

# JOINT POWERS BOARD

May 11, 2017, 10:00 a.m.

Workforce Development, Inc.  
Rochester, Minnesota

## MINUTES

**Attendees:** Dan Belshan (Chair), Randy Johnson (Executive Director), Brian Ashton, Ken Brown, Rick Gnemi, Cheryl Key, Wanda Jensen, Mitch Lentz, Jason Majerus, Jerry Reinartz, Jinny Rietmann, Teresa Walter, Jill Miller (Note Taker)

**Guest:** Anne Wiekamp Leth, CPA (Audit Manager, Hawkins Ash CPAs, LLP)

A quorum (6) was present and Dan Belshan called the meeting to order. **Ken Brown moved for consent of the May agenda, Jerry Reinartz seconded, and the motion passed. Ken Brown moved for consent of the March meeting minutes, Mitch Lentz seconded, and the motion passed.**

### Fiscal Update – Brian Ashton

- **Fiscal Report: (Attachment A)** Brian reported that there have been no additions or deletions since the last reporting period. Supplemental Nutrition Assistance Program (SNAP) funds have not been put into budget yet, as Brian wants to determine how many enrollments we will have between now and June before the money is added. **Budget:** Brian noted that we are 83% of the way through the Fiscal Year. Salaries and fringe run a month behind. The auditing and legal fees line item is over budget at 91.9% and reflects full payment of the audit. Equipment rental is a little over budget, but just a matter of timing. The classroom training line item is at 76%. Riverland Community College has over \$67,000 in outstanding vouchers for this year. Brian stated that our Workforce Development, Inc. (WDI) manager is working with the college to get these billings up-to-date. WDI needs the actual bill from the college in order to make payment. At this point, the line item is about \$80,000 understated and should be closer to 90%. Brian is working on realigning line items to finish the year at an annual budget of approximately 7.2-7.3 million, with extra carry over. **Cheryl Key moved to approve the Fiscal Report, Jason Majerus seconded, and the motion was approved.**

### Program Reports

- **One Stop Operator Request for Proposal (RFP) Approval:** Randy Johnson discussed that a One Stop Operator has to be submitted as part of our Workforce Innovation and Opportunity Act (WIOA) Plan. He discussed that the One Stop Operating Consortium, made up of the Department of Employment and Economic Development (DEED) Job Service, DEED Vocational Rehabilitation Services (VRS), and Workforce Development, Inc. (WDI) ended up bidding on the Request for Proposal (RFP) to fulfill the function of a One Stop Operator. The proposals were publically posted on the WDI and the DEED websites. Our auditor, Anne Wiekamp Leth, CPA, collected bids and a community committee was formed to review and score submissions. Anne advised that each committee member was required to sign an independence, non-conflict of interest form. Anne announced that the committee recommended that the One Stop Operating Consortium, made up of WDI, DEED Job Service, and DEED VRS, be the One Stop Operator for all of SE Minnesota. Our WDB will execute a non-financial contract with all three partners of the WDB One Stop Operating Consortium. The written contract will be presented to the WDB for approval in June. The Joint Powers Board (JPB) will receive a copy of the contract in June. **Cheryl Key motioned to approve the proposal for the One Stop Operating Consortium to provide One Stop Operator Services for all of SE Minnesota. Rick Gnemi seconded, and the motion was approved.**

### Dislocated Worker – Randy Johnson

- Randy noted that IBM-Rochester is laying off approximately 60 people by the end of June. We will not be writing a grant for this group because of the lack of information from the company about when the layoffs will occur and the number. WDI will go to the MN Job Skills Board in June to secure additional state worker funding, which will be used to serve this IBM-Rochester group. Randy mentioned that WDI will do career planning and if additional funding is available, potentially hire a financial planner for IBM workers. Mitch Lentz discussed the impending Co-Location Policy at IBM. He discussed that employees who worked remotely will now be required to work onsite three days a week and have to live within 50 miles of the IBM Plant or will be required to resign.
- Randy also stated that DEED received a W.A.R.N. notice that Streater, LLC, in Albert Lea, is expected to move their Image Retail product production to the L.A. Darling facility in Arkansas. This will result in approximately 70 employees losing their jobs at the Albert Lea facility. The layoffs will be June 30, 2017, or within 14 days of that date. The workers are represented by the United Brotherhood of Carpenters and Joiners of America, Local 766. The current plan is to write a grant to serve those workers.

- Randy will follow up with Bill Hahn about the status of the Fountain Industries move to their new facility in Shakopee.

#### Youth – Jinny Rietmann

- We are still awaiting final numbers to move forward with our youth programming in Minnesota Youth Program (MYP) and WIOA. Jinny reported that we are level funded for our YouthBuild Program for next year; things are going very well. Our cohort is going strong at the Rochester Alternative Learning Center (ALC). We have started working off-site at Habitat for Humanity worksites in Rochester this spring. Two youth and two counselors, along with their Area Manager and Jinny, attended the Youth Intervention Day at the Capital on April 4<sup>th</sup>. The youth prepared their stories in advance and did excellent jobs at speaking with legislators, telling their stories, and informing legislators of the importance of funding for youth programming.
- Jinny and Randy Johnson attended the Rochester Area Math and Science Partnership (RAMSP) meeting yesterday. WDI is a member of RAMSP. Randy reported that the group talked about replicating job shadow experiences, as an opportunity for students to gain real-world experience and valuable insight as they begin to determine the paths they will take post-high school. Randy spoke to the RAMSP group about the need for developing a process and then a plan and sense of purpose for the students. He believes the group is making progress and that they are looking to WDI to provide leadership.
- Jinny also recapped that through the Career Venture Program model, WDI has been offering a menu of our services to high schools throughout the 11-county region in SE Minnesota, including Winona County.

#### Welfare Reform/Supplemental Nutrition Assistance Program (SNAP) – Wanda Jensen

- Wanda provided JPB members with Minnesota Family Investment Program (MFIP) and Diversionary Work Program (DWP) fact sheets. She provided end-of-the-year WDI data for the programs. For the last 20+ years, the median wage for those exiting these programs has been \$8-10 per hour. This is the first year that it has been over \$11 per hour. Compared to a year ago, we have gained \$1.25 per hour regionally for MFIP and \$1.60 per hour for DWP. She reported that 75% of those coming in for assistance and then leaving assistance are staying off assistance for at least 12 months; the State average is 67%. She stated that 65% of MFIP/DWP cases closed due to employment; the State average is 33%. For MFIP, 8% of cases are being extended beyond the five year limit. Wanda reported that on MFIP, a family of three with no other income can receive \$532 of cash assistance per month, which has not changed since 1998. Housing has a copay, and there currently is a waiting list. Families can also receive food support benefits each month. They can also receive help paying for child care; there is a copay. When parents work, the family continues to receive reduced assistance. Once the family reaches 79% of the Federal poverty level, they no longer receive cash assistance.
- Randy shared a handout of Temporary Assistance for Needy Families (TANF) data over the past 20 years. He pointed out that that 96-97% of cases in Dodge County are now off MFIP. Wanda remarked that there is a bill that has been put through the legislature proposing an increase in cash assistance by \$100 a month with an inflation factor. The bill was then adjusted to just \$10 a month. Wanda reported that she was updated that the bill was moved to committee to increase it to \$13 per month.

#### Workforce Innovation and Opportunity Act (WIOA) – Randy Johnson

- Regional Plan: Randy indicated that our WIOA Regional Plan was approved. We received the official notification letter yesterday. The next step is to determine how we operate our plan. There are two large pieces to the plan. One is sector initiatives or career pathways with businesses, and the other is equity issues. Randy stated that we are planning a larger regional meeting with legislators on August 3, 2017.

#### **Personnel Committee Report – Randy Johnson**

- The Personnel Committee will continue their discussion of the proposed 2017 Employee Salary and Benefit Requests at their June 1<sup>st</sup> meeting.
- The 2017 Wellness Request totaled \$6,775 for personal health assessments & incentives, program supplies & incentives, and a Wellness Council of America (WELCOA) membership. **Cheryl Key moved to approve the 2017 Wellness Request of \$6,775; Ken Brown seconded, and the motion was approved.**

#### **Director's Report – Randy Johnson**

##### State Legislative Update

- Randy reviewed that the MN Workforce Development Fund (WDF) totals \$55 million annually and that it was originally created for the purpose of dislocated workers. The money for the fund is generated from a payroll tax. The fund is currently going in dozens of different directions. Randy reported that appropriations were announced, and only \$19.9 million (35.1%) of the total WDF was left for Dislocated Workers. Randy commented that he told representatives that if we go with the current allocations in the final bill, we would have to close offices and be done by November. Randy reminded the JPB of the meetings that took place in December with legislators at numerous WDI offices. He has also shared his concerns about the WDF with the representative in

our area, Senator Jeremy Miller. In response to a question from Dan Belshan, \$25 million appropriated for Dislocated Workers would put us on stable footing. Randy mentioned that there is the possibility of a State shutdown on July 1, 2017, which would affect WDI. State union staff would receive a 30-day notice of unemployment if a shutdown would occur, however Randy has not heard any word of a shutdown. He discussed that he is hopeful that legislators can work together to increase the amount of funding available for Dislocated Workers in the final overall bill.

#### Washington Update

- Randy stated that there was a Federal continuing resolution. There was a lot of compromise, and we are level funded until October 2017. He noted that Ivanka Trump is targeting apprenticeship programs to develop a highly skilled workforce.

#### Current Budget and Office Status

- Randy provided the following handouts. He advised that he will provide the Board with a narrative of accomplishments in June.

#### Adult Outcomes – PY09-PY16 (PY=Public Year, which ends June 30)

- The percentage of welfare adults served is at 75%, which is an increase from last year. There has been a slight increase in adults served due to dislocated workers coming into WDI. Changes in data and technology have resulted in the elimination of 6% of jobs. The percentage of working poor has decreased to 18%. One-fifth of people who are working poor are underemployed. They are moving through the system quicker due to online training. The overall wage at placement has been on the increase since PY09 and is at a record high of \$13.08/hour. Annual Return on Investment is 5.05% (a little over \$5 for every dollar you invest). Total wages for PY16 are \$54,472,007. Total return to the government is \$34,835,739.

#### Revenue and Support – 3/1/17 – Program year ending June 30

- The estimated revenue for 2017 is \$7,929,072, which is an increase from 2016. Total program administration is at 7.87%, which is very lean.
- The projected revenue for 2018 is \$7,606,806, which is looked at as baseline. Currently, WDI is at about \$5.8 million projected revenue for 2018. Randy stated that we will need \$1.6 million in new funds that are not accounted for. Out of the \$1.6 million, he has already found \$600,000; the rest could come from competitive grants. He reported that \$250,000 from the WDF is appropriated for Bridges to Healthcare.

#### Career Pathways Progress Report

- Randy discussed that Hennepin County received a \$300,000 equity grant last year; \$185,000 was dedicated to WDI for career pathways work. He stated that we are starting the process to increase diversity in the labor force in the 10-county area. Randy asked the JPB commissioners if there are hiring practices and training programs at the counties. Cheryl Key and Teresa Walter shared information about meetings of county administrators in their areas. Randy would like to continue this conversation.

#### Decertification Process for the Owatonna WorkForce Center (WFC)

- Randy shared that DEED regulations state that three physical partners have to be located at a WorkForce Center in order to certify it as a comprehensive WorkForce Center. The DEED Job Service has had long-term leases with the WorkForce Center; but by July, DEED will only be paying half of the money for the leases. The Rochester and Faribault offices will not be affected, but DEED is walking away from leases at the other WDI offices. The oversight of decertifying the office from a comprehensive office to an affiliate office is in the hands of the JPB. Randy remarked that it comes down to money. Our options are to look at other resources to save money. He asked the JPB to think about this and to come to conclusions at the next meeting.

#### **Next Meetings**

- Joint Powers Board (JPB) - June 8
- SE MN Regional Strategic Planning Meeting & Luncheon – August 3
- **No** JPB Meetings – July 13 or August 10

#### **Dan Belshan adjourned the meeting.**

Respectfully submitted,  
Jill Miller  
Workforce Development, Inc.

**ATTACHMENT A**

**Workforce Development, Inc.**  
**REVENUES by fund source**

From: 1-Jul-16 Thru: 30-Apr-17	Y-T-D Actual	% of Budget	Annual Budget
<b>Grants:</b>			
Adult Employment & Training	1,435,118	75.1%	1,910,543
Youth Employment & Training	843,735	76.8%	1,098,374
Dislocated Workers	1,267,711	67.5%	1,877,713
Reading Recognition	2,089	18.3%	11,400
	<u>3,548,654</u>	<u>72.5%</u>	<u>4,898,030</u>
<b>Fees for Service/Other:</b>			
Welfare Reform	2,180,662	73.2%	2,978,548
Custom Training	1,726	86.3%	2,000
Donations	4,226	42.3%	10,000
	<u>2,186,614</u>	<u>73.1%</u>	<u>2,990,548</u>
<b>Total Recognized Revenues</b>	<u><u>5,735,267</u></u>	<u><u>72.7%</u></u>	<u><u>7,888,578</u></u>
<b>Unrecognized Revenues:</b>			
Unbilled Welfare Reform	11,432	0.0%	0
Unallocated Indirect Costs	83,526	0.0%	0
	<u>94,958</u>	<u>0.0%</u>	<u>0</u>
<b>TOTAL REVENUES</b>	<u><u>5,830,225</u></u>	<u><u>73.9%</u></u>	<u><u>7,888,578</u></u>

**Changes Since Last Report:**

Total Change	<u><u>0</u></u>
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**ATTACHMENT A****Workforce Development, Inc.****BUDGET to ACTUAL by programs/function**

From: 1-Jul-16	Y-T-D	Percent	Annual
Thru: 30-Apr-17	Actual	of Budget	Budget
Salaries and wages	2,878,956	80.8%	3,564,695
Payroll taxes & benefits	919,801	81.0%	1,135,473
Subcontracted services	148,814	45.2%	329,495
Staff development/conferences	64,110	91.6%	70,000
Travel	75,349	78.5%	95,940
Board expenses	10,536	57.0%	18,500
Telephone	47,750	83.8%	57,000
Postage	8,869	59.1%	15,000
Utilities	55,840	86.6%	64,500
Marketing	8,366	76.1%	11,000
Dues and subscriptions	12,509	69.5%	18,000
Auditing & legal fees	18,383	91.9%	20,000
Maintenance	69,804	78.7%	88,700
Rent and occupancy	329,038	83.3%	395,000
Insurance	14,992	83.3%	18,000
Supplies and other	80,373	77.4%	103,839
Equipment	5,832	58.3%	10,000
Equipment rental	79,959	85.4%	93,600
Classroom training	648,322	76.1%	851,411
Participant support	260,475	38.8%	671,260
OJT contracts/wage subsidy	16,651	21.1%	79,000
Participant Wages	73,410	46.3%	158,569
Participant Fringe	10,643	47.7%	22,297
Other training expenses	1,418	11.5%	12,300
Workforce Center Partner Billing	-9,972	66.48%	-15,000
	<u>5,830,225</u>	<u>73.91%</u>	<u>7,888,578</u>