

JOINT POWERS BOARD
September 21, 2017, 10:00 a.m.
Workforce Development, Inc.
Rochester, Minnesota

MINUTES

Attendees: Dan Belshan (Chair), Randy Johnson (Executive Director), Brian Ashton, Steve Bauer, Ken Brown, Bill Hahn, Wanda Jensen, Cheryl Key, Mitch Lentz, Jason Majerus, Jinny Rietmann, Rhonda Toquam, Teresa Walter, Jill Miller (Note Taker) **Other Attendees:** Julie Brock

A quorum was present and Dan Belshan called the meeting to order. **Ken Brown moved for consent of the September agenda, Steve Bauer seconded, and the motion passed. Steve Bauer moved for consent of the June meeting minutes, Teresa Walter seconded, and the motion passed.**

Fiscal Report – Brian Ashton

- **PY16 Year-End Fiscal Report: (Attachment A)** We finished the Fiscal Year PY16 at just over \$7.4 million, 93.9% of the overall budget. Brian reported that we received three additional allocations from the Department of Employment and Economic Development (DEED) in the amount of \$5,603. He stated that we used \$169,183 in unrestricted funds (IBM Reading Recognition line item) due to some of the constrictions we had with grants and other resources we were anticipating from the State. Randy Johnson indicated that in order to keep some staff on through the end of the year, we had to utilize those assets. He noted that two-thirds of our expected income sources materialized. He is hopeful that we will potentially be awarded another \$400,000 in grants. We will make a call on that within the next three months. **Functional Expenses:** The fringe rate came in at just under 30%, which is good news considering our increased healthcare expenditures in 2016. Of note, our healthcare claims through August 31, 2017, are at 52% of the expected claims; which is great. The participant support line item is a little low at 46.4%. Overall, there were no surprises.
- **PY17 August Fiscal Report: (Attachment B)** Brian stated that our PY17 budget is at just under \$7 million, this is down \$900,000 from PY16. There is a \$300,000 reduction in the Adult Program. The majority of that is the Pathways to Prosperity (P2P) Grant, in paraprofessional and manufacturing, that we do not have this year. The Dislocated Worker (DW) line item is down \$350,000. Workforce Development, Inc. (WDI) will be submitting an application for additional DW money mid-year. Welfare Reform funds are down by about \$300,000 from the prior year; which runs on a January 1 to December 31 calendar year. **Functional Expenses:** We are one month in under the salaries and wages line item. It is a little elevated due to vacation cash out and merit pay out. We should see a decrease in the utilities line item in the upcoming year, as the data line costs will be going down considerably in the WorkForce Centers (WFC).
 - In response to Dan Belshan's question, Randy indicated that DEED made the decision to reduce the number of Resource Room computers in the offices by half. We have a strategy within WDI to take other desktops that we already have and replace the computers that were removed. We will not have as many DEED computers, but it will still serve the needs of our customers. WDI has been paying for DEED lines, but we should see change a year from now.

The equipment line item is a little high due to the purchase of a server. Brian reports that we are looking at our options regarding health insurance for 2018. If Blue Cross Blue Shield (BCBS) rates for 2018 reflect a hefty increase, we will shop around for other choices. He also indicated that our auditor, Anne Wiekamp Leth, has left Hawkins Ash CPAs, LLP effective August 2017. Her assistant is moving into the key spot, so we will be seeing a new face in the months to come. It should be a relatively smooth transition from Anne.

Jason Majerus moved to approve the PY16 Year-End and PY17 August Fiscal Reports; Cheryl Key seconded, and the motion was approved.

Program Reports

Dislocated Worker – Bill Hahn

- Bill reported that our enrollments have been good; however it appears that the number of people going to school is down. We are currently 88% enrolled in the PY17 Workforce Innovation and Opportunity Act (WIOA) DW Program. Bill indicated that we ended up with \$1,388,701 in State DW dollars last year. We are currently 86% enrolled in the PY17 DW Program. We requested State DW money two additional times last year, and he anticipates that we will do the same again this year.
- Streater, LLC, in Albert Lea has revised their Worker Adjustment and Retraining Notification (WARN) notice to a layoff of 35 workers by the end of October 2017. Originally, this layoff was scheduled to involve 75 employees.

We have become aware that Woodstream in Ellendale may be closing by the end of the year. From the information we were able to obtain, there are 132 employees at the Ellendale facility. We are working to uncover more details, but we did submit to the State Rapid Response Team. Our Career Planner at the Kasson WDI office notified us that Advanced Drainage Systems of Hayfield is closing on November 1, 2017. The layoff involves 15-20 employees. WDI continues to be in contact with the company. We received a WARN notice yesterday that Walmart in Blue Earth will be closing. Bill stated that the economy is strong, but we are still seeing layoffs.

- Randy Johnson reported that Annie Welch is leaving DEED/DW Program. There will be a new face in that position. He also indicated that WDI staff are seeing an increased number of older workers; the average age is 61-years-old. Randy suggested that we should propose a different plan with new rules to DEED that consists of unique and innovative measurements, such as financial planning, for older adults. We need resources including training and counseling for them. He stated that he will work with the commissioner.

Youth – Jinny Rietmann

- Jinny reported that summer youth programs are winding down. YouthBuild completed their summer program that included 30-hours/week work experience opportunities building homes with Habitat for Humanity, as well as entrepreneurial training with selling some of the projects the participants made. Three new youth staff have been hired at WDI including Anisha Zak, full-time Steele County Workforce Coordinator working out of the Owatonna High School; Kim Buysse, part-time Tri-City Bridge Mentor working at the Red Wing Correctional Facility; and David LeGarde, full-time Youth Career Planner in Rochester. Jinny spoke about new competitive youth grants, including the Pre-Employment and Training Services (Pre-ETS) Grant that will include work readiness education to youth with disabilities within the high schools, a total funding of \$100,000; and Temporary Assistance for Needy Families (TANF) Innovation Funds. We received a boost in the amount of TANF funding we received to serve youth and young adults through work experience opportunities; total funding of \$75,000. WDI was chosen as an AmeriCorps VISTA program site, which funds one full-time Re-entry Coordinator for one year. Orlando Smith started with WDI in August and comes to us with 25 years' experience. He will be working to develop regional partnerships and programming that focuses on ex-offenders and workforce development. We got refunded for Youth at Work Competitive Funding. The total funding is \$100,000 for two years. The program focuses on youth of color and youth with disabilities throughout the region. Through that funding over the last two years, we increased the percentage of youth of color that we serve from 34% to 50%.

Minnesota Family Investment Program (MFIP)/Welfare Reform – Wanda Jensen

- Wanda announced that WDI hired a new Career Planner in Houston County. John Pugleasa and Karen Kohlmeyer from Houston County assisted with the interviewing process. Dee Slinde started with WDI on Monday and has an extensive background in working with both participants and businesses. WDI submitted a Request for Proposal (RFP) for Olmsted County for MFIP and Diversionary Work Program (DWP) services for 2018. We have a meeting with Olmsted County this afternoon to answer any questions and to further the discussion regarding our proposal. We also submitted a RFP to MNPrairie last week. MNPrairie would still like to maintain three providers, MRCI Work Source in Steele County, MN Valley Action Council in Waseca County, and WDI in Dodge County. We have been working and collaborating well together. The Supplemental Nutrition Assistance Program (SNAP) Program Year ends on September 30, 2017. WDI received a notice this week that SNAP dollars for next year will be out by next week; maybe before October 1st. There is not a lot of SNAP funding, which does not allow us to serve a lot of people. Yet, it provides money for able-bodied adults without dependents who otherwise would not receive any other services. As part of the welfare program, Family Stabilization Services (FSS) offers participants with temporary disabilities and their families short-term assistance. FSS participants cannot be sanctioned if they fail to comply with their plan and job search activities unless the provider does a face-to-face home visit with the participant. This is a State requirement. Due to safety concerns, WDI's policy is to let the county know when we have a situation where a face-to-face visit is required. County staff will accompany WDI staff to the home visit.

Workforce Innovation and Opportunity Act (WIOA) – Randy Johnson

- Randy indicated that the Federal WIOA fiscal year starts on October 1st for 2018. We are forward-funded in order to get us in sync with the July 1-June 30 fiscal year. We received our first installment of \$41,000 for the WIOA Adult Program, which is already expended. Our next installment of new money should come by the end of October. Randy stated that we still could have a shutdown, but Congress passed a continuing resolution that will fund federal agencies until December 8, 2017. As long as we receive the last installment of WIOA money by then, we should be fine until June 30, 2018.
- Randy stated that he received notification today that the One Stop Operator RFPs will have to be redone. This will happen either this fall or next spring.
- Randy indicated that there have been conflicting messages coming from DEED about what courses are certified as WIOA credentialed training. DEED has indicated that if a final test is taken after the training program has ended, it is not WIOA certified. DEED advised that they are attempting to clarify with the Federal Department of Labor (DOL) what training programs should be paid for and certified as WIOA credentialed training. In order to continue

payment for these programs until DEED and the DOL tell us differently, the WDB approved to provisionally certify the existing WIOA credentialed training programs we have been paying for.

Director's Report – Randy Johnson

Legislative Update

- Randy discussed that we can no longer look to the DOL as our primary source of where our money is coming from. We need to be aware and look at other sources. He stated that the Federal Reserve has a Dual Mandate that keeps the money flowing and the interest rates stable. Regionally, they have added a new mandate where they must look at equity issues within employment. Randy reached out to the Federal Reserve about the possibility of a partnership, as they have resources available. However, they responded that they are using their resources to study the equity problem.
- At a State level, Randy has been working with Senator Jeremy Miller. We were awarded a direct appropriation for the Bridges to Healthcare Program. WDI has yet to receive the appropriation. We are hoping to have access to competitive grant money by January or February 2018. Regional Planning has developed a lot of rich relationships with business; specifically, in the construction sector. WDI has academies set up, and we are hoping to have funds in hand and be ready to go by January or February 2018.
- Randy indicated that we also did our projections for Dislocated Workers. By actual calculations, we anticipate being about \$300,000 short for the end of this year. Randy shared that there was some money left over from the National Emergency Grants for Dislocated Workers. The State of Minnesota requested \$590,000; however, the Federal Government decided that the leftover money would be used for hurricane relief. WDI also put out requests for funding to over a dozen of local banks to fund our various programs.

Update on Budget/Staff Reductions/Office Visits

- Randy stated that our Fiscal Year PY16 annual budget was just under \$7.9 million. We finished the Fiscal Year under budget at \$7.4 million. WDI experienced some staff reductions this past year; however, this did not short the customers we serve. Randy noted that we are currently at 58 FTEs, down from 76 FTEs earlier this spring. He stated that we are paying very close attention to our budget, as we cannot go below 54 FTEs.

Regional WIOA Alliance Report

- Randy reviewed that Joint Officers from both our WDB and Joint Powers Board (JPB), in addition to the Winona County WDB came together. Our regional partnership with the Winona WDB has been undefined in the past year with the retirement of Mike Haney, their former Executive Director. Randy has a meeting with Winona's new WDB Chair, Craig Porter, this afternoon to discuss plans for our next regional meeting.
- On Tuesday, DEED's "Commissioners on Wheels" tour stopped at Envirolastech, a Winona County manufacturing business located in St. Charles.

Seating of New Workforce Development Board Members

- Mike Haney who filled the Wagner Peyser seat on the WDB retired, leaving the seat on the Board vacant. The Director recommended that the JPB seat Julie Brock, Regional Workforce Strategy Consultant for DEED, to fill the Wagner Peyser vacancy. **Cheryl Key moved to approve the seating of Julie Brock to the WDB; Jason Majerus seconded, and the motion of was approved.**
- Julie Nigon who filled the Community Based Organization-Adult Basic Education (CBO-ABE) seat on the WDB retired, leaving the seat on the Board vacant. The Director recommended that the JPB seat Nadine Holthaus, ABE Coordinator with Rochester Public Schools, to fill the CBO-ABE vacancy. **Mitch Lentz moved to approve the seating of Nadine Holthaus to the WDB; Cheryl Key seconded, and the motion of was approved.**

Next Meetings

- Next JPB Meetings – November 9, 2017 and January 11, 2018

Other/Public Comment

- Several commissioners gave updates on their county levies and wage market studies.

The meeting was adjourned by Dan Belshan.

Respectfully submitted,
Jill Miller
Workforce Development, Inc.

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

From: 1-Jul-16 Thru: 30-Jun-17	Y-T-D Actual	% of Budget	Annual Budget
Grants:			
Adult Employment & Training	1,883,524	98.4%	1,913,273
Youth Employment & Training	1,081,565	98.5%	1,098,374
Dislocated Workers	1,345,214	71.5%	1,880,586
Reading Recognition	169,183	1484.1%	11,400
	<u>4,479,486</u>	<u>91.4%</u>	<u>4,903,634</u>
Fees for Service/Other:			
Welfare Reform	2,921,304	98.1%	2,978,548
Custom Training	1,946	97.3%	2,000
Donations	10,909	109.1%	10,000
	<u>2,934,159</u>	<u>98.1%</u>	<u>2,990,548</u>
Total Recognized Revenues	<u><u>7,413,645</u></u>	<u><u>93.9%</u></u>	<u><u>7,894,181</u></u>
Unrecognized Revenues:			
Unbilled Welfare Reform	0	0.0%	0
Unallocated Indirect Costs	0	0.0%	0
	<u>0</u>	<u>0.0%</u>	<u>0</u>
TOTAL REVENUES	<u><u>7,413,645</u></u>	<u><u>93.9%</u></u>	<u><u>7,894,181</u></u>

Changes Since Last Report:

WIOA Adult PY14	602
WIOA Disl Wrk PY14	2,873
WIOA Youth PY15	2,128
Total Change	<u><u>5,603</u></u>

ATTACHMENT A**Workforce Development, Inc.****BUDGET to ACTUAL by programs/function**

From: 1-Jul-16	Y-T-D	Percent	Annual
Thru: 30-Jun-17	Actual	of Budget	Budget
Salaries and wages	3,725,091	103.6%	3,596,099
Payroll taxes & benefits	1,079,144	94.2%	1,145,612
Subcontracted services	278,205	100.5%	276,734
Staff development/conferences	66,755	95.4%	70,000
Travel	96,717	100.8%	95,940
Board expenses	12,171	65.8%	18,500
Telephone	55,381	87.9%	63,000
Postage	11,273	80.5%	14,000
Utilities	65,381	101.4%	64,500
Marketing	9,679	88.0%	11,000
Dues and subscriptions	12,862	71.5%	18,000
Auditing & legal fees	19,358	96.8%	20,000
Maintenance	83,596	94.2%	88,700
Rent and occupancy	394,950	99.5%	397,000
Insurance	17,938	99.7%	18,000
Supplies and other	101,745	99.1%	102,659
Equipment	9,431	94.3%	10,000
Equipment rental	93,752	99.1%	94,600
Classroom training	835,396	96.1%	869,284
Participant support	307,562	46.4%	663,388
OJT contracts/wage subsidy	19,615	24.8%	79,000
Participant Wages	108,819	68.6%	158,569
Participant Fringe	15,355	68.9%	22,297
Other training expenses	8,609	70.0%	12,300
Workforce Center Partner Billing	-15,140	100.93%	-15,000
	<u>7,413,645</u>	<u>93.91%</u>	<u>7,894,181</u>

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

From: 1-Jul-17 Thru: 31-Aug-17	Y-T-D Actual	% of Budget	Annual Budget
Grants:			
Adult Employment & Training	151,828	9.6%	1,588,835
Youth Employment & Training	100,930	8.9%	1,131,843
Dislocated Workers	97,476	6.4%	1,529,062
	<u>350,234</u>	<u>8.2%</u>	<u>4,249,740</u>
Fees for Service/Other:			
Welfare Reform	259,099	9.7%	2,681,000
Custom Training	0	0.0%	5,000
Donations	3,884	77.7%	5,000
	<u>262,983</u>	<u>9.8%</u>	<u>2,691,000</u>
Total Recognized Revenues	<u><u>613,217</u></u>	<u><u>8.8%</u></u>	<u><u>6,940,740</u></u>
Unrecognized Revenues:			
Unbilled Welfare Reform	0	0.0%	0
Unallocated Indirect Costs	82,371	0.0%	0
	<u>82,371</u>	<u>0.0%</u>	<u>0</u>
TOTAL REVENUES	<u><u>695,588</u></u>	<u><u>10.0%</u></u>	<u><u>6,940,740</u></u>

Changes Since Last Report:

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

From: 1-Jul-17	Y-T-D	Percent	Annual
Thru: 31-Aug-17	Actual	of Budget	Budget
Salaries and wages	303,772	9.8%	3,096,693
Payroll taxes & benefits	97,208	9.8%	990,642
Subcontracted services	2,736	0.8%	331,318
Staff development/conferences	5,309	17.7%	30,000
Travel	8,586	10.6%	81,300
Board expenses	1,491	9.9%	15,000
Telephone	10,856	21.7%	50,000
Postage	2,091	17.4%	12,000
Utilities	10,755	23.9%	45,000
Marketing	578	4.8%	12,000
Dues and subscriptions	2,563	17.1%	15,000
Auditing & legal fees	1,025	4.9%	21,000
Maintenance	10,306	12.4%	83,000
Rent and occupancy	66,470	16.4%	405,000
Insurance	3,494	19.4%	18,000
Supplies and other	11,903	12.6%	94,385
Equipment	5,832	58.3%	10,000
Equipment rental	18,076	13.2%	137,228
Classroom training	69,108	7.1%	974,092
Participant support	41,747	13.0%	321,379
OJT contracts/wage subsidy	1,513	2.5%	59,453
Participant Wages	17,745	14.3%	123,862
Participant Fringe	2,425	12.8%	18,889
Other training expenses	0	0.0%	7,500
Workforce Center Partner Billing	0	0.00%	-12,000
	<u>695,588</u>	<u>10.02%</u>	<u>6,940,740</u>