

Jeremiah W. (Jay) Nixon
Governor

Chris Pieper
Acting Director



Amy Sublett, Acting Director
Division of Workforce Development

Maida Coleman, Exec. Director
Missouri Workforce Investment Board

Keith Gary, PhD
Chair

Missouri Workforce Investment Board

Full Board Meeting

April 12, 2013

10:00 a.m.

American Legion Post 5

Jefferson City, Missouri

Members Present: Keith Gary (Chairman), Matt Aubuchon, Garland Barton, Cara Canon, Don Cook Sr., David Cramp, Herb Dankert, Eva Danner-Horton, Mike Deggendorf, Rep. Lyndall Fraker, John Gaal, Julie Gibson, Rick Gronniger, Reggie Hoskins, Rep. Michele Kratky, Neil Nuttall, Mike Pantleo, Chris Pieper, Jeanette Prenger, Bill Skains, Len Toenjes, Ray Tubaugh, Kelly Walters and Anthony Wilson.

Member Designees: Ron Lankford (DESE for Chris Nicaastro), and Bill Thornton (DHE for David Russell).

Members Absent: Martha Ellen Black, Neal Boyd, Fred Bronstein, Sen. Tom Dempsey, Wayne Feuerborn, Sen. Will Kraus, Birdie Legrand, LeRoy Stromberg, Josh Tennison and Cheryl Thruston.

Designees Absent: Alyson Campbell (DSS for Alan Freeman), Ellie Glenn (DHSS for Gail Vasterling), and Zack Pollack (Governor's Office).

MoWIB Staff: Maida Coleman and Glenda Terrill

Other Attendees: Amy Sublett (DWD Acting Director), Gordon Ipson (NE WIB Chair), Melissa Robbins (S. Central WIB Director), Lisa Hostettler (NW WIB Director), Yvonne Wright (DESE-VR), Sherri Rheums (Southwest WIB), Steve Coffman (DESE) and Molly Tallarico (DWD),

A. Call to Order, Welcome and Introductions:

Chairman Keith Gary called the meeting to order at 10:00a.m. Dr. Gary called for introductions from Board members and guests.

B. Approval of Board Meeting Minutes

Dr. Gary called for revisions and/or comments to the January 11, 2013 meeting minutes. With no opposition voiced, a motion was made by Garland Barton to approve the meeting minutes, seconded by Dr. John Gaal. Motion was approved.

C. NCRC/CWRC Update—Molly Tallarico

Ms. Molly Tallarico, Division of Workforce Development (DWD), shared with the Board a new employer brochure supporting the Career Work Ready Communities (CWRC) initiative. CWRC updates were provided for the following counties/percentage of achievement: Linn/12%, Adair/11%, Clay/just starting, Henry/48%, Saline/14%, Pettis/39%, Franklin/49%, Jefferson/46%, St. Francis/38%, Cape Girardeau/29%, and Ripley/47%. Jasper County remains the first and only county certified. Ms. Tallarico added that the next round of applications is due by May 31, 2013.

Dr. Gary asked why Jasper County was so far ahead of everyone else. Ms. Tallarico responded saying Jasper County was ahead of the game having worked with first the NCRC and then the CWRC much earlier than other counties. Mr. Ray Tubaugh added that the easy part is testing the students because they're captive, but the hard part is getting the business community to sign on and participate.

D. Simplifying Common Measures Performance—Roger Baugher

Mr. Roger Baugher, DWD, explained the performance measures required by federal law – usually referred to as “common measures”. They are defined the same regardless of program (e.g. Wagner-Peyser, WIA Adult, WIA Dislocated and Trade Act) for adults are: (1) Entered Employment; (2) Employment Retention; and (3) Average Earnings. Youth common measures are: (1) Placement in Employment or Education; (2) Attainment of Degree or Certificate; (3) Literacy and Numeracy Gains.

Mr. Baugher explained the negotiated measures for Plan Year (PY) '12 and reviewed a few charts. The Missouri Wagner Peyser (WP) target for entered employment is 67%. To be considered successful, the State has to achieve 80% of our negotiated target. Data collected through March 21 data indicates the workforce system achieved 55% or 82.5% of target. For the current program year which started July 1, 2012 through March 21, 2013, 119,000 unemployed people are back to work. The average earnings for two calendar quarters of all the re-employed included in the retention measure earned almost \$1.4 million over six months. The annualized earnings indicate about \$2.8 billion going back into the economy from people served by the Missouri workforce system. The United States Department of Labor (USDOL) expects to see continued improvement. Mr. Baugher thanked the local regions for their quality job done during negotiations.

Mr. Bill Skains said that it was a complaint all along that we weren't really looking at Wagner Peyser. We were only focusing on people who came in certified that went out the door. Thousands of other people came into our door that we were never even able to discuss serving. In our Springfield area one month they serviced 25-30,000 customers. The work people are doing is great!

Mr. Baugher continued saying that every state has to report to USDOL quarterly on results. So far they're only asking for WIA Adult results. For the Adult Entering Employment Rate, MO ranks second in the nation, only behind the state of New York. MO alone has better results than the entire Region 2 which is made up of 17 states including Illinois, Iowa, Kansas

and Ohio. When it comes to serving new people entering career centers, Missouri is second only to New York. St. Louis County is ahead of the entire state of Texas. This information can be broken down by county and by region.

Mr. Mike Deggendorf said while 119,000 is a lot, he wants to know the impact and can't understand how regions can go from such variability and how we stack up against that. Mr. Deggendorf asked that when given all this information he'd like to know what the other numbers mean, why there might be such variation, and why we don't look as good as or better than what it appears. Mr. Baugher said to feel free to give him a call with more specific questions because we can dig deeper into the data to answer your questions. Additionally Mr. Baugher said we changed the way we operate, taking what limited funds we have to support the career center system. There has been some breaking down of silos allowing for everyone to be counted coming through the system.

Ms. Julie Gibson commented that MO went to the Next Generation Career Center (NGCC) model 3-4 years ago. She also stated that most states work in what we call a "siloed" mentality and suggested that it might be good to do a comparison of Pre-NGCC and NGCC for the Board. Mr. Len Toenjes added that another key number for use as a metric is the overall percentage of job change within the state or employment change. Has the overall state employment gone up or down?

Dr. Gary thanked Mr. Baugher and complimented the Local WIBs present for doing a good job.

E. Fiscal Update—Tracey Brown

Ms. Tracey Brown, DWD Fiscal and Administration Manager, provided an overview of the flow of Workforce Investment Act (WIA) funds from the USDOL (DOL) to the local WIBs. Once congress determines the DOL budget, each state's relative share of WIA funding is determined. The State's share is comprised of three different pools of funds for Adult, Dislocated Worker and Youth. The Adult and Youth funds are allocated from the State to local areas. The Dislocated Worker funds represent a 20% portion of funding that DOL uses for National Emergency Grants (NEG), pilots or demonstrations. Most recently, such funds were used for the Disaster Recovery Jobs Program (DRJP) and the Hostess NEG. Once the State's is known, 5% of the adult, youth, and dislocated worker funds are withheld for statewide activities. That percentage used to be 15% and was cut down to 5% two years ago.

Local allocation is based on three components: one-third based on the relative share of individuals in areas of substantial unemployment; one-third based on the share of excess unemployed individuals, which means an area has to have a 4.5% unemployment rate (anything in excess of this percentage would count for this fact); and the last third is based on the disadvantaged adults and youth within each region. All 14 local regions qualify as areas of substantial unemployment (ASU). St. Charles County, and possibly others, will not likely qualify as an ASU next year. Falling short of ASU qualification means the areas will not be eligible for one-third of that allocation. The adult and youth allocation have a hold harmless

provision, which means that the state cannot get less than 90% of the relative share of the prior year's allocation. The same applies for the locals.

The dislocated worker allocation is different and its allocation is based on three factors: total unemployed, the excess unemployed, and the long-term unemployed. There is no hold harmless provision for the dislocated worker allocation, which means the State could go from receiving 50 million one year to 10 million the next. Between FY 09' and FY 14' proposed, the state has lost 25% of its total funding. For this year, Missouri lost nearly \$8 million, about 16% of last year's funding. Sequestration only accounts for 5% of the loss. Due largely in part to MO's low unemployment rate, the State is second only to Utah in the loss of dislocated worker funding.

The State has identified five career centers that it is no longer able to financially support. As a result, eight (8) staff were laid off. Around \$800,000 or 6% of allocation of funds used to operate the career centers has been cut. Meetings have been held with the local WIBs asking for their plans on dealing with the reductions in funding. Some regions have indicated they may have to close centers, lay off staff, and/or reduce services. DWD is working with each region to determine the best way to handle reductions.

Dr. Gary asked if the numbers presented were final. Ms. Brown said they were not and with sequestration we were to receive our youth funds by April 1 (however, those funds were not received as of this meeting date). Ms. Brown explained that the state would receive a percentage of the adult and dislocated worker funds in July and the remaining funds in October. She emphasized that in past years, about one-third of the adult and dislocated worker funds were received in July. With decreases over the past couple of years, however, the State anticipates receiving around 3% of adult funds July 1 and less than 20% of dislocated worker funds. From July through September, DWD will have basically no new money for operations.

Dr. Gary thanked Ms. Brown for her presentation and stressed to the Board how critically important it is for us to understand the operations of the workforce system. Dr. Gary said this topic would be a good agenda item for the next National Association of State Board Chairs meeting to advocate for some kind of change in the system.

F. Legislative Update—Amy Sublett

Ms. Amy Sublett, DWD Acting Director, shared that the department worked hard for the past few years to address declining budgets and to remain as efficient as possible. MO is the last state in the country requiring "in person 4-week reporting" for people receiving unemployment benefits. Senate Bill 339 was introduced this session and would replace the ongoing in person 4-week reporting with an online reporting system. Claimants would still have to report to a career center for an initial enrollment and assessment, but ongoing reporting could be completed online. Much of the career center traffic comes from claimants making their 4-week reporting. The department will follow the legislation's progress.

Mr. Chris Pieper, DED Director, indicated that SB 339, sponsored by Sen. Gary Romine, District 3, has significant support from legislators and the business community. In addition to the virtual reporting piece in the bill, there is also some streamlining of industry training programs (customized training) conducted in partnership with community colleges. The bill provides some consistent definitions between those training programs to help make them more business friendly and easier to use for community college partners. Mr. Pieper also explained that virtual reporting would not lower the bar for obtaining Unemployment Insurance benefits, yet allows clients to do the reporting at their community library or at their home with online access. The Director further stated that there is significant value in putting more services online, especially with the funding cuts described earlier. A House bill was also introduced that includes the streamlining training programs.

Relative to WIA Reauthorization, Ms. Gibson interjected that it is unlikely to see any progress on this issue in light of the budget and sequestration being top priorities in Washington, DC. There is no agreement among the key stakeholders about what should be included in the WIA reauthorization.

Ms. Sublett further offered that SB 339, which addresses customized training programs, includes the Community College New Jobs Training Program and the Job Retention Training Program. These programs are operated by the community colleges; and two (2) MoWIB members are from the community colleges (Dr. Nuttall and Mr. Hoskins). Several companies are represented on MoWIB that have used those programs in the past. The program was significantly cut just the previous day during the legislative session. There are a number of items that are tied to the Budget that legislatively connect as well.

Dr. Gary asked if there was anything the Board can do to help? Any endorsement of legislation? Mr. Pieper said there is no opposition to the virtual reporting legislation; there are just so many priorities in a legislative session that some will not make it across the finish line. Mr. Pieper added that with sequestration and what funding cuts that are being considered for next year, there's more urgency to this bill than originally considered when submitted last January. Mr. Pieper suggested that as MoWIB members talk with people in their community or legislators explain the importance of SB 339 in light of current funding trends. Mr. Pieper added that House Bill 196 was co-sponsored by Rep. Jeanie Lauer, District 032, and Rep. Anne Zerr, District 065.

Dr. Nuttall noted that the relationships community colleges have across the nation and state have helped to target these issues and work on solutions together. He added that each Board member represents various entities within the State and need to take a look at what customized training does for their particular region. He invited each board member to visit with his/her representative and senator about this issue over the next two weeks, as this unfolds. Dr. Nuttall noted that things get shuffled and moved for whatever reason and doesn't pertain to the quality of those programs. Yesterday's actions were significant, being very damaging. He encouraged each person to make calls to their representatives and senators and support customized training and the New Jobs Training programs.

Ms. Gibson thanked Dr. Nuttall for his comments and noted that she received an email indicating the senate appropriations committee will be discussing these items over the next week. She added that the customized training program will now be a conference committee item for sure as the House and Senate took different actions. Mr. Pieper added that the \$6 million cut made in appropriations yesterday takes the amount back to levels were at least ten years ago. He noted that Missouri businesses request about \$60 million every year; providing the \$14 million requested this year does not come close to meeting the needs of employers. If DED's budget is cut to \$6 million, it will be challenging for both the Department and MO companies. The state helped over 300 companies last year; a number likely to decrease significantly and negatively impact the number of people trained.

Ms. Sublett provided that what is significant about those programs is they complement the work done by the workforce system. People come in looking for training and employment through the public workforce system. These are grants to businesses to train workers to keep their skill levels high. These two pieces together address workforce development in MO, in addition to K-12 and higher education. It's one more piece to the workforce puzzle.

Dr. Nuttall reminded us that Missouri recruits and encourages new businesses to come into the State and there are incentives for that activity and staffs work hard to spread the money throughout the state, including my region. He emphasized that if all 12 of the community college presidents or chancellors were here, they would say the same thing. And, he reminded us that one of the ways we're catching the NCRC is incorporating that in our customized training.

Dr. Gary said many of the MO WIB members have relationships with legislators, and we need to maximally leverage them. Dr. Gary added that it would be helpful to have a set of talking points for those of the group who are not as well versed as others. Ms. Gibson said this could be provided.

Mr. Bill Thornton mentioned that it would be important to contact Rep. Tom Flannigan, the Vice Chair of the House budget committee. (Carthage, District#163, 573-751-5458, thomas.flanigan@house.mo.gov) Rep. Flannigan is a key person on the budget committee and will certainly be on the conference committee. The committee Chairman is Rep. Rick Stream and he will be on the conference committee also (Kirkwood, District#90 (573-751-4069, rick.stream@house.mo.gov).

G. Staff Report

Ms. Coleman expressed appreciation to today's presenters for providing thorough and timely information to MoWIB. The reports inform board members regarding workforce issues/trends and provide information that helps their companies. She suggested that board members let Glenda or she know if they have any specific issues they would like addressed at our meetings so that the appropriate staff attends the meetings to provide the information sought.

MoWIB's July meeting will include a presentation on Show-Me-Heroes by Lt. Col. John Gerry. We will also be presenting, for your approval, the next round of CWRC's that have applied and met our May 31 deadline.

Ms. Coleman said the September meeting will be in Kansas City in conjunction with the Governor's Conference on Economic Development. In the past DWD has taken care of some conference financial obligations and we will find out as soon as possible what may be provided this year. The conference will run from noon on Thursday, September 5th through 1:30 p.m. Friday, September 6th. MoWIB will meet on the morning of Thursday, September 5th at 8:00 a.m. A reception is scheduled for the Board on Wednesday evening, September 4th.

H. MoWIB Board Discussion—Dr. Gary

Dr. Gary said he wanted the Board to have some general discussion regarding future goals and priorities for MO WIB. One of those issues is Alignment. Dr. Gary reminded the Board of a presentation made by David Kerr, former Director of DED, two years ago regarding the economic development statewide initiative. DED facilitated meetings throughout the state with over 600 participants led by business. The purpose of the planning process was to provide an assessment of Missouri's strengths, assets and opportunities for growth and make sure we're investing our resources in industries poised for growth. The Final Report of the Strategic Initiative for Economic Growth includes eight strategic objectives designed to provide tools to make Missouri's economy more competitive. The report also identified seven industry "clusters" believed to be the best prospects for job creation in MO for years ahead. The seven target clusters are: Advanced Manufacturing, Energy Solutions, Biosciences, Health Sciences and Services, Information Technology, Financial and Professional Services and Transportation and Logistics.

Dr. Gary shared information on clusters and their significance distributed at the National Governor's Association (NGA) meeting of State Board Chairs last year. Every state has their cluster of firms, common in both high and low tech industries. The correlation between an individual's education, lifetime earnings, and probability of employment grows stronger with acquisition of skills, central to nearly every issue of economic growth, rising levels of productivity in the nation of entrepreneurship. Missouri is right in the middle of the states. The states that have invested heavily and are well known for education, such as Connecticut and Massachusetts are at the high end of the continuum. Dr. Gary believes that MoWIB should align its activities with those clusters identified in the DED study, as there was a great deal of statewide energy invested in identifying those clusters. Dr. Gary inquired: As the State WIB do we see those as key priorities for us moving forward and advocating for training activities along those lines? Do we encourage local WIBs to focus on these same sectors? Do we advocate changes within the educational system to support the overall industry clusters? Do we provide some recommendations to the Governor on steps to accomplish some of these objectives/tactics?

Ms. Jeanette Prenger asked if we're trying to educate our workforce for the type of employment opportunities that are currently emerging. IT in the Kansas City area has no unemployment. There's anywhere from 5 to 8 thousand jobs in that part of the region between MO and KS unfilled. Are we really creating a workforce that meets the demand? How do we make sure our young people coming out of high schools and colleges have studied in field where they can find employment so they aren't wasting their time?

Dr. Gary responded that being able to identify these specific clusters provides the opportunity to have informed conversations with educational systems to talk specific needs; further proof that alignment is very important.

Mr. Toenjes questioned MoWIB ability to influence change. How far can we realistically impact what goes on at the local WIBs and what goes on at the Governor's office? He suggested that if we try to come out with a strong statement that the local WIBs have to align their training with these clusters, they'll be back to business as usual within a week. What can we do?

Dr. Gary asked Ms. Gibson if DED's focus was still on the same industry clusters, was that that it's still a priority? She responded that the priorities are still the same and that it is important to align both education and workforce development activities towards those clusters.

Mr. Toenjes offered this now might be the time for MoWIB to figure out if these are the clusters we think are good? What do we want to be? How are we going to move in that direction?

Dr. Gary responded that in regard to the Strategic Plan/Implementation Plan we have some action items built around Alignment that would make sense to revisit. Does it make sense to put it in this particular context and move forward? Those are valid conversations to have but also heavy lifting to do, so we may have assign that to committee work to complete some background work between meetings. What's the general consensus?

Mr. Skains said that Texas is very active in this area and noted that Clyde McQueen, Executive Director of the Full Employment Council, Kansas City WIB, came out of that and environment and had a great track record there. Texas was extremely active in influencing legislation. He suggested that MoWIB could facilitate many things, including legislative input.

Mr. Deggendorf commented that as the strategic plan developed, it was done with a lot of input throughout the state and was a very extensive and exhaustive process to find what we really want to go after and what we are going to do to direct our limited resources to attract, high potential, high earning industries. This was done with recognition that there is a push-pull when it comes to economic development. He stated that we should attract industries that can have a competitive advantage. Our role is on the pull part.

One of our assets should be our workforce - a trained, ready, capable workforce that will attract someone to want to bring their business here versus another state offered Mr. Deggendorf who went on to note that he agrees that this group is probably the best group that can coalesce all

the workforce tools that we have at our hands and get them structured in a way that supports this plan.

Dr. Gary said in the context of thinking about the Alignment portion of the Strategic Implementation Plan, where are the low hanging fruit that are there? Are particular industry clusters more demanding of our attention?

Dr. Lankford called for MO WIB to embrace the idea, as a state and a community, that there is a strong correlation between economic development and education. He stated that with conversations about the career clusters (from the SIEG report), it was important to increase awareness to integrate the academic piece and the skills piece to no longer have career technical education standing on one side, rather to bring it all together. He noted that the focus is on career education but all education is career education. He allowed that we're calling for is the identification of people who can work with our agents to expand the concept of technical education. The medical field will continue to grow yet we do not have a person dedicated in career technical programs at the state level toward that sector. Dr. Lankford acknowledged that we need this board, a board to promote education to the public and that every business and employer in the state of MO should be reminding every worker it has of what their role and responsibility is to promote education. He called on business and industry partnering to give our kids apprenticeships and opportunities. Its synergism, it doesn't necessarily increase the cost of operations, it's a redirection of our energy and resources, he stated.

Dr. Gary suggested, with the Board's approval, that the two co-chairs for the Alignment Committee (Dr. Gaal and Mr. Toenjes) take a small committee's perspective and look at that portion of the plan and report back to the committee next time we meet as potential recommendations for strategies we may be able to pursue. If you have interest in participating in this smaller group please send an email to staff. Dr. Gary continued saying we need to define our path, and our relevance.

I. Old Business/Questions/Comments

Dr. Gary asked for comments from local WIB representatives. Ms. Melissa Robbins (South Central WIB) thanked the Board for their support of the NCRC adding that MO State University in West Plains will administer Work Keys assessments to all graduates this semester and are making plans to add it into their curriculum for the incoming freshmen class. Ms. Lisa Hostettler (Northwest WIB) stated that the cuts in WIA funding and customized training program have a huge affect on her region because of their advocacy on both sides, the employer side for customized training and jobseeker side and employer side for WIA funds. Next Thursday morning the WIB directors will be visiting the state Capitol for a legislative event. She will visit with her legislators about customized training and Senate Bill 339 and encourage fellow directors to do the same.

J. Next Meeting Date, JULY 12, 2013

Dr. Gary reminded everyone of our next meeting date, July 12, 2013 in Jefferson City.

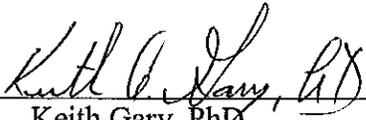
K. Closing Remarks

Dr. Gary asked for any additional questions or comments from the Board.

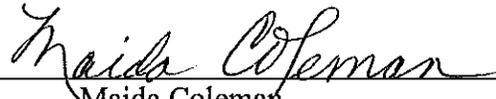
L. Adjourn

Dr. Gary adjourned the meeting at 1:05 p.m.

Approved:



Keith Gary, PhD
Board Chairman



Maida Coleman
Executive Director