

JOINT POWERS BOARD

March 14, 2019, 10:00 a.m.

Workforce Development, Inc.
Rochester, Minnesota

MINUTES

Attendees: Dan Belshan (Chair), Randy Johnson (Director), Brian Ashton, Jeff Baldus, Susan Boehm, Rick Gnemi, Wanda Jensen, Mitch Lentz, Rhonda Toquam, Steve Underdahl, Teresa Walter, Jill Miller (note taker)

A quorum was present and Dan Belshan called the meeting to order. Introductions were made, and new commissioners were welcomed. **Rick Gnemi moved for consent of the March agenda; Mitch Lentz, and the motion passed. Teresa Walter moved for consent of the January meeting minutes; Rick Gnemi seconded, and the motion passed.**

Fiscal – Brian Ashton

- **Fiscal Report: (Attachment A)** Brian stated that we are 66% of the way through the fiscal year. There have been several changes to the budget since the last reporting period. We received a \$137,500 increase in the Bellisio Foods grant; \$86,756 will be expended this fiscal year. We received an APEX (Minnesota Registered Apprenticeship Expansion Grant) Career Exploration Grant in the amount of \$20,000 to provide career exploration activities in partnership with local registered apprenticeship programs. This is a six-month grant ending in September 2019. We received a Retaining Employment and Talent After Injury/Illness Network (RETAIN) Grant in the amount of \$495,000; \$60,700 will be used this fiscal year. Our annual budget is just over \$8 million. Brian estimated that we will end the fiscal year with a budget of \$7.2 to \$7.3 million.
- **Functional Expenses by Line Item:** We are 66% of the way through the year. Salaries and fringe lag a month behind; that line item should be at 57%. No real surprises. The auditing and legal fees line item is high, as we just paid for the audit. We have seen a significant increase on the expenditure rate on our classroom training. We are 82% expended through March. We received verbal notification on March 4th that we were approved for a mid-year supplement in State Dislocated Worker (DW) in the amount of \$225,000. Brian indicated that the equipment line item is low, as we will be upgrading and signing a three-year lease on computer equipment and programs for all Workforce Development, Inc. (WDI) staff. We are gathering five to six bids and looking to lease both laptops and desktops. **Rick Gnemi moved to approve the Fiscal Report; Mitch Lentz seconded, and the motion was approved.**
- **Audit:** The audit is complete for the Fiscal Year ending June 30, 2018. This is the last year of our auditor contract with Hawkins Ash CPAs, LLP, and we will be putting this out for bid this year. A summary of the final report was presented to the Joint Powers Board (JPB). The auditor was very pleased with the audit. Brian indicated that 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 by \$15,000 for this Fiscal Year. WDI took out a short-term loan of \$150,000 for cash flow, which was due to timing of grants. The note has been paid back. It was the auditor's unmodified 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. **Rick Gnemi moved to accept the final audit report as presented, Teresa Walter seconded, and the motion passed.**

Program Reports

Dislocated Worker (DW) – Randy Johnson

- A year ago, Bellisio Foods in Austin laid off workers. The original grant budget was for \$240,000 to serve 60 workers. Enrollments have stayed the same at 41 people enrolled; we have expended \$165,500 to date. The majority of those enrolled in the grant were underemployed and wanted retraining. We submitted a request to the Department of Employment and Economic Development (DEED) for an extension of this project. We have been approved to extend this project until June 30, 2020, and increase the budget to \$375,000. In January 2017, WDI received a subcontract with South Central for the Quad/Graphics grant in the amount of \$88,000. The grant was downsized to \$60,000. We submitted a closeout on the BARD Medical grant ending December 31, 2018. We enrolled 83, and termed 71. There are a few people leftover who have not been placed. This is a Trade Adjustment Assistance (TAA) Grant, so they are continuing to receive DW benefits through TAA. We will continue to serve these people and move them over to the State DW Grant.

- We are overenrolled in the State DW Program. We were approved for a mid-year supplement of \$225,000. Randy referred to a chart of State and Workforce Innovation and Opportunity Act (WIOA) Dislocated Worker Allocations for the past three years (**Attachment B**). We are already up to 421 active cases for March 2019. It has leveled off in the last month. We are half-way through our Federal WIOA allocation.
- Shopko stores in Rochester, Albert Lea, and Austin are due to close this spring. The exact number of workers affected is unknown at this time. In addition, a number of small retailers have closed or are due to close this spring. They include Wells Fargo Bank in Dodge Center and in NW Rochester, K-Mart in Rochester, and Perkin's Restaurants in Rochester.
- Celestica in Rochester is rumored to have lost their contract and as of February 28th, merged with another company located in Austin, Texas. Randy noted that we heard yesterday that Charter Communications is merging a few of their business divisions and shipping that work to North Carolina. Workers in the Business Sales Support and Business Retention Departments are being laid off. Workers in the Business Billing Department were offered positions in the residential division.

Youth – Randy Johnson

- A Youth Programs Report was shared with the JPB. WDI was recently awarded an APEX (Minnesota Registered Apprenticeship Expansion Grant) Career Exploration Grant in the amount of \$20,000 to provide career exploration activities in partnership with local registered apprenticeship programs. This will be working with the Alternative Learning Centers (ALCs) in Rochester and Byron. Randy briefly made note of the Federal WIOA and Minnesota Youth Program (MYP) final performance highlights from Program Year, July 1, 2017, to June 30, 2018.

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

- Wanda shared a Welfare Reform Report with the JPB. She reports that we are hanging in there with regards to median wage. For MFIP, the SE Minnesota median wage is \$12.00, as compared to the State median wage of \$12.00. For the Diversionary Work Program (DWP), the SE Minnesota median wage is \$12.00, as compared to the State median wage of \$12.50. The wages have increased by a couple of dollars, but still low income. MFIP has a 60-month lifetime limit unless a case can be extended due to medical issues or employment. WDI had a 9.7% of cases extended past 60 months, as compared with a State average of 17.8%. This is good. The most important reason for closing cases is due to employment. WDI is at 49.8% for cases closed due to employment, as compared to the State average of 32.2%. Cases closed due to moving out of the county are at 16.5%. The percent who leave and are off assistance for 12 months is at 68.3% for SE Minnesota, compared to the State average for 69.9%. Wanda explained that MFIP consists of a cash grant; if you do not take the cash grant portion, you save MFIP months. The other side of MFIP consists of the food portion, the Supplemental Nutrition Assistance Program (SNAP). In Minnesota, the SNAP Program is voluntary. Wanda announced that we just received \$130,000 in SNAP dollars to use for unemployment and training. In order to use this money, we need to get people who qualify for the SNAP Program to come into our offices for services.

Workforce Innovation and Opportunity Act (WIOA) – Randy Johnson

- Susan Boehm talked about the Career Pathways trainings that have been taking place this year. She noted that in January 2019, we offered a short-term training in conjunction with the Operating (49er's) Engineers. Thirteen people graduated; three have gotten hired. There were three women and ten men. Currently, a Cement Mason's Training is taking place. We started with 15 people in the training and are now at 13 people. All of the participants are male. They will graduate at the end of March. The next training will start on May 6th in Faribault, in conjunction with the Laborer's Union and Minnesota Department of Transportation (MnDOT).
- Wanda reported that Dee Slinde has been talking with employers in Houston and Fillmore Counties. Employers have expressed interest in bringing soft skills training to their worksites or sending their employees for training at a different location. Dee plans to pilot soft skills training courses in various locations within the counties.
- A WIOA report of performance measures was reviewed. This covers until August. We had one cautionary in the DW credential category. All other measures were good.

Personnel Committee

Executive Director Resignation

- Randy has submitted his letter of resignation as Executive Director, effective June 30, 2019. **Motion to acknowledge and accept the Executive Director's resignation, effective June 30, 2019, by Rick Gnemi; Mitch Lentz seconded, and the motion was approved.** JPB members thanked Randy for his 34 years of service.

Executive Director Search Update

- There are three candidates who were offered interviews; two internal and one external. The Personnel Committee has plans to connect by conference call on Friday to discuss the interviews.

Director's Report – Wanda Jensen

Congressional Update

- There is a continuing resolution through October 1st, 2019. Our Federal money is forward-funded for the next nine months. Randy noted that it has been five years since WIOA was introduced.

Legislative Update

- There is a new administration in place. Steve Grove, founding director of the Google News Lab, was appointed as the new DEED commissioner. The Workforce Development Fund (WDF) is currently at \$58 million. We have asked for two direct appropriations. We have had Bridges to Healthcare funded at \$250,000 out of the WDF. With the increased flow of people, we will need to increase that to \$350,000. That has been introduced in the House and went very well. Another hearing is scheduled on Tuesday on that. Randy has also proposed legislation, and there is a hearing on Monday for the Steele County. There is a tremendous need to reopen a WDI office in Owatonna. Randy indicated that Owatonna is the only city in Minnesota of 20,000 or more people that does not have a CareerForce. We have asked for \$275,000 for the next two years. We could end up getting two direct appropriations from the WDF.

Governor's Budget Proposal – Workforce Development Fund (WDF)

- Randy reported that Governor Walz' proposed budget would be to reduce the amount of direct appropriations by 20%, which would increase money to us at the regular level.

DEED Fiscal Policy Update

- Randy reviewed that we have a Master Grant Reimbursement Contract with DEED through 2021. All of the grants that come to us through DEED are covered under the Master Grant Reimbursement Contract. Attached to this Master contract is an addendum that is renewed annually. The addendum calls for cash advances; as a nonprofit, WDI can only have two to three days of money on hand. Brian Ashton anticipates what amount is needed to pay bills and sends in a cash request to DEED. The money is disbursed to WDI within a few days. DEED, through their Chief Financial Officer (CFO), announced that they will now require WDI to submit 100% documentation of everything submitted to DEED for reimbursement. This would apply to subcontractors as well. He stated that DEED had issued an order to WDI stating that we were now noncompliant with the order. Randy received a memo yesterday indicating that Commissioner Grove had reviewed this and that he is going to relax some of the provisions that the last administration started. Randy believes that the commissioner is on the right path.

Legislative Proposal for Affordable Housing

- There is a proposal for a dedicated tax credit for affordable housing. The Minnesota Tax Credit Contribution Fund for Affordable Housing encourages local businesses and neighbors to invest in their community by creating affordable housing opportunities. The fund could generate \$1 million to \$2 million for communities. Senator Carla Nelson is sponsoring the proposal, but Randy is unsure if it will get a hearing.

Other and Public Comment

- Dan Belshan provided information about the Governor's Fishing Opener in Albert Lea; there was a discussion.

Next Meetings

- Thursday, May 9th and Thursday, June 13th

Motion to adjourn the meeting by Jeff Baldus; Rhonda Toquam seconded, and the motion passed.

Respectfully submitted,
Jill Miller
Workforce Development, Inc.

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

From: 1-Jul-18			
Thru: 28-Feb-19	Y-T-D	% of	Annual
	Actual	Budget	Budget
Grants:			
Adult Employment & Training	1,048,629	46.2%	2,270,334
Youth Employment & Training	804,623	53.1%	1,515,647
Dislocated Workers	881,885	58.1%	1,519,016
	<u>2,735,137</u>	<u>51.6%</u>	<u>5,304,997</u>
Fees for Service/Other:			
Welfare Reform	1,442,241	52.9%	2,725,400
Custom Training	0	0.0%	5,000
Donations	13,258	265.2%	5,000
	<u>1,455,498</u>	<u>53.2%</u>	<u>2,735,400</u>
Total Recognized Revenues	<u>4,190,635</u>	<u>52.1%</u>	<u>8,040,397</u>
Unrecognized Revenues:			
Unbilled Welfare Reform	14,467	0.0%	0
Unallocated Indirect Costs	69,842	0.0%	0
	<u>84,309</u>	<u>0.0%</u>	<u>0</u>
TOTAL REVENUES	<u>4,274,944</u>	<u>53.2%</u>	<u>8,040,397</u>

Changes Since Last Report:

Bellisio Foods	86,756
APEX	20,000
RETAIN	60,700
Total Change	<u>167,456</u>

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

From: 1-Jul-18	Y-T-D	Percent	Annual
Thru: 28-Feb-19	Actual	of Budget	Budget
Salaries and wages	2,053,358	54.6%	3,758,797
Payroll taxes & benefits	656,714	54.6%	1,202,267
Subcontracted services	81,769	25.6%	319,621
Staff development/conferences	23,977	52.6%	45,600
Travel	50,701	48.2%	105,120
Board expenses	12,953	58.9%	22,000
Telephone	33,024	45.9%	72,000
Postage	6,132	40.9%	15,000
Utilities	23,546	41.3%	57,000
Marketing	7,409	29.6%	25,000
Dues and subscriptions	13,816	64.8%	21,325
Auditing & legal fees	18,385	87.5%	21,000
Maintenance	36,390	49.8%	73,000
Rent and occupancy	260,151	61.5%	423,000
Insurance	14,055	63.9%	22,000
Supplies and other	74,041	49.2%	150,557
Equipment	5,832	19.4%	30,000
Equipment rental	53,761	56.7%	94,800
Classroom training	622,182	62.6%	993,786
Participant support	155,335	37.9%	409,380
OJT contracts/wage subsidy	14,910	39.8%	37,500
Participant Wages	48,100	40.2%	119,757
Participant Fringe	6,976	40.0%	17,446
Other training expenses	4,294	34.5%	12,440
Workforce Center Partner Billing	-2,865	35.8%	-8,000
	<u>4,274,944</u>	<u>53.2%</u>	<u>8,040,397</u>

ATTACHMENT B

Total Active Cases

State Dislocated Worker + WIOA Dislocated Worker Allocations

