

Workforce Development Council Meeting
Regular Quarterly Meeting
January 8, 2009

AGENDA ITEMS

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|---|----------------------------------|
| A. Call to Order | Warren Lotsberg |
| B. Approval of Minutes | Warren Lotsberg |
| C. Director's Report | Bill Molseed |
| D. New Business | |
| 1. Volunteers to read RFPs | Bill Molseed |
| 2. Dakota Seeds Internship Approval | Ann Gesick Johnson Action |
| 3. Technical Institute Placement Report
High School 2025 | Mark Wilson |
| 4. 2008 South Dakota Labor Market Report | Bernie Moran |
| 5. Layoffs | Bill McEntaffer |
| 6. New University Programs
and Delivery Sites | Paul Gough |
| E. Adjournment | |

AGENDA ITEM A

The South Dakota Workforce Development Council (WDC) met via Dakota Digital Network (DDN) on Thursday, January 8, 2009. The meeting was called to order by Council Chairman Warren Lotsberg at 10:00 a.m. CST. Roll call was conducted, and a quorum was present.

Members Present

Warren Lotsberg, Chairman	Grady Kickul	Paul Gough
Pat Lund, Vice-Chairwoman	Tom Oster	Patricia Kenner
Ann Gesick Johnson	Cal Geis	D. J. Mertens
Pam Roberts	Larry Tolzin	Helen Wegner
Roland Benson		

Members Absent

Shelley Stingley	George Cook	Wally Myers
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Others Present

Bill Molseed	Kari Porch	Deb Halling
Bill McEntaffer	Bernie Moran	Kathy Evans
Mark Wilson	Dan Muck	

AGENDA ITEM B APPROVAL OF MINUTES

Pat Lund made a motion to approve the September 23, 2008 minutes. Roland Benson seconded the motion. **Motion passed.**

AGENDA ITEM C DIRECTOR'S REPORT

The last few months have brought economic uncertainty to the country. The administration and Congress implemented a series of steps to help stabilize the banking and credit industry, as well as auto manufacturing. President-Elect Obama and his economic team crafted a stimulus package estimated to cost over a trillion dollars. This will include a tax cut, aid to state governments to temporarily assume more of the cost of Medicaid, and funding of five main areas: traditional infrastructure, school construction, energy efficiency, broadband access, and health information technology. The plan is called the "American Recovery and Reinvestment Plan." The President-Elect would like to have this package finalized by Congress and to his desk shortly after he takes office on January 20, 2009. This is more likely to go into February as the new Congress begins debating the merits of the plan and taking the steps they believe should be in place for an economic recovery.

President Bush signed into law an extended Emergency Unemployment Compensation program to provide up to 20 additional weeks of 100 percent federally-funded unemployment compensation to eligible individuals in all states. It

also expands the program by providing a second tier of benefits of up to 13 weeks for eligible individuals in those states with high unemployment. South Dakota is not one of these high-unemployment states.

The most recent reported unemployment rates:

National 6.7 percent – November 2008 seasonally adjusted (December 2008 date will be released January 9, 2009.)

Statewide 3.4 percent – November 2008 seasonally adjusted (December 2008 data will be released January 27, 2009.)

Sioux Falls MSA 2.9 percent – November 2008 not seasonally adjusted (December 2008 data will be released January 27, 2009.)

Rapid City MSA 3.3 percent – November 2008 not seasonally adjusted (December 2008 data will be released January 27, 2009.)

As you can see from the unemployment rates, South Dakota is faring much better than the rest of the country. However, South Dakota is not immune from the downward economic slide the nation is experiencing. The South Dakota Department of Labor (DOL) has been dealing with an increased number of layoffs, business closures, and reduction in work hours. DOL has responded to the layoff notices in a positive manner as we work with businesses and workers. DOL is the safety net for these laid-off workers. The services we are able to provide are important and needed. Even though we are dealing with lost jobs, we are still seeing some employers in a hiring situation. Today, DOL has nearly 3,000 jobs listed with our offices.

DOL is reviewing a funding opportunity under a recently announced grant for Older Worker Demonstration Grant. The grants are intended to address the workforce challenges facing older individuals by developing models for talent development in regional economies that recognize older workers as a valuable labor pool and include employment and training strategies to retain and/or connect older workers to jobs in high-growth, high-demand industries critical to the regional economy. This opportunity is totally consistent with the Governor's Workforce 2025 initiative. It is anticipated that the number of awards will range from 10 to 13, with award amounts ranging from \$750,000 to \$1,000,000.

USDOL issued guidance for the Workforce Investment Act (WIA) / Wagner Peyser State Plan. DOL is currently in the last year of a five-year plan. DOL has the option of requesting a one-year extension of our current plan, or submitting a modification to our current plan. With a new administration soon to be in office DOL will likely request a one-year extension.

USDOL has issued final rules on veterans' priority of service which applies to our WIA programs. The implementation of priority of service is designed to provide veterans and eligible spouses with clear entry points into high-growth, high-wage civilian jobs and easily accessible post-secondary education and training. The goal is to support their advancement along career pathways that benefit veterans, their families, and regional economies. DOL has received national recognition on service to veterans. This policy is not an issue for us, rather a privilege to provide services to the men and women who have served our country.

U.S. Representative Hilda Solis has been nominated by President-Elect Obama as his choice for Labor Secretary to follow Secretary Elaine Chao. In the House, Representative Solis serves on the Committee on Energy and Commerce, as a member of the Health and Telecommunications subcommittees, and as a member of the House Select Committee on Energy Independence and Global Warming. Her official Web site states she "...is widely considered to be one of the strongest supporters of America's workers and the labor movement in the House of Representatives." The confirmation proceedings for Labor are expected to begin January 9, 2009.

The Brookings Area Career Learning Center (CLC) announced closure of their operations effective December 31, 2008. The center had a 24-year history of partnering with DOL and WIA. This closure action brings finality to a long and futile effort by DOL to try to help this faltering program. Three years ago, all DOL-sponsored CLCs were told of pending and significant federal budget reductions that would seriously impede any business as usual approach. CLCs were asked to streamline as much as possible, seek additional resources, and prepare for a change in business. At that time, the Brookings CLC took no action or steps to deal with a pending reduction in funding.

Two years ago, the CLCs, including Brookings, felt the brunt of loss of federal funds. DOL met with the Brookings CLC board and interim director many times in 2007 to discuss the situation. In early 2008, it became obvious to DOL staff, and some Brookings CLC board members, the CLC was not financially able to continue business. DOL arranged for the Local Office Manager to step in and act as interim director through June 2008. This was done to allow the center to conserve available funds and to make it through the end of the 2008 program year. The center began this current program year in July 2008 with minimal local resources and was able to run some level of operations through December. WIA Youth services were provided by the local DOL office and the Adult Education and Family Literacy (AEL) programs entered into a regional partnership with Watertown and Madison with management oversight by the Black Hills Special Services Coop. The citizens of the service area still had access to all WIA/AEL services.

In December 2008, the CLC board voted for closure. The board elected to not dissolve the non-profit status. If other opportunities come available, the board wants

to preserve their status to fully participate in some level of service in the Brookings community.

The WDC was informed at the September 23, 2008 meeting that South Dakota was one of eight states to receive incentive grants. This was a reward for three programs (WIA, AEL, and Career and Technical Education (CTE)) exceeding all of the required performance measures. This is one-time money to help local projects build program efforts to assist individuals to be better prepared to meet the need of local industry for workers with essential basic skills and employability skills.

AGENDA ITEM D NEW BUSINESS

AGENDA ITEM D1 VOLUNTEERS TO READ RFPS

Bill Molseed asked for volunteers to read the Requests for Proposals (RFP).

Pat Lund and Patricia Kenner volunteered to read the RFPs.

AGENDA ITEM D2 DAKOTA SEEDS INTERNSHIP APPROVAL

Ann Gesick Johnson, Department of Tourism and State Development, requested approval for Dakota Seeds to provide funding for two companies. Sencore Electronics, Sioux Falls, requested funding to provide internship opportunities for eight undergraduate students. Dakota Seeds recommended funding five positions at \$2,000 for a maximum of \$10,000. Dakota Power LLC, Rapid City, requested funding to provide three undergraduate internship opportunities, one graduate assistantship, and one PhD candidate assistantship. Dakota Seeds recommended funding the five positions for a maximum of \$24,000.

Secretary Roberts made a motion to approve funding as recommended by Dakota Seeds. Patricia Kenner seconded the motion. **Motion passed.**

AGENDA ITEM D3 TECHNICAL INSTITUTE PLACEMENT REPORT AND HIGH SCHOOL 2025

Mark Wilson, Director of Career and Technical Education, provided information on the technical institute placement report and High School 2025. Placement reports representing the four technical institutes were emailed to the WDC members. The placement reports show that more than 75 percent of the 78 percent of the students that graduate from the technical institutes stay in South Dakota. More than 80 percent of the students graduating in a selected field find employment within that field of study.

The first column on the placement reports identifies the different career cluster each program is under. Information on the career guidance software, Career Cruising, will be presented at a future WDC meeting. The Career Cruising package is part of the

SD My Life portal which is currently in the implementation stages at the Department of Education (DOE). It will help students put together their personal learning plan and focus on careers located across the state and the nation.

The technical institutes also have a corporate education component which has provided technical services to more than 5,000 individuals and more than 500 companies within the state.

Mark invited the WDC members to attend "A Sneak Peak of High School 2025" on Wednesday, January 14, 2009 at 3:00 p.m. CST in Conference Room 414 at the Capitol. One of the highlights is a DVD presentation created through a partnership between the DOE and South Dakota Public Broadcasting.

Secretary Roberts and Secretary Oster discussed last year's legislative action which would have moved control of the technical institutions from the four area school districts and placed them under the control of a technical board. The Legislature passed the bill but it was vetoed by Governor Rounds. Governor Rounds did not believe it would be a good idea to establish another board in South Dakota.

Discussions have been held on developing a bill to bring the four technical institutions under the DOE. The WDC would have a consulting role on approval of new programs.

Currently, the technical institutions serve under their local school boards, the State Board of Education, and the Department of Education. If the four institutions could come under one umbrella, they could focus their mission to better meet the needs of the business communities and funding opportunities would be improved. However, the school board in each community may not want to give up ownership of the program or the communities may not want to school board to give up ownership. The involved parties need to be educated on the benefits of combining the institutions under one umbrella.

In December Secretary Roberts, Secretary Oster, Secretary Benda, Jason Dilges, Commissioner of Bureau of Finance and Management, and Neil Fulton, the Governor's Chief of Staff met with a large contingent from the South Dakota Chamber of Commerce in Sioux Falls. This group of Chamber members supported the idea of a statewide technical institute system which would better serve all areas of the state.

AGENDA ITEM D4 2008 SOUTH DAKOTA LABOR MARKET REPORT

Bernie Moran, DOL Labor Market Information Center Administrator, provided an overview of the 2008 South Dakota Labor Market report. The Labor Market report provides a summary of economic activity in the state as well as the current and projected trends.

In its second year, the report is produced specifically for WDC members and the Governor, as a requirement of the Workforce Information Grant, administered by the Employment and Training Administration of the U.S. Department of Labor. The 2008 report contains the most current statistical information available through October 2007. The 2009 report will be published in the fall. Based on the 2008 report, South Dakota fared well compared to the rest of the nation.

From 2002 through 2007, South Dakota added 45,000 jobs, a growth rate of 8.7 percent. This slightly exceeded the national growth rate of 8.6 percent. From 2002 to 2007, South Dakota's total personal income increase by 37 percent compared to the national rate of 27 percent.

In addition to historical trends, the report includes projected information for industry trends as well as population trends. Projected job growth in 2016, combined with the projected population trends, points toward a labor shortage in the future for the nation as well as for South Dakota. This issue is being addressed via the Workforce 2025 Initiative to ensure South Dakota has a competent and qualified workforce, allowing for economic growth and expansion. The five programs within Workforce 2025 Initiative include Dakota Roots, Dakota Seeds, Build Dakota, Live Dakota, and Grow Dakota. An overview of these programs and their successes are included in the report which will not be printed but can be found on the DOL Web site.

AGENDA ITEM D5 LAYOFFS

Bill McEntaffer, DOL Program Specialist, provided a PowerPoint presentation on recent layoffs in South Dakota. The recent economic situation has not hit South Dakota as hard as it has the rest of the nation, but DOL has some concerns and is seeing some of the effects. DOL has seen an increase in the number of layoffs. In the three months since October 2008, South Dakota has seen 1500 layoffs compared to 800 for July 1, 2007 through June 30, 2008. In addition to the 1500 layoffs, some companies have had temporarily layoffs while others have cut back the number of hours their employees work.

A majority of the layoffs have been in the industry and production field with most of these in the welding area. Trail King, a trailer manufacturing business in Mitchell, had 300 employees laid off. They hope to recall the employees at a later date.

The financial area saw 122 employees laid off from Citibank and 50 employees laid off from Total Card. Other businesses that have felt the crunch are Sturgis Harley Davidson and Sturgis Bike Week, which have closed their doors. Flandreau Motors has shut down. The Argus Leader laid off 18 individuals. KSFY laid off four individuals. Rushmore Holiday Inn in Rapid City has had some layoffs.

Construction companies which typically have seasonal layoffs see the layoffs being extended for a longer period of time. They may not bring back as many employees

as they once did. They may wait to hire back employees until they get a feel for forthcoming projects.

The cities and towns having the largest impact of dislocated workers are Sioux Falls, Mitchell, Yankton, Rapid City, Watertown, Madison, Elk Point, Sturgis, Lake Preston, Canton, Elkton, Milbank and North Sioux City.

In order to help these dislocated workers, DOL can assist in placement services, unemployment insurance, labor market information, computer access to look at job openings, aptitude testing, counseling, and training programs. The biggest challenge DOL sees are the lack of job openings.

Cal Geis asked if DOL had any way to track the energy layoffs in the Gillette Wyoming and North Dakota areas. Bill Molseed said he would check with the Wyoming and North Dakota Labor Market Information centers to see if he could get the information for Cal.

AGENDA ITEM D5 NEW UNIVERSITY PROGRAMS AND DELIVERY SITES

Paul Gough, Board of Regents, provided an update on the new university programs and delivery sites. A packet of handouts was emailed to the WDC members. The handouts included news releases of new degree programs and delivery sites approved by the Board of Regents in October and December. One of the programs highlighted was a new Master of Science in Physics approved for South Dakota School of Mines & Technology, South Dakota State University, and the University of South Dakota. The three universities developed the program together and will share responsibility for teaching the courses. A Dakota State University physics professor will also teach in the program.

A Masters of Science degree in Construction Management at South Dakota School of Mines & Technology supports the Governors' Workforce 2025 Initiative. Students will learn to manage large construction projects and will learn construction labor law, construction economics, estimating and so on.

Northern State University's request to deliver masters degrees for teachers in Gettysburg and Miller supports the Governor's 2010 Education goal of providing teachers with more opportunities for advanced degrees.

An article from the *Yankton Press and Dakotan* describes the kickoff of the Black Hills State University A.S. in Industrial Technology in Yankton. The university is getting started in January which is ahead of the anticipated fall start. There has been wonderful local support from RTEC and the community has made scholarships available to students in the BHSU program.

Black Hills State University provided the Board of Regents with information on Jamie Richey, a business administration student who had an eight-week internship in

London with WDAD Communications. Ms. Rickey credits Dr. Priscilla Romkema with assisting her in obtaining the overseas internship opportunity. Paul Gough also mentioned that BHSU had informed him that students had recent internships with Lehman Trikes (Spearfish), Lawrence & Schiller (Deadwood), Vibeware (Australia), Duhamel Broadcasting (Rapid City), SD Department of Education, Wyoming Department of Corrections, the City of Spearfish, and Golden Hills Resorts (Lead).

There is also a news release from the University of South Dakota. Four students have been selected to receive internship opportunities from the U.S. State Department. These internships are awarded to students who demonstrate strong academic performance and a potential to succeed in foreign affairs careers.

AGENDA ITEM E ADJOURNMENT

The next WDC meeting is scheduled for April 2, 2009. The meeting will be held in Pierre in Kneip Conference Room # 3.

The meeting was adjourned at 11:24 a.m. CST.