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Cavalier Johnson, Mayor, City of Milwaukee
Elected Official

Carla Cross, **Chair**

EMPLOY MILWAUKEE BOARD OF DIRECTORS

Board of Directors
Wednesday, March 12, 2025
8:30 am-10:00 am
Virtual
APPROVED MINUTES

Members: Carla Cross, Julie Cayo, Jeff Mehrhoff, Jose Martinez, Nancy Nelson, Shannon Chestnut Randy Crump, Rodrick Cureton, Houston Jamison, Erik Kennedy, Matthew Martin, Deshea Agee, Eduardo Galvan, Dan Bukiewicz, Mark Kessenich, Andres Gonzalez

Absent Members: Edgard Delgado, Mike Beal, Kevin Jaskie, Ernest Jones, Ugo Nwagbaraocha, Anthony Cruz, Shanan Lesselyoung, Jose Martinez, Darryl Morin, Karen Spindler

Guests: Alex Fischer, Trisha Stehr,

Employ Milwaukee Staff: Annemarie Probst, Brenda King, Marcia Blackman

Chair Carla Cross called the meeting to order at 8:33 a.m.

1. The meeting minutes from December 12, 2024, were approved unanimously after a motion from Jose Martienz, seconded by Erik Kennedy.

2. Chair Report

- **Executive Committee:** The Executive Committee met yesterday to review several important topics. In addition to approving the minutes from our last meeting, we had discussions that Julie will cover during her presentation. Julie and Annemarie provided an update on our financial situation and an overview of the audit. We also approved a contract for the WIOA program, which focuses on youth in both in-school and out-of-school settings.

Furthermore, I want to update you that Andres and I meet quarterly with the mayor to discuss what's happening at Employee Milwaukee. We provide him with updates on our financial conditions and any new contracts we may have. The purpose of these meetings is to keep him informed and to seek his support for any specific grants we might pursue. Julie will provide a comprehensive update in her presentation.

- **Interim CEO & CFO Report:** Julie Cayo shared, I typically start the report with updates on new grants and funding. Currently, I'm pleased to announce several new grants:

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- - A Youth Build grant
- - A Growth Opportunities grant for youth in the juvenile justice system
- - A Forward grant from the Wisconsin Department of Workforce Development to train and provide paid work experience for peer support specialists affected by the opioid crisis.

I'm particularly excited about the unexpected release of \$10 million in ARPA funds available to workforce development boards. We, as the largest board in Wisconsin, have applied for \$4.2 million of this funding, which aligns well with our WIOA grants. The funds must be used by June 30, 2026, and while there are risks with current grants, it seems unlikely these ARPA funds will be withdrawn as they are already allocated.

We have several projects planned, including:

Collaborating with WRTP Big Step for their Summer Trades Academy over the next two years.

Offering women-only CDL training in response to demand.

Supporting the Teens Grow Greens program, providing paid work experience for up to 60 youths across Milwaukee. Additionally, we plan to fund the City of Milwaukee's Arborist Pre-Apprenticeship Program with training and stipends for students. We'll also issue an RFP this week to ensure equitable distribution of funds to partner agencies.

Next, I'll discuss federal funding changes. The landscape is shifting rapidly, and much of our \$38 million portfolio, including WIOA and discretionary federal grants, is under review. This situation presents a high level of risk.

Many of our grant narratives include DEI language, which an executive order now restricts, though these grants do not fund DEI training. We continue to sign contracts with the Department of Labor and have received funding without issues.

An executive order outlines a review process for grants due by March 26, but it's unclear if this deadline will be met. It would be beneficial to know our standing as soon as possible.

Annemarie shared that we will discuss the fiscal team's recent focus on the audit, which we'll elaborate on during the finance, personnel, and audit update. Unfortunately, our fiscal year 2023 results showed a \$1.3 million loss. However, we are pleased to report that the audit for fiscal year 2024 indicates a \$250,000 gain. This includes \$500,000 promised contributions, which the auditors suggested we recognize in fiscal year 2024, with cash receipt anticipated in fiscal year 2025. Despite the absence of Kohl's revenue recognition in fiscal year 2025, our results as of December 31, 2024, reveal a \$142,000 gain. We expect an uptick in Department of Labor grants to help offset revenue declines from summer programs. On the downside, we ended fiscal year 2023 with \$750,000 in negative net assets, which improved to negative \$500,000 in fiscal year 2024. We anticipate we will still struggle with negative net assets of around \$450,000 at the end of fiscal year 2025. Julie recently mentioned a WAI funding opportunity that could help us in fiscal year 2026, potentially allowing us to exit the going concern status. Furthermore, we've outsourced our IT services, which is expected to save us approximately \$115,000 annually while enhancing our cybersecurity. This change allows us to address the urgent need for hardware upgrades, especially since many of our laptops will no longer be supported under Windows 10. We plan to allocate part of the savings toward these upgrades. Lastly, we are beginning to consider the implications of our

lease that ends on December 31, recognizing this process takes time and planning.

Marcia Blackman, EMI Fund Development Manager, reported that she is excited to share ways the board can get involved in developing unrestricted funding, which is essential for our programs and organization. Your leadership and connections are invaluable assets for our development efforts. We greatly appreciate the partnership we bring to our sustainability. One key point is that fundraising involves more than just direct asks for money. At Employ Milwaukee, we focus on cultivating relationships. This includes storytelling, sharing our integrity on social media, and engaging in professional networking to connect with potential donors. We also want to express gratitude to our donors. Our list of individual donors is small but growing, and personal outreach from board members can help strengthen these relationships. Engaging with our programs is another impactful way to participate. For example, Kiara is planning field trips and inviting speakers to discuss career aspirations, which supports our mission without necessarily involving funding. Our fund development team is here to support you with tools and materials. By the end of this week, we will provide you with a toolkit, including program summaries, talking points, and templates for social media posts and outreach emails.

We are asking for your help in enhancing our fundraising efforts for the next fiscal year. Some actionable ideas include:

- Inviting corporate contacts for a brief meeting with staff to learn about Employ Milwaukee.
- Attending the Bankwork\$ graduation ceremony at the end of May to see our program in action.
- Personally thanking donors, especially those who contributed during Giving Tuesday.
- Sharing updates on social media about our impact and why you're committed to our mission.

These actions have already shown significant results. For instance, a board member introduced me to the PepsiCo Foundation last year, leading to a \$10,000 grant and a successful program at their new facility. We recently received \$1,000 from a new donor through social media who could easily be in your network.

3. **The Governance, Nominating, and Compliance Committee.** At the last Governance Committee meeting, we received a nomination for the board from Marlin Page of Milwaukee Job Corps. I've met him and toured the facility, and he is eager to join us. However, since he does not qualify as a private sector member, accepting his nomination would drop us below the required 50% private sector representation. We will keep his nomination on file and revisit it if we add another private sector member or lose a non-private sector member. Marlin is aware of the situation and understands. That concluded our meeting.
4. **Personnel, Finance, and Audit Committee** Andres shared I wanted to highlight a couple of points before handing it over to Anne Marie for the audit update. First, please review the furlough policy. If you have questions, reach out to Julie or AnneMarie. Second, regarding fund development, we spent a lot of time yesterday discussing the great work Julie, AnneMarie, and their team are doing, as well as considering various scenarios, including potential challenges. We aim to prepare for the worst while hoping for the best. We will keep you updated as we learn more. AnneMarie provided an audit update, and Whipfli, the accounting firm conducting the audit, shared these key points:

1. We received an unmodified opinion, thanks to AnneMarie and her team's efforts in maintaining our

financial transparency.

2. However, we do have ongoing concerns related to the inherited deficit and cash flow challenges, which can affect our liquidity.

I want to thank Julie and AnneMarie for their exceptional work; it's greatly appreciated. We're following a solid plan to reduce our debt, and the auditors noted that organizations which stick to their plan can overcome financial difficulties. Carla and I are committed to addressing these issues and continue to meet quarterly with the mayor to provide updates and seek further assistance. I'll turn it over to AnneMarie for a quick update and to review the audit slides, which require board approval.

AnnMarie reported the loss on the indirect cost pool has been a long-standing challenge. During yesterday's executive committee meeting, it was highlighted that securing a negotiated indirect cost rate with the Department of Labor is crucial to addressing this issue. For fiscal year 2025, we established a rate of 19.55%, up from the previous de minimis rate of 10%, which will significantly help reduce our losses. While cash flow statements can be daunting, we are focused on making progress and hope to see positive trends in our operating activities. We are acutely aware of our liquidity issues, especially when reviewing accounts payable balances, which have contributed to challenges related to the use of restricted funds. However, after excluding \$731,000 from \$1,000,000 in net assets with donor restrictions, the outlook for next year appears much better. Last year, we implemented a reduction in force, affecting six staff members, and while its impacts may not be fully seen in fiscal year 2024, we anticipate clearer results in fiscal year 2025. Recently, Chytana's resignation led to Julie's appointment as interim CEO, and we've worked together to reduce executive compensation, which will improve our bottom line. Outsourcing has provided significant cost savings, and we've also been grateful to MEDC for their support after PNC pulled out our line of credit last June. We have a meeting coming up with MEDC to discuss the renewal of our line of credit, and we remain hopeful for positive outcomes. Regarding internal controls over contributions, our audit report emphasizes the importance of adhering to fund accounting practices. As our contracts transition into the new year, we're committed to better management of grant years and accounts payable. Lastly, the audit identified turnover within executive and fiscal management as a major challenge. We appreciate the board's confidence in us during this transition period.

5. **Program Committee** update provided by Mark Kessenich, in our February meeting, the program committee reviewed several items, but no new policy changes were proposed. The focus was the expenditure of WIOA funds for in-school and out-of-school youth programs. We identified underspending in these areas, and our current providers lacked the capacity to utilize additional resources. Therefore, we issued a Request for Proposals (RFP) and selected two new vendors to help us with this year's activities. These contracts were approved and released after the Program Committee's approval and the Executive Committee's endorsement.

Additionally, Beth Norris, our regional one-stop operator for the past five to seven years, is stepping down. Julie and her team will work on realigning the regional one-stop operator collaboration moving forward. We are grateful for Beth's dedicated service during her tenure.

6. **The Youth Committee** Jule Cayo reported that Mr. Harris, the Chief Administration Officer under the

interim superintendent, led his first Youth Committee meeting this quarter and was warmly welcomed. We discussed the "Earn and Learn" program and projected participant numbers for the year, although I didn't have the WAI funding details at that time. The committee members were encouraged to spread the word and seek funding support for "Earn and Learn," highlighting its importance alongside the newer "Camp Rise." The conversation was lively, with strong advocacy from members, including City Alderman Sharlen Moore. We provided toolkits to help promote "Earn and Learn" and assist in securing funding.

7. **Other,** Matt Martin asked questions about TDCON and does it benefit the Workforce Development Boards? Julie informed him that it flows back to the Wisconsin Workforce Development Association and they used the funding to support the convenings, monthly meetings and towards the next year's conference.

Chair Carla Cross requested motion to adjourn, Matthew Martin motioned; Andres Gonzalez seconded, meeting adjourned the meeting at 9:57 a.m.

Next Board of Directors meeting scheduled for June 11, 2025, at 8:30 a.m. (In Person at Employ Milwaukee)