

JOINT POWERS BOARD

May 10, 2018, 10:00 a.m.

Workforce Development, Inc.
Rochester, Minnesota

MINUTES

Attendees: Dan Belshan (Chair), Randy Johnson (Executive Director), Brian Ashton, Steve Bauer, Tony Bennett, Susan Boehm, Ken Brown, Wanda Jensen, Cheryl Key, Mitch Lentz, Teresa Walter, Jill Miller (Note Taker)

Guests: Marleen Lundberg (Job Service Area Manager, MN Department of Employment and Economic Development), Joe Nurmi (CPA, Hawkins Ash CPAs, LLP)

A quorum was present and Cheryl Key called the meeting to order. Brian Ashton made a request to amend the agenda and move the One Stop Operator Request for Proposal (RFP) approval and the Audit Presentation to immediately following approval of the November 2017 minutes. **Ken Brown moved to amend the agenda as presented by Brian Ashton, Teresa Walter seconded, and the motion was approved.** The agenda was accepted as amended. **Ken Brown moved for consent of the May agenda; Mitch Lentz seconded, and the motion passed. Teresa Walter moved for consent of the November 2017 minutes; Ken Brown seconded, and the motion passed.**

Audit Presentation/One Stop Operator Request for Proposal (RFP) – Randy Johnson/Joe Nurmi, CPA

- **One Stop Operator Request for Proposal (RFP):** The One Stop Operator has to be submitted as part of our Workforce Innovation and Opportunity Act (WIOA) Plan. Randy 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) went through the bidding process last year. The One Stop Operating Consortium was chosen to be the One Stop Operator for all of Southeast Minnesota at that time. However, late last year, the Federal government stated that because the previous process did not indicate a dollar range to let prospective bidders know how they might financially benefit; it would need to be redone. Randy indicated that the entire State of Minnesota, as well as many states around the nation, had to redo the process. Once again, the One Stop Operating Consortium 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, Joe Nurmi, CPA, collected bids and a community committee was formed to review and score submissions. Joe advised that each committee member was required to sign an independence, non-conflict of interest form. He 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 Southeast Minnesota. Our WDB will execute a non-financial contract with all three partners of the Workforce Development Board (WDB) One Stop Operating Consortium. The written contract will be presented to the WDB for approval. The Joint Powers Board (JPB) will receive a copy of the contract. **Steve Bauer motioned to approve the proposal for the One Stop Operating Consortium to provide One Stop Operator Services for all of SE Minnesota. Tony Bennett seconded, and the motion was approved.**
- **Audit Presentation:** The audit is complete for Fiscal Year 2016. A summary of the final report was presented to the Joint Powers Board (JPB). Joe was very pleased with the audit. He indicated that Workforce Development, Inc. (WDI) had two sets of audits going on simultaneously; a financial audit of funds and a governmental audit of programs. In both instances, we had clean, unmodified opinions. The financial audit of funds showed a reduction in revenue for this Fiscal Year. WDI experienced an operating loss, as salaries stayed constant. It was the auditor's opinion that our financial statements represented the organization fairly in all aspects. All files looked great, and the audit findings indicated no material weakness, no internal control findings, no adjusted entries, and no questioned costs. **Teresa Walter moved to accept the final audit report as presented, Ken Brown seconded, and the motion passed.**

Fiscal – Brian Ashton/Randy Johnson

- **March Fiscal Report: (Attachment A)** We received \$2,022 in WIOA Adult – PY15 funds, which were reallocated PY15 resources from the Winona County Service Area; in addition, we received \$2,550 in WIOA Dislocated Worker (DW) PY15 funds. We received a Higher Education Career Advisor Project (HECAP) Grant of \$23,625. This State grant is a \$63,000 grant and will be used for youth staff work. We have a subcontract with Minnesota Valley Action Council for Quad/Graphics. We received \$2,750 for the Early Readjustment Assistance Grant (ERAG) portion of the funding. The total Quad/Graphics Grant is for \$88,000 through December 31, 2019; in which we

will use \$40,000 this Fiscal year. We received the SE Asian Equity Grant for PY17-18 in the amount of \$80,000. The grant is for \$200,000 and runs through June 30, 2019. **Ken Brown moved to approve the March Fiscal Report; Cheryl Key seconded, and the motion was approved.**

- **May Fiscal Report: (Attachment B)** Brian stated that there have been several changes to the budget since the last reporting period. We received a Youth Intervention Programs (YIP) grant in the amount of \$11,180. This is \$100,000, two year grant. We will utilize \$25,000 of it this year. We received a Labor Education Advancement Program (LEAP) Grant of \$10,000. We received an ACP-Administrative Assistant grant in the amount of \$26,000; this is a subcontract with Hawthorne Education Center. We received \$10,000 for the Early Readjustment Assistance Grant (ERAG) portion of the Bellisio Foods DW project in Austin; the funding was for work we did in March and April 2018. In addition, we received \$50,000 in grant funding for Bellisio Foods; the total Bellisio Foods Grant is for \$240,000 through June 30, 2019. We received a \$22,917 Department of Human Services (DHS)-Homeless Prevention grant, funding for youth aging out of foster care and emancipation. The total funding for the DHS-Homeless Prevention grant is \$145,000. We also received \$21,500 in funding for the MN Department of Transportation (DOT) Heavy Construction grant; \$21,500 of the \$100,000 total grant will be used this Fiscal year. **Functional Expenses:** Brian indicated that there were no real surprises. Salaries and fringe run a month behind; which should be at 75%. This is a 1% improvement over last month. He noted that we are done with expenses related to staff development/conferences for the year, so there should be no further increase. Brian estimates that we should end the year at \$6.3 to \$6.4 million. The majority of carry-in will be training support dollars. **Steve Bauer moved to approve the Fiscal Report; Mitch Lentz seconded, and the motion was approved.**
- **WDI Budget and Cash Flow Discussion:** Randy explained our cash flow process and how we receive allocations. We are directly allocated \$5.5 million in Federal Adult, Dislocated Worker (DW), and Youth funding, in addition to Minnesota Youth Program (MYP), and Minnesota DW funding. Other allocations are received through a competitive process, totaling 30% of our budget. Last August (2017), WDI held off on layoffs and closing offices because the State announced that \$18 million in Pathways to Prosperity (P2P) competitive grant money was being put out for bid. The process was delayed and grant recipients were not announced until the end of April. WDI was awarded three P2P Grants totaling \$975,000. The awards included grants in the construction trade, the manufacturing sector (partners include the Winona WorkForce Center (WFC); Adult Basic Education (ABE); and MN State College Southeast), and the public/human services sector. We hope to have access to that money by mid-June. WDI has operated on funding from smaller grants and several DW projects throughout the year. WDI had access to DW money; however, the number of DWs coming into our offices was lower than expected and we did not have the enrollment numbers to justify drawing the money. Based on last year, we should be receiving our Department of Labor (DOL) Federal Youth Program funding by mid-June. The Youth Program year started April 1, 2018, and runs through March 31, 2019; although we still have not received the paperwork for and do not have access to the funding. WDI receives reimbursement grants from county Minnesota Family Investment Program (MFIP) contracts; however, we pay expenses related to county programs in advance and then invoice the counties. The average amount of time it takes to receive reimbursement is 4-6 weeks. On average, WDI up-fronts \$330,000 per month in funding from the counties. Randy and Brian Ashton reviewed the budget again in April. WDI does not have the MFIP contract in Steele County and due to diminished funding, we closed the WDI Owatonna/Steele County office to the public in April. We relocated our remaining Career Planner in Owatonna to the Mower County office to assist with the Bellisio Foods DW Project in Austin and laid off one employee. We are continuing to look for the next source of funding in order to reopen the Owatonna office. The biggest concern is cash flow between June 1 and June 10. Randy reached out to local banks and described our need; however, WDI would need collateral and cannot have a co-signer. Last week, Randy reached out to an agency that works with nonprofits and would be able to assist WDI with our short term cash flow needs. Propel Nonprofits could lend us up to \$150,000 as a short-term loan, secured by cash flow and paperwork evidence of allocated grant funding. The WDB Executive Committee approved the recommendation for Randy, as the Executive Director, to move forward in completing the Propel Nonprofits Corporate Borrowing Resolution to the level of a \$150,000 lump sum loan and to negotiate the terms of repayment to last no longer than six months. The annual interest is 6.5% with a \$500 initial loan closing fee. WDI has \$150,000 in unrestricted funds available in the budget to pay interest and any fees associated with a short-term loan. No action is needed by the JPB for the above recommendation.

Director's Report – Randy Johnson

Subsequent Designation Policy

- WIOA law requires all local Workforce Development Areas (WDAs) that were designated by the State to be subsequently designated. The statute states that the local (WDAs) must make standards for the two program years of PY2016 and PY2017 of initial designation. The criteria included performing successfully, sustaining fiscal integrity with clean audits, and regional planning. Randy provided the Board with a handout listing performance

measures achieved by each of the Service Delivery Areas (SDAs) as of May 1st. He noted that as of 1.5 months ago, WDI was the only delivery area that had met or exceeded all of the performance measures. The outcomes are based on when participants exit programs. All counties have to be subsequently designated by May 30, 2018. Randy expects WDI to be re-designated. Board members reviewed the updated drafts of the Memorandum of Agreement between WDI and the JPB and the JPB Cost Reimbursement Contract for Services. He noted that the language has stayed the same. Randy stated that these two updated documents will be signed by both the JPB Chair and the WDB Chair and submitted with the re-designation package of documents. Randy recommended JPB approval for the submission of a request to the State for WDI to be re-designated as a ten-county SDA. **Ken Brown moved to approve the submission of a request to the State for WDI to be re-designated as a ten-county Service Delivery Area (SDA); Mitch Lentz seconded, and the motion was approved.** Randy mentioned that Marcia Ward, a Winona County Commissioner, has been invited and is planning to attend the June 14th JPB meeting. We will plan on sharing some regional outcomes and discussing opportunities where the WDB/JPB and Winona County can work together.

State Legislative Update

- This is a bonding year. Randy stated that he serves on a State legislative committee that proposed a bill to move money out of the State Workforce Development Fund (WDF) and allow local WDBs to make more decisions on how the money is spent. It is gaining support. The proposed bill was heard in the Senate. The bill got held over for consideration until next year. Randy indicated that the bill would not have been acted on immediately, as money would not be available until 15 months from now. He continues to work with Senator Jeremy Miller from Winona on this bill.

Federal Update

- There is a continuing resolution until October 1, 2018. Randy indicated that Congress passed a bill two months ago that will result in an increase in funding for our programs. Congress could rescind on the allocations that were decided. Randy stated that we are worried about that because if there is a rescission, they may take back some of our funding. The total amount taken back would be \$15 billion in allocations.

Regional WIOA Alliance Report

- Joint Officers from both our WDB and JPB, in addition to the Winona County WDB, come together for regular meetings. Randy stated that he would like to write a foundation aid grant specifically for Winona County. He noted that we have great connections with industries that we have yet to get a pathway grant for; for example, information technology (IT) and logistics.

Seating of New Workforce Development Board (WDB) Members

- The Director recommended seating Mandi Morrissey, Human Resources Manager for Tru Vue, Inc., to fill the Private Rice County vacancy. **Steve Bauer moved to approve the seating of Mandi Morrissey to the WDB; Mitch Lentz seconded, and the motion was approved.**

Program Reports

Dislocated Worker – Randy Johnson

- After 28 years of employment working with the DW Program, Bill Hahn has left employment with WDI. The DW Coordinator position could no longer be supported with the low activity level of the program. Randy has taken on the DW Coordinator responsibilities.
- We extended the Bard Medical grant to an end date of December 31, 2018. WDI was approved for \$50,000 in additional State DW funds from the Minnesota Job Skills Partnership (MJSP) Board for training. Randy reported that we are ahead of enrollments in both the Federal WIOA DW Program and the State DW Program. WDI received a subcontract with South Central for the Quad/Graphics grant in the amount of \$88,000 to serve 25 workers. WDI currently has 25 people enrolled and in training; those who were served out of our WDI Owatonna office have been redirected to our Faribault or Albert Lea WDI offices. WDI was awarded the Bellisio Foods grant for \$240,000 to serve 60 workers. Bonton Stores, which includes Herberger's and Younker's stores, was sold to a liquidator firm. The State is looking at writing for a Federal National Emergency Grant with the DOL to serve those workers, as the estimate is that approximately 1,300 employees will be affected statewide. In SE Minnesota, we have stores in Austin, Albert Lea, and Rochester. The money should be put out by allocation to WDI when it is issued later this summer. Workers involved in the December 2017 layoff from Zareba (Woodstream) in Ellendale have been certified as Trade Adjustment Assistance (TAA) eligible and will receive federal funds.

Youth – Randy Johnson

- WDI was awarded the Department of Human Services (DHS) Healthy Transitions and Homeless Prevention grant to serve youth in out-of-home placement and those aging out of placement. The total allocation has been increased from \$137,275 to \$145,375 to serve 50 youth. We are still waiting for the contract. WDI has been chosen as an AmeriCorps VISTA host site again for the Year 2, 2018-2019, VISTA Re-Entry Coordination Project.

The position is currently posted and applications are coming in. Lacie Wenthold, the summer intern for our work experience program, started on May 7th. The Management Committee and WDB voted to approve the following grant subcontracts earlier this month. A subcontract with Project FINE within the Southeast Asian Economic Disparities and Relief Grant. The subcontract will be used for regional capacity building, staff training, outreach, and facilitation of community events, totaling \$15,000; and a subcontract with Red Wing Youth Outreach Program, Inc. within the Emerging Leaders Grant. The subcontract will be used to provide Mentoring and Independent Living Skills Programs, totaling \$20,235. There is no action needed by the JPB. Jinny Rietmann has taken on additional responsibilities as WDI Area Manager for the Red Wing and Wabasha offices. Randy noted that she has been active in Rochester Area Math Science Partnership (RAMSP); they have taken an active interest in workforce development. Jinny lead a discussion about the labor market data available to the schools at the RAMSP meeting yesterday. Led by Jinny, WDI was chosen as Partner of the Year for our youth activities in Houston County. Randy discussed the Teen Employment and Unemployment in Minnesota handout. He specifically talked about the Workforce Participation Rate, which looks at the youth available.

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

- Wanda provided JPB members with a MFIP and Diversionary Work Program (DWP) end-of-the-year data sheet. The median wage for those exiting the MFIP program last year was \$9.75 for Southeast Minnesota; the median wage for this year is \$11.28. For the DWP program, the median wage was \$10.40 for Southeast Minnesota; the median wage for this year is \$12.00. As of 2018 thus far, the MFIP median wage is \$13.33 and the DWP median wage is \$13.20. The state median wage is \$12.00 for both programs. MFIP has a 60-month lifetime limit, unless a case can be extended due to medical issues or employment. For MFIP, 9.1% of cases in Southeast Minnesota are being extended beyond the five year limit; the state average is 17%. 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. Families may still be eligible for food support and housing benefits after the five year limit, but would not receive cash assistance. MFIP case closures due to employment are at 48.2% in Southeast Minnesota, up from 35% last year; the state average is 35%. Wanda stated that our career pathways work has led to increased income. MFIP case closures due to moving out of the county are 13.3% in Southeast Minnesota; the state average is 15%. She reported that 75% of those leaving assistance, stay off assistance for at least 12 months.

Workforce Innovation and Opportunity Act (WIOA) – Randy Johnson

- Our WIOA Regional Plan has been updated and is due to DEED by May 30th; DEED will submit it to the Federal government by the end of June. Randy shared handouts detailing the following:

Revenue and Support (Program year ending 6/30)

The estimated revenue for 2018 is \$6,997,297. The projected revenue for 2019 is \$7,734,317, which is up about 10% from last year. The projected total program administration is at 8.54%. The projected total Federal WIOA revenue is 19.04%. Traditional Federal money is sagging. The historical average of the Federal program make-up of our budget is 35.18% through 2016; since then, it has fallen to 19.59%.

Adult Outcomes – PY17 (PY=Public Year, which ends June 30)

We are slightly up from past years in total served. We continue to see a majority of people from public assistance. There has been an increase in dislocated workers coming into WDI. Placement rates are as high as they have been. The overall wage at placement is at over \$14.00. The cost per person served and the cost per person placed is lower than it has been; we are being very efficient with what we are doing. Total wages for PY17 are \$58,210,137. Total return to the government is \$34,967,012. Annual Return on Investment is 596.66%.

Next Meetings

- Thursday, June 14
- No Meeting in July
- Thursday, August 2–Regional Workforce Development Strategic Planning Summit, (Wood Lake Meeting Center)

Dan Belshan adjourned the meeting.

Respectfully submitted,
Jill Miller
Workforce Development, Inc.

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

From: 1-Jul-17	Y-T-D	% of	Annual
Thru: 30-Apr-18	Actual	Budget	Budget
Grants:			
Adult Employment & Training	1,188,386	66.0%	1,800,357
Youth Employment & Training	824,990	68.2%	1,209,630
Dislocated Workers	1,051,723	72.8%	1,443,897
	<u>3,065,100</u>	<u>68.8%</u>	<u>4,453,884</u>
Fees for Service/Other:			
Welfare Reform	1,952,587	72.8%	2,681,000
Custom Training	1,250	25.0%	5,000
Donations	12,383	247.7%	5,000
	<u>1,966,220</u>	<u>73.1%</u>	<u>2,691,000</u>
Total Recognized Revenues	<u><u>5,031,319</u></u>	<u><u>70.4%</u></u>	<u><u>7,144,884</u></u>
Unrecognized Revenues:			
Unbilled Welfare Reform	93,740	0.0%	0
Unallocated Indirect Costs	80,101	0.0%	0
	<u>173,841</u>	<u>0.0%</u>	<u>0</u>
TOTAL REVENUES	<u><u>5,205,161</u></u>	<u><u>72.9%</u></u>	<u><u>7,144,884</u></u>

Changes Since Last Report:

YIP CY18/19	11,180
LEAP	10,000
ACP - Admin Assistant	26,000
Bellisio Foods - ERAG	10,000
Bellisio Foods	50,000
DHS - Homeless Prevention	22,917
MN DOT Heavy Construction	21,500
Total Change	<u><u>151,597</u></u>

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

From: 1-Jul-17	Y-T-D	Percent	Annual
Thru: 30-Apr-18	Actual	of Budget	Budget
Salaries and wages	2,466,939	76.0%	3,244,161
Payroll taxes & benefits	789,425	76.1%	1,037,305
Subcontracted services	162,581	51.4%	316,318
Staff development/conferences	35,881	94.2%	38,100
Travel	70,934	78.6%	90,300
Board expenses	12,238	81.6%	15,000
Telephone	46,118	83.1%	55,500
Postage	8,451	70.4%	12,000
Utilities	39,504	82.3%	48,000
Marketing	4,264	50.2%	8,500
Dues and subscriptions	15,253	85.6%	17,825
Auditing & legal fees	18,268	87.0%	21,000
Maintenance	52,777	77.6%	68,000
Rent and occupancy	339,320	82.8%	410,000
Insurance	15,198	69.1%	22,000
Supplies and other	85,851	81.6%	105,226
Equipment	6,594	65.9%	10,000
Equipment rental	76,248	82.2%	92,800
Classroom training	653,370	66.4%	983,995
Participant support	193,645	55.5%	348,848
OJT contracts/wage subsidy	13,852	23.7%	58,463
Participant Wages	81,734	63.8%	128,016
Participant Fringe	11,623	70.6%	16,453
Other training expenses	10,221	127.8%	8,000
Workforce Center Partner Billing	-5,128	42.73%	-12,000
	<u>5,205,161</u>	<u>72.86%</u>	<u>7,143,809</u>