Michael L. Parson
Governor

Robert B. Dixon
Director

MISSOURI
Department of Economic Development

Mardy Leathers, Director
Division of Workforce Development

Mark Bauer, Exec. Director
Missouri Workforce Development Board

William L. Skains Jr., Chair
Missouri Workforce Development Board

Missouri Workforce Development Board
May 24, 2018
9:00 AM to 3:00 PM
Doubletree Hotel
Magnolia Ballroom
422 Monroe St
Jefferson City, MO 65101

Members Present: John Frederick (for Matt Aubuchon), Garland Barton, Cara Canon, Herb Dankert, Bill Skains, Josh Tennison, Len Toenjes, Ray Tubaugh, John Gaal, Cheryl Thruston, Kathy Lambert, Rob Dixon, Michael Brewer, Jeremy Kintzel, Anna Hui, Michael Pantleo, Pat Luebbering, Dan Atwill

Members or Representatives Absent: Don Cook, Wayne Fuerborn (proxy), Birdie LeGrand, Jeanette Prenger (proxy), Todd Spencer, LeRoy Stromberg (proxy)

MoWDB Staff Present: Mark Bauer, Dave Overfelt, Debra Lee

Guest Attendees: Mardy Leathers, Yvonne Wright, Linda Kirk, Ronda Anderson, Sheila Barton, Mason Bishop, Tammy Cavender, Julie Carter, Jeriane Jaegers, Lisa Elrod, Tracey Brown, Alan Freeman, Alex Blackwell, Alice Prince, Alan Spell, Dennis Hall, Jessica Long, Sherri Baumeister, Frank Neely

Call to Order, Welcome and Introductions: Chairman Skains called the meeting to order at 9:06 AM and welcomed everyone.

Roll Call: Dave Overfelt called roll and declared a quorum.

Approval of Board Minutes from January 25, 2018: With one correction requested to the attendee list, Garland Barton moved to approve the minutes. Kathy Lambert seconded and the motion carried unanimously.

Recruiting Younger Apprentices, Dr. John Gaal: Dr. Gaal spoke of a barrier that is affecting industries and businesses' ability to recruit and retain younger apprentices. The obstacle is the opioid and heroin crisis plaguing the nation and its workforce. Often times, addiction that is not treated, can cause mental health issues, which then can lead to suicide, depression, isolation, etc.

We all, most likely, know someone or his or her family who has been impacted. It typically starts with an injury. You get hurt, go to the Emergency Room; they send you home with narcotics, you overuse them because it takes more to kill the pain, and you become dependent.
However, substance abuse and mental illness can also occur when one loses a loved one, loses their job, divorce, etc. It does not discriminate.

An individual's pain is subjective. There is no tool to measure someone else's pain the way you would measure their blood pressure, heartbeat, temperature, etc. The medical staff shows you a pain scale with a smiley face as zero pain and a sobbing face to represent extreme pain.

Education is the best way to prepare our young and upcoming workforce. Training employees in mental health and substance abuse awareness will help them identify the signs and have the tools needed to provide help. The National Council on Alcoholism and Drug Abuse (NCADA) in St. Louis recently piloted *"Talk About It."* They offer the following services:

- Counseling
- School-Based Prevention Programs
- Information
- Advocacy
- Youth Leadership Programs
- Community Coalitions

Director Leathers shared that each of Missouri's Job Centers distribute *"Save a Life"* material to each jobseeker that comes through the door. The Division of Workforce Development (DWD) is in the process of obtaining a United States Department of Labor (USDOL) grant to educate, create awareness, and promote Missouri Opioid-Heroin Overdose Prevention and Education (MO-HOPE) Project's reporting.

WorkEd Consulting on the Workforce Innovation and Opportunity Act, Mason Bishop, Principal: Mr. Bishop is the principal of WorkED Consulting, LLC. They provide workforce development and higher education consulting and management services. Mr. Bishop's array of services include grant application development and writing, post award implementation, management and assistance, project management, and organizational system reform. He played a key role in Missouri's ability to obtain a Trade Adjustment Assistance Community College and Career Training (TAACCCT) grant, which was the first of three that completely revolutionized the way education and workforce development work together.

Mr. Bishop also served as vice president for institutional advancement at Salt Lake Community College in Utah. During his tenure, he oversaw efforts that led to approximately 100 million dollars in state capital appropriations for the college's center for new media and at Taylorsville, administrative and instructional building.

Mr. Bishop's entire portfolio includes serving as the college legislative director, as well as managing and directing the college's development and fundraising efforts, marketing and communications, institutional research and strategic planning in accreditation.

Prior to his time at Salt Lake Community College, Mr. Bishop was the deputy assistant secretary in the employment training administration at the USDOL. He led national workforce policy initiates, oversaw key workforce and investment programs, and assisted with congressional relations and legislative issues. Mr. Bishop testified before Congress on a number of occasions and was featured on national news programs.

Mr. Bishop also served as the legislative and marketing director for the National Association of State Workforce Agencies (NASWA), where he assisted with outreach efforts to employers and the public and managed various projects on behalf of the states. In 1997, he was named the public affairs director of the newly created Utah Department of Workforce Services, a combined agency to intergrade the service delivery of all public assistance programs and employment services and on-the-job training in one state agency.

Mr. Bishop graduated from Brigham Young University with a Bachelor of Arts degree in political science and a master's degree in public administration. He also completed coursework in public policy at George Mason University in Fairfax, Virginia.

Mr. Bishop started by informing the group that he has been spending a great deal reading about the human brain. One of the challenges we have in society as a culture is, if you look at early human beings, they walked as much as 18 miles per day - 18 miles in search of food. If you look at how humans are wired, we are not wired to live like we live today. We are not wired to eat as we do. We are not wired to sit all day long. These kinds of lifestyles have huge impacts on our mental and physical health.

The goals of Mr. Bishop's Strategic Design and Delivery presentation follow:

- Outline the importance of strategic workforce development and current state
- Why have a State Workforce Development Board?
- Identify strategic opportunities for the Board
- Provide opportunity for discussion and questions

Why strategic workforce development?

- Unemployment rate is 3.9% in the United States; Missouri's is 3.6%
- Gallup: 67% of Americans believe now is a good time to find a quality job; the highest percentage in 17 years of polling
- The Gross Domestic Product (GDP) will likely be above 3% during the remainder of 2018
- 80% of jobs require some postsecondary education or training
- 53% of jobs requiring postsecondary education or training do NOT require a four-year degree

- 62% of all community college students attend on a part-time basis, and nearly three quarters work either full or part-time
- Community college students are older than "traditional" students are. Average age is 28.

The top 10 skills needed by an employer consist of the following:

- Ability to work in a team structure
- Ability to make decisions and solve problems
- Ability to communicate verbally with people – both inside and outside an organization
- Ability to plan, organize, and prioritize work
- Ability to maintain and process information
- Ability to analyze quantitative data
- Technical knowledge related to the job
- Proficiency with computer software programs
- Ability to create and/or edit written reports
- Ability to sell and influence other

Why does the State Workforce Development Board exist and what does it do?

- The Workforce Innovation and Opportunity Act (WIOA) mandates it
    - Development and review of State Plan
    - Review of statewide policies and programs
    - Development and updating of statewide performance measures
- "Abiding by the Rules"

What should the State Workforce Development Board do? What opportunities exist?

- Developing statewide workforce <u>strategies</u> rather than <u>programs</u>
    - Secondary to postsecondary transitions
    - Employment and training strategies for different geographic regions
    - Urban versus rural strategies
    - Strategies for targeted populations
- Aligning the <u>supply</u> of labor with the <u>demand</u> for labor
    - Leading sector strategy initiatives; being engaged
    - Overseeing integrated business outreach strategies
    - Educating employers and intermediaries about industry credentials and alignment of skills with occupations
    - Helping system providers understand hiring/occupational trends
- The <u>STATE</u> Board – The economic development board concern for talent/workforce/human capital development:
    - More than just the Division of Workforce Development (DWD) – Depth of understanding of partners/programs
    - Who is accountable to whom?
    - Who establishes system priorities?
    - How to move forward and get out of the "check the box" mode?

A questions and answer and strategy discussion took place.

Updates from the Department of Economic Development and the Division of Workforce Development, Director Rob Dixon and Director Mardy Leathers: Director Leathers introduced Director Rob Dixon. He joined the Department of Economic Development (DED) in July 2017. Prior to becoming director, Rob served as president and CEO of the Missouri Community College Association. MCCA is a membership organization for Missouri's community colleges providing government advocacy, networking, and education resources for its members. It is the largest education association in the state with approximately 2,000 members. Director Dixon also served in a variety of roles in the Springfield Area Chamber of Commerce. His overall responsibilities include leadership in management of staff and programs, economic development, public affairs, local government policy, communications, community development, and strategic planning. Rob also served as an executive of the Hollister Chamber of Commerce. Director Dixon joined the Marine Corps after high school where he served as an intelligence analyst in Afghanistan and Pakistan immediately following the 9-11 terrorist attacks.

Director Dixon was recognized for leadership and performance in the United States Marines. He received an honorable discharge as a sergeant after five years. Rob has a masters of public administration degree from the Missouri State University, a bachelors of arts in political science from the University of Missouri of St. Louis, and an associates in arts and political science from St. Charles. He is a native Missourian.

Director Dixon introduced the Best in Midwest project. The concept of this initiative includes developing a new strategy for economic development and transforming the economy. The fundamental premise of this endeavor is that the citizens of the State of Missouri deserve to be the best economic development department in the Midwest.

One obstacle we must overcome is our neighbors and peers are outperforming us. Here is how we stack up with our competitors:

- Missouri is ranked 12 out of 14 states on GDP over the last five years, according to the US Bureau of Economic Analyst (BEA).
- We are 11th out of 14 on jobs and GDP growth in this consolidated ranking.
- We rank 9th among our peers in CNBC's top states for business.
- We rank 13th out of 14 for the quality and availability of our workforce by CNBC. This is where it gets personal.
- And the number one driver of economic growth anywhere in the global economy and into the future is this metric: Missouri is 12 out of 14 on productivity of the workforce.

Those are macro stats, and we have to do something to change the trajectories so that the wellbeing of our citizens and state and the economic health is going to be compromised because it is not static. These are trend lines. Things are moving forward, so if we do not act on them, those gaps are going to continue to grow.

Agency reported results tell the same story. Pack leaders, such as Tennessee and Indiana, nearly doubled us, and more than doubled us on a same average year in terms of job creation and capital investment. Clearly, these two states have found a way to be a little more targeted and a little more effective. So, why aren't we getting better results?

- It may not be a lack of resources. We have a lot of resources, tools, a 300 million dollar budget (almost half of that is within DWD), about 800 people on our organization chart
- Whether we are spending a little… Or spending a lot
- We have not reevaluated our strategy since the great recession. Our economy has changed drastically. Our state's needs have changed.
- We need a plan

How do we get there?

- Strategy development and transformation
- Hawthorn Talent for Tomorrow task force
- Hawthorn Branding task force

We have engaged PricewaterhouseCoopers (PwC)to conduct a complete analysis of the State of Missouri. Global mega trends, things like technology and the ability to use technology in the business sector and in government, power companies in Missouri implementing technology. Things like demographic shift, changes in the workforce, changes in the general makeup that people are in your facilities and organizations. Not to mention, the changing dynamics of geopolitics around the world.

In order to be the best, we need to know what the standard is that we have to beat. Some things to consider include:

- What does our state's economy look like?
- What is the makeup of the industries?
- What is the makeup of our workforce?
- What opportunities lie ahead?
- How do different regions of our state fit into global mega trends?
- What are the opportunities for growth?
- Where do we differentiate from those competitor states?
- What are the opportunities for our regions and for our state to move forward?

The next piece involves looking at our competitors. Strategies will include the following:

- How are their departments structured?
- What kinds of programs do they offer?
- How do they integrate and link workforce development?
- How do they work with community partners across their state?

In the third piece, we will look at the DED as an organization itself. Are we aligned and laser focused to be able to accomplish the things that we aspire? Do our programs work with our changing economy? Are we offering the right mix in the competitive landscape?

The final step and the one Director Dixon is most excited about, as a leader is a performance management process. Are we meeting our goals? How do we move forward after the report is delivered, and after we have made some shifts in the way we do things? How do we ensure we are on target? How do we continue to benchmark and hold ourselves accountable?

The economic analysis will be delivered to Director Dixon June 1. By mid-June, PwC will provide the competitive report. In July and August is when we will start to define the org-designed element, and then finally in September and October, we are going to put the performance puzzle pieces together. There are things that Rob can do as a department director, through his authority that we can implement immediately. There are issues we will have to work with the governor or through executive action.

In addition to Rob's vision, Director Leathers presented Talent for Tomorrow. The DWD will kick off this initiative on June 8, 2018. This is a collective effort between the Hawthorn Foundation, the department of higher education, and the department of economic development. Commissioner Zora Mulligan, with the Department of Higher Education (DHE), will lead the team. They plan to identify gaps and solutions for addressing the needs of our employees and employers, and aligning education, employment, and training programs. The DWD is utilizing PwC to help with the quantitative side and leveraging their assets with Missouri Economic Research and Information Center (MERIC) to drill down into the data. The goal is to identify and align employment with training and education. In addition, the DWD will receive a final report from PwC to design and create a strategic plan for workforce development with some recommendations and pilot projects to roll out at the Governor's Conference.

Rob circled back to the part he alluded to earlier: Telling our story. Making sure the people, business, and the marketing efforts are heard loud and clear; that Missouri is addressing and has developed a plan that will reset these mega trends.

The Best in Midwest Summit will take place in St. Louis on June 27. Watch for your invitation in your e-mail. There will be opportunities to interact, provide feedback, get your ideas on the table, and start that discussion. One of the commitments with our partners across Missouri is we are going to use this opportunity to be bold, to be brave, and to talk about things that may be uncomfortable.

From Compliance to Innovation Panel Discussion, Chairman Bill Skains (Aircraft Recyclers), Vice Chairman Len Toenjes (Associated General Contractors), John Frederick (Boeing), Ray Tubaugh (Arvest Bank), Cara Canon (ProEnergy Services), Garland Barton (DRS Technologies): It has been three years since the board membership formally approved and moved the Workforce Investment Opportunity Act (WIOA). Since that time, there is greater participation from the core partners and optional partners. The three partners that we need to engage are transportation, energy, and agriculture. They approve policy for identification of the local workforce regions,

which is major. They provide guidance for infrastructure funds. They also helped remove barriers across the agencies and encourage continuous improvement.

Chairman Skains encouraged the group to have open dialog about transitioning from being a compliant board to being an innovative board. This is our effort to move out from behind the status quo, if you will.

John Frederick with the Boeing Company employs 14,000 workers in the State of Missouri. They have a $700 million supplier base here. Every year they publish their current market outlook; what the demand for commercial airplanes will be. This is important for our state on two fronts: They have a ready supplier base, which means they need to have a ready workforce. In addition, they have diversified their production in Missouri to not only include defense products (the F18 and F15), but now they have incorporated the new triple 7X. This is the first time they have had commercial production in the history of the state. It is a good problem to have. They recently underwent a 350 million dollar expansion and hired 700 new employees. As a side note: the demand for commercial aircraft is staggering. For the next 20 years, it will be over six trillion dollars. That translates into 41,000 aircraft that Boeing and Airbus are going to fight it out for in the marketplace.

John applauded the Missouri Work's Program that helps fund the Boeing Company's partnership with the St. Louis Community College. He strongly encourages this program and the support they receive from the state.

Cara Canon represents ProEnergy, which is an energy company from Sedalia. Cara and her husband have non-competes against all major energy companies. Their corporate office is in Houston, Texas. They are a third-party entity. They house 287 employees on the Sedalia campus. Worldwide, they have about 900 employees – mostly international base. Cara stated they have received great support from the state, and plan to build their main campus here.

ProEnergy refurbished turbines that produce energy. They acquire turbines from all over the world. They tear them down and restore them back to new, then build power plants from the ground up. Right now, they have 17 energy intermediate jobs that are high level. Cara advocates merging our state's high schools and mostly secondary colleges because Sedalia is a blue-collar town. They do not want to relocate, but their business is not growing. They hired a company to reevaluate and their recommendation was to relocate to Houston since Missouri does not have the workforce. If this is happening to small businesses, how many other small businesses are being affected around the state?

Cara proclaimed she is on this board to challenge herself to be a part of something and to make a difference. She is very competitive. Cara suggested making the boards' website more user friendly.

Garland Barton, who is the senior director of Human Resources at DRS Technologies in West Plains, addressed the group. DRS Technologies is a defense contractor. He is in charge of our

most valuable asset - the employees. It used to be the business. Garland announced he thought the issue is we continue to build businesses, but we cannot find people and product that we need. His company also has benefitted from Missouri Works. They added 100 add-ons in the last seven months. DRS will be adding an administrative building, one plant, a warehouse, and multiple other businesses.

He has been with the company for 46 years. In that time, you come to know your neighbor and their families. One of the concerns Garland has is the employees need not just to be there, but be trained and qualified. We are in competition for quality workers. He considers this the biggest challenge he has faced. How do we train workers to fit the needs of employers in a way that will qualify them to keep the work in this state and supply incomes to support families that can be proud of their jobs? It is time to be innovative, reach out, and determine what the people's needs are, what the employers needs are, and how we can help.

Len Toenjes represents Associate General Contractors of Missouri. They are a construction association and employ 18 people. Len's members employ over 30,000 people. They have over 500 firms across the State of Missouri that do commercial construction building and highway work.

Len attended a conference last fall at the Associate General Contractors of America. There was a speaker that had written a book called *Men Without Work*. The author's point is that the unemployment rate of men between 25 to 49 years of age is at depression level. Just look at the unemployment rate; we are at three and a half percent. Add in all the people who are incarcerated, then add in all the people who are on disability, or are on pain medication. All of the sudden, you are at depression air levels. We are running around to every career fair, every website we can find when we have a huge portion of our available workforce that is literally being paid not to do anything productive in society. This is a major societal problem.

Ray Tubaugh is the commercial loan manager for Arvest Bank in Joplin. Arvest Bank is one of the largest privately owned banks in the United States. The Walton family mostly owns it.

Ray indicated our work and our focus should be on the value of the training, the web, and our community colleges are doing. He underscored the value of certification. We have counties, border counties in Oklahoma and Kansas that are certified work ready. He stated his area embraced apprenticeship a long time ago. They tried to promote trades versus a four-year degree. For example, Carthage High School, they are in an area of vocation/technology center and every student has to take the certification test. 337 seniors graduated with a certification credential. Not every area will buy in due to the talent, location, or interest. Several external factors need to be considered.

Closing remarks, Chairman Bill Skains: Mardy introduced Anna Hui, director of the Department of Labor and Industrial Relations (DOLIR). Director Hui has been with the department for over a year. She has really been listening to communities and hearing the struggles and issues, they face. As well as, gaining an understanding what their compliance requirements are, and dealing

with all the different regulatory policies. We have a very talented workforce base with skills that are transferable to careers. Anna's team works very closely with Workforce Development and the DED because we think of ourselves as part of the economic development engine in order to get workers back to work faster so they keep their skill set fresh. DOLIR is very active with the DED initiative *Best in the Midwest*. She believes in the one team, one mission philosophy.

Chairman Skains closed by thanking the panel for attending and providing recommendations for action steps and direction. He is planning to meet with the executive committee in August to follow up from the statewide meetings. Bill is also identify action steps for our September (5th - 7th) meeting in Kansas City. He would like as many people as possible to attend, and take a group picture to post on the website.

Adjourn: Chairman Skains called the meeting to a close at 2:22 PM.