u>737,640</u>
<b>Total Liabilities and Net Assets</b>					<u><u>1,879,820</u></u>

**The SkillSource Group, Inc.**  
**Workforce Innovation and Opportunity Act Programs**  
**For the Six Months Ended December 31, 2022**

February 16, 2023

	Actual	Current Budget	Variance	Annual Budget	Balance
<b>WIOA Administration</b>					
<i>SkillSource</i>					
Salaries & Wages	75,547	65,158	(10,390)	130,315	54,768
Fringe	21,969	19,712	(2,258)	39,423	17,454
Operating & Outreach	38,429	30,518	(7,911)	61,036	22,607
Unobligated	-	111,073	111,073	222,145	222,145
Indirect Costs	43,168	31,322	(11,846)	62,644	19,477
<i>Total WIOA Administration</i>	<i>179,113</i>	<i>257,782</i>	<i>78,668</i>	<i>515,563</i>	<i>336,450</i>
<b>WIOA Adult</b>					
<i>SkillSource</i>					
Salaries & Wages	92,158	81,309	(10,849)	162,617	70,459
Fringe	24,910	20,352	(4,558)	40,704	15,794
Operating	11,507	5,120	(6,388)	10,239	(1,268)
Outreach	7,220	1,554	(5,667)	3,107	(4,113)
One-stop Centers Shared Costs	18,684	23,561	4,877	47,121	28,437
Training-Incumbent Worker	2,059	22,500	20,441	45,000	42,941
Other training and support	22,155	18,041	(4,115)	36,081	13,926
One-Stop Center Set Aside	-	117,351	117,351	234,701	234,701
Unobligated	-	64,316	64,316	128,632	128,632
<i>Total SkillSource</i>	<i>178,693</i>	<i>354,101</i>	<i>175,408</i>	<i>708,202</i>	<i>529,509</i>
<i>DFS</i>					
Personnel & Fringes	401,299	469,053	67,754	938,106	536,807
Operations	(3,219)	2,500	5,719	5,000	8,219
Training & Supportive Services	220,298	266,500	46,202	533,000	312,702
<i>Total DFS</i>	<i>618,378</i>	<i>738,053</i>	<i>119,675</i>	<i>1,476,106</i>	<i>857,728</i>
Indirect Costs	2,425	4,354	1,928	8,707	6,282
<i>Total WIOA Adult</i>	<i>799,496</i>	<i>1,096,508</i>	<i>297,011</i>	<i>2,193,015</i>	<i>1,393,519</i>
<b>WIOA Dislocated Worker</b>					
<i>SkillSource</i>					
Salaries & Wages	90,713	89,575	(1,138)	179,149	88,436
Fringe	22,955	22,302	(654)	44,603	21,648
Operating	7,264	4,014	(3,250)	8,028	764
Outreach	3,997	763	(3,234)	1,526	(2,471)
One-stop Centers Shared Costs	9,203	18,176	8,973	36,351	27,148
Training-Incumbent Worker	2,059	22,500	20,441	45,000	42,941
Other training & support	19,623	8,862	(10,761)	17,724	(1,899)
One-Stop Center Set Aside	-	49,060	49,060	98,119	98,119
Unobligated	-	64,170	64,170	128,340	128,340
<i>Total SkillSource</i>	<i>155,813</i>	<i>279,420</i>	<i>123,607</i>	<i>558,840</i>	<i>403,027</i>
<i>DFS</i>					
Personnel	197,619	231,026	33,407	462,052	264,433
Operations	(994)	2,500	3,494	5,000	5,994
Training & Supportive Services	19,318	81,000	61,683	162,000	142,683
<i>Total DFS</i>	<i>215,942</i>	<i>314,526</i>	<i>98,584</i>	<i>629,052</i>	<i>413,110</i>
Indirect Costs	2,273	4,695	2,422	9,390	7,117
<i>Total WIOA Dislocated Worker</i>	<i>374,028</i>	<i>598,641</i>	<i>224,613</i>	<i>1,197,282</i>	<i>823,254</i>



**The SkillSource Group, Inc.**  
**Workforce Innovation and Opportunity Act Programs**  
**For the Six Months Ended December 31, 2022**

February 16, 2023

	Actual	Current Budget	Variance	Annual Budget	Balance
<b>WIOA Youth</b>					
<i>SkillSource</i>					
Salaries & Wages	48,273	48,076	(197)	96,151	47,878
Fringe	13,626	12,321	(1,306)	24,641	11,015
Operating	5,473	2,478	(2,995)	4,955	(518)
Outreach	2,039	409	(1,630)	818	(1,221)
Comprehensive Center Costs	11,459	19,427	7,968	38,854	27,395
Pay per performance bonus	-	17,500	17,500	35,000	35,000
Training-SSG	21,522	4,748	(16,775)	9,495	(12,027)
One-Stop Center Set Aside	-	109,184	109,184	218,368	218,368
Unobligated	-	277,336	277,336	554,672	554,672
<i>Total SkillSource</i>	<i>102,391</i>	<i>491,477</i>	<i>389,086</i>	<i>982,954</i>	<i>880,563</i>
<i>DFS</i>					
Personnel & Fringe	377,207	379,687	2,479	759,373	382,166
Operations	-	2,500	2,500	5,000	5,000
Work experiences	25,511	35,000	9,489	70,000	44,489
Training & Supportive Services	47,431	85,000	37,569	170,000	122,569
<i>Total DFS</i>	<i>450,150</i>	<i>502,187</i>	<i>52,037</i>	<i>1,004,373</i>	<i>554,223</i>
Indirect Costs	1,356	2,761	1,404	5,521	4,165
<i>Total WIOA Youth</i>	<i>553,897</i>	<i>996,424</i>	<i>442,527</i>	<i>1,992,848</i>	<i>1,438,951</i>

**Senior Community Service Employment Program (SCSEP)**

<i>SkillSource</i>					
Personnel	10,033	10,649	616	21,297	11,264
Fringe	3,275	3,331	55	6,661	3,386
Operating & Outreach	16,726	19,229	2,503	38,458	21,732
Transitional Work Experience	446,531	511,425	64,894	1,022,850	576,319
<i>Total SSG</i>	<i>476,566</i>	<i>544,633</i>	<i>68,067</i>	<i>1,089,266</i>	<i>612,700</i>
<i>DFS</i>					
Personnel & Fringe	54,309	74,810	20,501	149,619	95,310
Operations	44	-	(44)	-	(44)
Training + Supportive Services	100	-	(100)	-	(100)
<i>Total DFS</i>	<i>54,453</i>	<i>74,810</i>	<i>20,356</i>	<i>149,619</i>	<i>95,166</i>
Indirect Costs	4,163	4,345	182	8,689	4,526
<i>Total SCSEP</i>	<i>535,181</i>	<i>623,787</i>	<i>88,606</i>	<i>1,247,574</i>	<i>712,393</i>

**Covid CWH Discretionary (3/1/2022 - 8/31/2022)**

<i>Contractual - FCHD</i>					
Personnel & Fringe	49,825	50,633	808	50,633	808
Mileage	830	-	(830)	0	(830)
<i>Total expenses</i>	<i>50,655</i>	<i>50,633</i>	<i>(22)</i>	<i>50,633</i>	<i>(22)</i>

**American Job Center Security (6/14/2021 - 12/31/2022)**

<i>SkillSource</i>					
Security Service for one-stop centers	79,855	78,827	(1,028)	78,827	(1,028)
<i>Toal Expenses</i>	<i>79,855</i>	<i>78,827</i>	<i>(1,028)</i>	<i>78,827</i>	<i>(1,028)</i>

**Workforce Innovation-NVCPR (11/1/2022 - 3/31/2024)**

Personnel	4,727.53	8,274	3,546	16,548	11,820
Fringe	1,112.20	2,426	1,314	4,852	3,740
Operating & Outreach	15.74	4,114	4,098	8,227	8,211
Work Based Learning & Supportive Service	-	18,800	18,800	37,600	37,600
Indirect	585.54	1,482	896	2,963	2,377
<i>Total Expenses</i>	<i>6,441.01</i>	<i>35,095</i>	<i>28,654</i>	<i>70,190</i>	<i>63,749</i>

**The SkillSource Group, Inc.**  
**Other Government Programs**  
**For the Six Months Ended December 31, 2022**

February 16, 2023

	Actual	Current Budget	Variance	Annual Budget	Balance
<b>TANF3 Employment Assistance</b>					
Personnel	41,646	40,053	(1,594)	80,105	38,459
Fringe	11,924	15,034	3,109	30,067	18,143
Operating & Outreach	5,058	7,741	2,682	15,481	10,423
Transitional Employment & Training	11,320	14,010	2,690	28,020	16,700
<i>Total Direct</i>	<i>69,949</i>	<i>76,837</i>	<i>6,888</i>	<i>153,673</i>	<i>83,724</i>
<i>Indirect</i>	<i>5,473</i>	<i>5,682</i>	<i>209</i>	<i>11,363</i>	<i>5,890</i>
<i>Total TANF 3</i>	<i>75,422</i>	<i>82,518</i>	<i>7,096</i>	<i>165,036</i>	<i>89,614</i>

<b>TANF4 P4P</b>					
Personnel	35,996	36,479	483	72,957	36,961
Fringe	9,831	9,227	(604)	18,454	8,623
Operating & Outreach	9,553	7,094	(2,459)	14,188	4,635
Transitional Employment & Training	7,278	10,500	3,222	21,000	13,722
<i>Total Direct</i>	<i>62,657</i>	<i>63,300</i>	<i>642</i>	<i>126,599</i>	<i>63,942</i>
<i>Indirect</i>	<i>4,968</i>	<i>4,844</i>	<i>(125)</i>	<i>9,687</i>	<i>4,719</i>
<i>Total TANF 3</i>	<i>67,625</i>	<i>68,143</i>	<i>518</i>	<i>136,286</i>	<i>68,661</i>

<b>GO Virginia</b>					
Personnel	68,051	68,406	355	136,812	68,761
Fringe	23,675	23,502	(173)	47,004	23,329
Operating	6,395	5,327	(1,068)	10,654	4,259
<i>Total Direct</i>	<i>98,121</i>	<i>97,235</i>	<i>(886)</i>	<i>194,470</i>	<i>96,349</i>
<i>Indirect</i>	<i>9,812</i>	<i>9,724</i>	<i>(89)</i>	<i>19,447</i>	<i>9,635</i>
<i>Total Go Virginia</i>	<i>107,933</i>	<i>106,959</i>	<i>(975)</i>	<i>213,917</i>	<i>105,984</i>

<b>PW Elevate (3/1/2022-10/31/2024)</b>					
<i>SSG</i>					
Personnel	8,258	14,131	5,873	14,131	5,873
Fringe	1,902	-	(1,902)	-	(1,902)
Operating & Outreach	3,578	15,250	11,672	15,250	11,672
IWT & other	2,425	40,000	37,575	40,000	37,575
<i>DFS</i>					
Personnel & Fringes	77,365	247,000	169,635	247,000	169,635
Training	58,582	185,000	126,418	185,000	126,418
<i>Total Direct</i>	<i>152,110</i>	<i>501,381</i>	<i>349,271</i>	<i>501,381</i>	<i>349,271</i>
<i>Indirect</i>	<i>1,364</i>	<i>5,657</i>	<i>4,293</i>	<i>3,771</i>	<i>2,407</i>
<i>Total ELEVATE</i>	<i>153,473</i>	<i>507,038</i>	<i>353,564</i>	<i>505,152</i>	<i>351,679</i>

<b>Manassas City CARES (8/1/2020 - 6/30/2023)</b>					
<i>SkillSource</i>					
Personnel	2,460	952	(1,509)	1,903	(557)
Fringe	594	214	(380)	428	(166)
Operating & Outreach	20	2,000	1,980	4,000	3,980
Incumbent worker training & Other training	3,820	36,388	32,568	72,776	68,956
<i>Contractual Personnel &amp; Fringes - DFS</i>					
Contract Operation	0	-	0	-	0
Supportive Services	0	-	0	-	0
Training including ITAs, OJTs	0	-	0	-	0
<i>Contractual - NOVA</i>					
	0	-	0	-	0
<i>Total Direct Expenses</i>	<i>6,894</i>	<i>39,554</i>	<i>32,659</i>	<i>79,107</i>	<i>72,213</i>
<i>Indirect</i>	<i>307</i>	<i>-</i>	<i>(307)</i>	<i>633</i>	<i>326</i>
<i>Total Expenses</i>	<i>7,202</i>	<i>39,554</i>	<i>32,352</i>	<i>79,740</i>	<i>72,538</i>

The SkillSource Group, Inc.  
Other Government Programs  
For the Six Months Ended December 31, 2022

February 16, 2023

	Actual	Current Budget	Variance	Annual Budget	Balance
<b>DARS SEAL (3/1/2022 - 9/30/2022)</b>					
<i>SkillSource</i>					
Personnel	294	1,474	1,180	1,474	1,180
Fringe	82	350	268	350	268
Operating & Outreach	1,063	2,300	1,238	2,300	1,238
Transitional Work Experience	25,763	62,168	36,405	62,168	36,405
Training & Support	0	5,000	5,000	5,000	5,000
<i>Contractual - DFS</i>		-			
Personnel & Fringe	7,030	25,836	18,806	25,836	18,806
Operations	0	500	500	500	500
Total Direct Expenses	34,231	97,628	63,397	97,628	63,397
Indirect	1,644	1,662	18	1,662	18
Total Expenses	35,875	99,290	63,415	99,290	63,415
<b>Area 14 - CAREER (9/13/2021 - 9/12/2023)</b>					
<i>SkillSource</i>					
Personnel	252	1,769	1,517	2,949	2,697
Fringe	85	408	323	680	595
Other (outreach, etc.)	0	5,716	5,716	9,527	9,527
<i>Contractual - DFS</i>					
Supportive Services	400	47,224	46,824	78,707	78,307
Total Direct Expenses	738	55,118	54,380	91,863	91,125
Indirect	659	1,789	1,130	2,982	2,323
Total Expenses	1,396	56,907	55,511	94,845	93,449
<b>ICF-H1B</b>					
SkillSource Salary & Fringe3	39,156	33,884	(5,272)	67,768	28,612
Operating & Program	498	9,438	8,940	18,876	18,378
Indirect	3,965	4,332	367	8,664	4,699
Total expenses	43,620	47,654	4,034	95,308	51,688
<b>Total Other Government (Expenditures)</b>	<b>671,019</b>	<b>1,076,105</b>	<b>448,706</b>	<b>1,525,661</b>	<b>898,262</b>

**The SkillSource Group, Inc.**  
**Other Programs**  
**For the Six Months Ended December 31, 2022**

February 16, 2023

	Actual	Current Budget	Variance	Annual Budget	Balance
<b>NoVaHealthForce</b>					
Balance Forward, July 1, 2022	165,933				
Cash Receipts & Receivables	191,884				
	357,817				
<i>SkillSource</i>					
Professional Expenses					
Meeting Expenses	0				
Program Expenses	0				
Total NoVaHealthForce	0				
Ending Balance	357,817				
<b>NVITE (Community Foundation)</b>					
Revenue	0	8,607.00	(8,607)	17,214	17,214
Expenses					
Personnel	1,393	1,474.50	82	2,949	1,556
Fringe	410	350.00	(60)	700	290
Operating & Outreach	7,023	5,000.00	(2,023)	10,000	2,977
Program Services	0	1,000.00	1,000	2,000	2,000
Indirect	883	782.50	(100)	1,565	682
Total	9,709	8,607	(1,102)	17,214	7,505
Excess/Deficit	(9,709)				
<b>United Way Financial Empowerment Center</b>					
Revenue	50,000	47,972	2,029	95,943	45,943
Expenses					
Personnel	4,317	10,985	6,668	10,985	6,668
Fringe	2,664	5,734	3,070	5,734	3,070
Operating & Outreach	11,383	15,501	4,118	15,501	4,118
Contractual Services	94,315	59,542	(34,773)	59,542	(34,773)
Indirect	2,049	4,182	2,133	4,182	2,133
Total	114,728	95,944	(18,784)	95,944	(18,784)
Excess of Revenue over Expenses	(64,728)				
<b>Project Educating Youth Through Employment</b>					
Balance Forward	0			-	
Revenue					
Government	30,375	17,008	13,367	34,016	3,641
Restricted Income	0	0	0	0	0
Total Income	30,375	17,008	13,367	34,016	3,641
SkillSource					
Personnel & Fringe	492	912	420	1,824	1,332
Operating, Outreach & Program Expenses	23	2,971	2,949	5,942	5,920
Work Experience - Salaries & Fringe	18,375	12,737	(5,639)	25,473	7,098
Total SkillSource	18,889	16,620	(2,270)	33,239	14,350
DFS					
Personnel & Fringe	0	0	0	0	0
Operations, Telecommunications & Travel	0	0	0	0	0
Total DFS	0	0	0	0	0
Indirect	51	0	0	777	726
Total Expense	18,941	16,620	(2,270)	34,016	15,075
Current Year Net Income (Loss)	11,434	-	(11,434)	-	(11,434)
Excess (Deficit)	11,434	0	(11,434)	0	(11,434)

**The SkillSource Group, Inc.**  
**Other Programs**  
**For the Six Months Ended December 31, 2022**

February 16, 2023

	<b>Actual</b>	<b>Current Budget</b>	<b>Variance</b>	<b>Annual Budget</b>	<b>Balance</b>
<b>Ticket to Work</b>					
<i>Revenues</i>	82,228	85,000	(2,772)	170,000	87,772
<i>Expenses</i>					
Personnel & Fringe	68,513	68,163	(351)	136,325	67,812
Operating & Outreach	6,012	4,183	(1,830)	8,365	2,353
Program Costs	250	1,800	1,550	3,600	3,350
Indirect	7,453	7,235	(218)	14,469	7,016
<i>Total Expenses</i>	82,228	81,380	(849)	162,759	80,531
<i>Excess (Deficit)</i>	0	3,621	(1,923)	7,241	7,241
<b>Unrestricted (Program-Other-Fundraising)</b>					
Contribution	266	-	266	-	(266)
Federated Campaigns	959	87.50	872	175.00	(784)
Interest	997	900	97	1,800	803
<i>Total Income</i>	2,223	988	1,235	1,975	(248)
Personnel	0	0	0	0	0
Fringe	0	0	0	0	0
Operating & Program & Contractual	3,533	3,125	(408)	6,249	2,716
Indirect	106	66	(41)	131	25
<i>Total Expenses</i>	3,639	3,190	(449)	6,380	2,741
<i>Excess (Deficit)</i>	(1,416)	(2,203)	1,684	(4,405)	2,493

The SkillSource Group, Inc.  
One-stop centers and Indirect costs  
For the Six Months Ended December 31, 2022

February 16, 2023

Virginia Career Works - Woodbridge Comprehensive Center					
	Actual	Current Budget	Variance	Annual Budget	Balance
<b>Revenue</b>					
Restricted Income	271,718	307,058	(35,339)	614,115	342,397
<b>Personnel Expenses</b>					
Salaries & Wages	42,853	46,321	3,468	92,641	49,788
Fringe	19,337	19,046	(291)	38,092	18,755
<i>Total Personnel</i>	<u>62,190</u>	<u>65,367</u>	<u>3,177</u>	<u>130,733</u>	<u>68,543</u>
<b>Operating Expenses</b>					
Communications	9,413	7,880	(1,533)	15,760	6,347
Contracted Maintenance	24,392	29,795	5,403	59,590	35,198
Dues & Memberships	0	268	268	535	535
Equipment & Maintenance Costs	5,833	2,760	(3,073)	5,520	(313)
Professional Services	70	27,348	27,278	54,695	54,625
Outreach	689	500	(189)	1,000	311
Rent	138,507	139,950	1,443	279,900	141,393
Supplies	4,012	4,000	(12)	8,000	3,988
Utilities	14,617	14,250	(367)	28,500	13,883
<i>Total Operating Expenses</i>	<u>197,533</u>	<u>226,750</u>	<u>29,218</u>	<u>453,500</u>	<u>255,968</u>
<i>Indirect</i>	<u>11,996</u>	<u>14,941</u>	<u>2,945</u>	<u>29,881</u>	<u>17,885</u>
<b>Total Expense</b>	<u><b>271,718</b></u>	<u><b>307,057</b></u>	<u><b>35,339</b></u>	<u><b>614,114</b></u>	<u><b>342,396</b></u>

Virginia Career Works - Cherokee Center					
	Actual	Current Budget	Variance	Annual Budget	Balance
<b>Revenue</b>					
Restricted Income	147,909	147,013	897	294,025	146,116
<b>Personnel Expenses</b>					
Salaries & Wages	32,299	31,428	(871)	62,855	30,556
Fringe	6,521	6,173	(348)	12,345	5,824
<i>Total Personnel</i>	<u>38,820</u>	<u>37,600</u>	<u>(1,220)</u>	<u>75,200</u>	<u>36,380</u>
<b>Operating Expenses</b>					
Communications	6,270	5,425	(845)	10,850	4,580
Contracted Maintenance	0	2,350	2,350	4,700	4,700
Dues & Outreach	689	0	(689)	0	(689)
Equipment Costs	5,475	2,190	(3,285)	4,380	(1,095)
Professional Services	275	23,123	22,848	46,245	45,970
Rent	85,513	82,710	(2,803)	137,850	52,337
Supplies	5,412	500	(4,912)	1,000	(4,412)
<i>Total Operating Expenses</i>	<u>103,633</u>	<u>116,298</u>	<u>12,664</u>	<u>205,025</u>	<u>101,392</u>
<i>Indirect</i>	<u>5,456</u>	<u>6,900</u>	<u>1,444</u>	<u>13,800</u>	<u>8,344</u>
<b>Total Expense</b>	<u><b>147,909</b></u>	<u><b>160,798</b></u>	<u><b>12,888</b></u>	<u><b>294,025</b></u>	<u><b>146,116</b></u>

The SkillSource Group, Inc.  
One-stop centers and Indirect costs  
For the Six Months Ended December 31, 2022

February 16, 2023

SkillSource Group Indirect Costs					
	Actual	Current Budget	Variance	Annual Budget	Balance
<b>Personnel Expenses</b>					
Salaries & Wages	30,417	30,592	174	61,183	30,766
Fringe	9,808	9,802	(6)	19,603	9,796
<b>Total Personnel</b>	<b>40,225</b>	<b>40,393</b>	<b>168</b>	<b>80,786</b>	<b>40,561</b>
<b>Operating Expenses</b>					
Annual Report	-	-	0	-	0
Audit	21,117	9,631	(11,486)	19,261	(1,856)
Communications	1,126	2,000	874	4,000	2,874
Dues & Memberships	-	500	500	1,000	1,000
Equipment & Maintenance Costs	413	1,725	1,312	3,450	3,037
Financial Management Services	13,138	17,917	4,779	35,833	22,696
Payroll & HR	8,264	10,500	2,236	21,000	12,736
Insurance	10,542	11,000	458	22,000	11,458
Legal fees	-	-	0	-	0
Meetings & Conferences	-	-	0	-	0
Professional Development	-	500	500	1,000	1,000
Professional Services	120	5,269	5,149	10,538	10,418
Rent	3,996	4,189	193	8,377	4,381
Supplies	5,072	10,559	5,488	21,118	16,047
Travel	-	-	0	-	0
<b>Total Expenses</b>	<b>63,787</b>	<b>73,789</b>	<b>10,001</b>	<b>147,577</b>	<b>83,790</b>

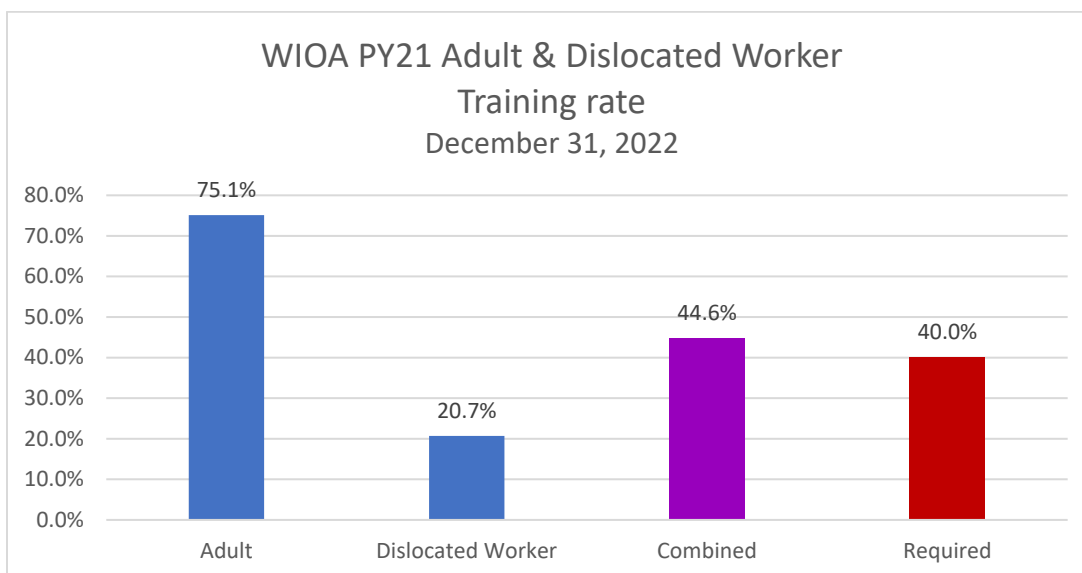
**THE SKILLSOURCE GROUP, INC.**  
**BOARD OF DIRECTORS MEETING**  
**SUMMARY SHEET**

**SUBJECT: Update on PY21 and PY22 WIOA 40% Expenditure Rate**

Per the formula prescribed in *VWL 14-17 Change 2* and *VWL 14-17 Change 3*, the denominator of the training formula has changed to be the total allocation to Adult and Dislocated Worker program activities (the total NOO Adult and Dislocated Worker allocations minus 10% administration costs), resulting in a very low training rate in the early months of the grant period and a higher rate towards the end of grant period, as funds are exhausted. *VWL 14-17 Change 3* allows a portion of case managers' salaries and benefits, which are attributed to the provision of training services, to be included in the training expenditures.

PY 2021 Training rate as of December 31, 2022:

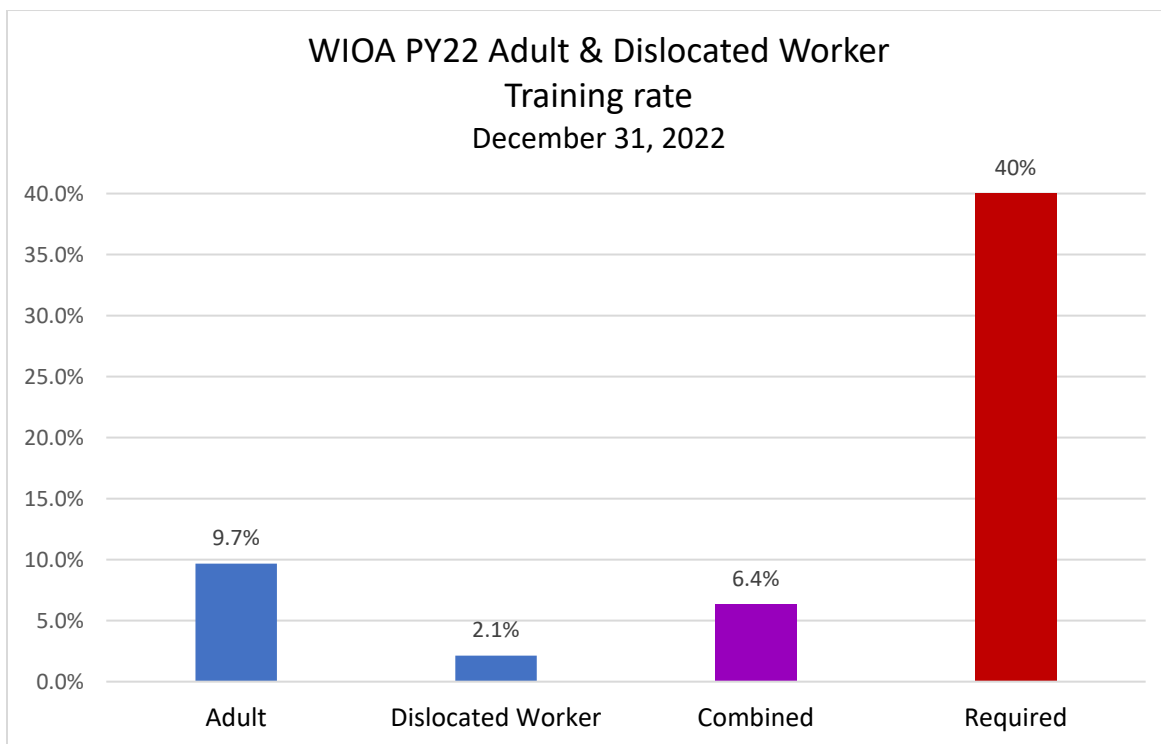
Per VW: #14-17, Change 2& 3	Adult	Dislocated Worker	Combined
<b>WIOA PY21 – NOO (less 10% Administration)</b>	<b>1,033,896.60</b>	<b>1,317,087.50</b>	<b>2,350,984.10</b>
Participant Training expenses	563,891	126,006	689,897
Portion of case managers' compensation for provision of training services	212,892	146,482	359,375
<b>Total Training</b>	<b>776,783</b>	<b>272,488</b>	<b>1,049,272</b>
<b>Training percentage (Total training/ NOO amount)</b>	<b>75.1%</b>	<b>20.7%</b>	<b>44.6%</b>





PY 2022 Training rate as of December 31, 2022:

Per VW: #14-17, Change 2& 3	Adult	Dislocated Worker	Combined
<b>WIOA PY22– NOO (less 10% Administration)</b>	<b>1,704,787.20</b>	<b>1,340,520.30</b>	<b>3,045,307.50</b>
Training expenditure	105,575.66	7,578.37	113,154.03
Portion of case managers' compensation for provision of training services	59,310.16	20,990.95	80,301.11
<b>Total Training</b>	<b>164,885.82</b>	<b>28,569.32</b>	<b>193,455.14</b>
<b>Training percentage</b>	<b>9.7%</b>	<b>2.1%</b>	<b>6.4%</b>



<p style="text-align: center;">The <b>SkillSource</b> Group, Inc.  SUMMARY OF PENDING FUNDING AND DEVELOPMENT ACTIVITIES  To the <b>SkillSource</b> Board of Directors February 16, 2023</p>				
Project Name/Solicitation	Funding Request	SSG Funding	#s to Be Served	Proposal Status
<b>APPROVED</b>				
FY 2023 - 2024 United Way of the National Capital Area Member Application				<b>Approved</b>
	<b>\$0</b>	<b>\$0</b>	<b>0</b>	
<b>NOT APPROVED</b>				
DOL Youth Systems Building Academy Application for Technical Assistance	\$0	\$0	TBD	<b>Not Selected</b>
	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>PENDING</b>				
Employment Supports for Lifelong Achievement (ESLA) Proposal to Virginia Department of Social Services (March 2023 - June 2024)	\$214,404	\$214,404	34	<b>In Contract Negotiation</b>
2023 Fairfax County Department of Economic Initiatives - Work-Based Learning Project (May 2023 - October 2024)	\$2,800,000	\$900,000	125	<b>In Scope of Work Development</b>
2023 Prince William Financial Empowerment Center Proposal to United Way of the National Capital Area (January 2023 - June 2023)	TBD	TBD	TBD	<b>Pending Submission</b>
U.S. Department of Justice Second Chance Act Improving Reentry Education and Employment Outcomes	TBD	TBD	TBD	<b>Due 4/4/2023</b>
	<b>\$3,014,404</b>	<b>\$1,114,404</b>	<b>159</b>	