

WORKFORCE DEVELOPMENT COUNCIL
Regular Quarterly Meeting

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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. Dakota Seeds | Ann Gesick Johnson | Action |
| 2. Volunteers to read RFPs | Bill Molseed | Action |
| 3. Board of Regents Workforce Update | Paul Gough | |
| 4. Technical Institutes Update | Mark Wilson | |
| 5. Unemployment Insurance | Don Kattke | |
| 6. DOL WIA Updates | Bill McEntaffer
Deb Halling | |
| 7. National Career Readiness Certificates | Steve Almeida | |
| 8. AEL Annual Report | Marcia Hess | |
| 9. LMIC Annual Report | Bernie Moran | |
| E. Adjournment | | |

AGENDA ITEM A

The South Dakota Workforce Development Council (WDC) met via the Dakota Digital Network (DDN) on January 6, 2010. The meeting was called to order by Chairman Warren Lotsberg at 10:00 a.m. CT. Roll call was conducted and a quorum was present.

Members Present

Warren Lotsberg, Chairman	Tom Bohnet	Wally Myers
Pat Lund, Vice-Chairwoman	Grady Kickul	Patricia Kenner
Ann Gesick Johnson	Mark Wilson	D. J. Mertens
Paul Gough	Pam Roberts	Shelley Stingley
Helen Wegner		

Members Absent

Larry Tolzin	Roland Benson	Cal Geis
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Others Present

Bill Molseed	Kari Porch	Don Kattke
Steve Almeida	Dan Thielson	Penny Kutz
Greg Johnson	Kim Olson	Barb Kabeiseman
Robin Wallum	Alberta Rouse	Robert Kean
Shirley Stuart		

AGENDA ITEM B APPROVAL OF MINUTES

Grady Kickul made a motion to approve the October 7, 2009 minutes with corrections. Helen Wegner seconded the motion. **Motion passed.**

AGENDA ITEM C DIRECTOR'S REPORT

The 2010 appropriations bill was passed by Congress and signed by the President on December 16, 2009. The bill included an increase in funding for the Workforce Investment Act (WIA) Dislocated Worker program and for Adult Education. WIA Adult and Youth programs would be funded at the same level as 2009. In 2009, the Department of Labor (DOL) experienced a decrease in funding for the Dislocated Worker and Adult Education programs. Any increase in funding for 2010 may only bring funding back to the 2008 level. DOL has not received the exact state-by-state breakout based on the formula.

The appropriations also includes funds for "green jobs." The funds will be in the form of competitive grants to states. As the grants become available DOL will research the opportunity and seek out any that would be beneficial to South Dakota.

The bill also included an increase in funding for the Trade Act program. This is very helpful to South Dakota as we recently received TAA certifications for Hutchinson Technology in Sioux Falls and Rainbow Play Systems in Brookings.

In December, President Obama held a "jobs summit." With national unemployment at 10.2 percent, the White House is trying to find answers.

The three key areas outlined by the President included:

- Help for small businesses to expand investments, hire workers and access credit.
- Additional investments in highways, transit, rail, aviation and water.
- Creation of jobs through energy efficiency and clean energy investments.

The House recently approved a \$154 billion "jobs package" aimed at stimulating the labor market with a combination of infrastructure projects, aid to states, and funding for several safety-net programs, including unemployment insurance. This bill is titled "Jobs for Main Street." The Senate has yet to set any date for taking action on the House bill. The package would be funded from funds repaid by financial firms who received cash infusions from the Treasury's financial stabilization program. Among the infrastructure and other items, key features include:

- funds to save or create 250,000 education jobs
- funds for job training and summer youth jobs
- funds to extend emergency unemployment benefits
- funds for health insurance for long-term unemployed workers

South Dakota's share for summer jobs under proposed legislation is about \$1.2 million.

Nationally, economists are very cautious in comments on the future since forecasts are subject to great uncertainty. Many are guessing there will be some modest growth during 2010 which may begin to lower the UI rate at a slow pace. Many risk factors still could threaten the economy's performance (tight credit, weak job market, and reduced consumer spending).

WIA Reauthorization could be ready for introduction in early 2010. Draft legislation is being worked on by the Senate. However, the health care bill and reauthorization of the No Child Left Behind bill will likely precede any action on WIA.

Questions have been raised nationally about possible rescission of WIA funding. You may recall we recently went through a rescission that caused a change in how we conduct business. The national office has been interested in expenditures of funds and not as interested in obligations. Many of our

obligations are for longer term training programs and the expenditures will happen over a period of time. If these funds are subject to recission, it will have a very direct and adverse impact on individuals.

State Updates

Services and expenditures have significantly increased over the last year. Activity in our local offices has picked up in serving WIA eligible participants through the Adult, Youth and Dislocated worker programs.

WIA	07/2008 – 6/2009	07/2009 – 12/2009
Adults	1,346	1,019
Youth	459	947
Dislocated	860	1102
Total Served	2,665	3,068

PY 2009 WIA Funding	Combined Stimulus WIA	Local Office Combined
Award	13,222,756	7,191,923
Obligated	9,020,248	5,786,820
Percent Obligated	68.2%	80.4%

We have seen a corresponding increase in DOL funding post-secondary training programs for eligible individuals over the last year. Most of this increase is with the state’s four technical institutes. DOL is currently funding 463 program participants in the four technical institutes. The DOL investment in tuition assistance has more than doubled in less than a year.

DOL Post-Secondary Training Investment

The table below illustrates DOL's investment in tuition assistance with state-supported post-secondary training providers. The investment includes funding from WIA Adult, Dislocated and Youth programs; and from the Trade Adjustment Assistance (TAA) program. Funding is based on a determination of eligibility, an assessment process, and development of an individual plan of service identifying a need for occupational training.

Post Secondary	07/2008 - 06/2009	07/2009 – 12/2009
State Technical Institutes	700,044	2,297,709
Lake Area	36,481	191,265
Mitchell	65,329	337,061
Southeast	300,176	556,662
Western Dakota	298,058	1,212,721
State Universities	116,395	367,323
Black Hills State	13,233	48,564
Dakota State	18,009	72,181
Northern State	3,212	46,663
SD School of Mines	2,874	36,571
South Dakota State	15,895	49,928
University of South Dakota	63,172	113,416
Other Providers*	549,512	537,363
Total Providers	34 Providers	32 Providers
DOL Investment	\$1,365,951	\$3,202,395

*Other Providers include private schools, proprietary schools and local career learning centers.

DOL has appreciated the close working relationship with the Department of Education (DOE) and the four technical institutes. This has been invaluable as we work together to build the workforce skills that will lead unemployed workers to occupations in demand.

DOL is coordinating efforts with DOE, to introduce the concept of the apprenticeship model as a compliment to some of the formal degree programs the technical institutes deliver. Arrangements were made for the SD/ND USDOL Office of Apprenticeship Director Barry Dutton, to meet with the group for a more in depth presentation. Apprenticeship is one more tool to help area businesses and workers by bringing industry closer to the delivery of occupational skills training. DOL provided a letter of support for Mitchell Technical Institute (MTI) expanding their construction program to include a commercial construction component and connection with registered apprenticeships.

Rainbow Play Systems, Brookings, and Hutchinson Technology, Sioux Falls were recently certified for TAA. DOL has requesting additional TAA funds (\$3.5 million) to help this group of dislocated workers move into suitable employment.

Brandon Kucker is the newest DOL WIA staff member. When Kathy Evans retired, Deb Halling accepted the challenge of working with WIA performance and data management. Deb's position as youth program specialist was filled by Brandon.

AGENDA ITEM D NEW BUSINESS

AGENDA ITEM D1 DAKOTA SEEDS

Ann Gesick Johnson, Department of Tourism and State Development, provided information on five businesses applying for funding through Dakota Seeds for internships and assistantships. She requested approval for Dakota Seeds to provide funding to these businesses.

Lloyd's System in Rapid City designs and manufactures robots that test HVAC systems for issues with energy efficiency. They have asked for four graduate assistantships. Dakota Seeds recommended funding the assistantships for a total of \$32,000.

Mabee Eye Clinic in Mitchell has three doctors, two optometrists and one ophthalmologist at their clinic. The internship they will be creating is for an optical assistant. The optical assistant would work with the optician to correctly determine the necessary data to fabricate lenses. Dakota Seeds recommended funding the internship at \$2,000.

Secure Banking Solutions in Madison is an information security company that provides products and services to banks and credit unions. Four interns and one graduate assistant will work on software development that will help banks meet security requirements. Dakota Seeds recommended funding the internships and assistantship for a total of \$16,000.

FourFront Design in Rapid City is an engineering company. The Ph.D. assistant will work on material engineering science. Dakota Seeds recommended funding the Ph.D. assistant at \$10,000.

Premier Source in Brookings is a specialty molding and precision machining company. They are looking for an engineering intern who will work with the engineering staff on product design and efficiency improvements. Dakota Seeds recommends funding the internship at \$2,000.

Pam Roberts made a motion to approve the recommendations. Patricia Kenner seconded the motion. **Motion passed.**

AGENDA ITEM D2 VOLUNTEERS TO READ RFPS

Bill Molseed asked for volunteers to read requests for proposal budget reviews for the National Career Readiness Certificates (NCRC). Pat Lund and Shelley Stingley volunteered to read the budget reviews. The readers' recommendations will be presented to the full council at the April meeting for approval.

AGENDA ITEM D3 BOARD OF REGENTS WORKFORCE UPDATE

Paul Gough, Board of Regents, provided an update on Board of Regents workforce activities which was included in the materials mailed to the Council before the meeting.

The Board of Regents approved degree programs and delivery sites that provide opportunities to prepare for a variety of careers. These programs will contribute to development of the South Dakota workforce. The programs were approved in December 2009 unless noted.

Physicist: The Board approved a Ph.D. in Physics in December 2009 developed by South Dakota School of Mines & Technology, South Dakota State University (SDSU), and the University of South Dakota (USD). The Governor included resources for this program in his recommended FY11 budget. The Board approved the program with implementation in FY11 contingent on appropriations by the Legislature.

The program supports the state's investment in the Sanford Laboratory; the Governor's 2010 Education Initiative to double the number of Ph.D. programs and to double the number of Ph.D. graduates; to develop research and technology infrastructure at our universities and with the private sector.

It would benefit the state's universities in the long term by making them more competitive when hiring faculty and seeking research grants that would create employment.

Business:

- Black Hills State University's (BHSU) Bachelor of Science degree in Business Administration was approved for Internet delivery.
- BHSU was authorized to develop a proposal for a professional science master's degree with a focus on entrepreneurship. A professional science master's degree combines science with business. BHSU will request Board approval when the new program proposal is completed.
- Dakota State University (DSU) was authorized to develop a proposal for an MBA with an information technology focus to be offered in Sioux Falls.

Chemical Dependency/Substance Abuse Counselor: The Board approved a new USD M.A. in Addiction Studies and authorized online delivery.

Healthcare: The USD Health Sciences major was approved for delivery in Sioux Falls, Rapid City and online. The program prepares students for admission to professional programs (physical therapy, occupational therapy, dentistry and physician assistant) and for employment.

Human Resource Manager: The new USD Bachelor in Business Administration in Human Resource Management was converted from a specialization.

Electrical Engineer: The Board approved a new M.S. in Electrical Engineering at SDSU. This replaces an emphasis within the general engineering master's degree.

Mechanical Engineer: The Board approved a new Ph.D. in Mechanical Engineering at South Dakota School of Mines & Technology. The program is supported with donated resources and will contribute to the growth of research in the State.

Registered Nurse: USD was authorized to develop a proposal for a Bachelor of Science degree in Nursing designed for registered nurses with associate degrees. The university intends to maintain the Associate of Science in Nursing at all delivery sites. USD will request approval from the Regents at a future meeting.

Public Administrator: The Board approved a new Executive Master of Public Administration at USD and authorized delivery online. The program is designed for people who work in state, tribal, county and city governments and nonprofit organizations.

Technical Communication: In October 2009, the Board approved a DSU Bachelor of Science degree in Professional and Technical Communication and authorized delivery in Sioux Falls and online.

Paul reported that there will be job fairs held at the universities in the near future and that information will be sent to the DOL. Attending the job fairs is a good way for public and private sector employers to improve their visibility with the students and faculty.

Paul provided two additional handouts during the meeting.

- *Degrees Conferred by the Public Universities FY05 to FY09*. The report has sections for associate degrees, for baccalaureate degrees and for graduate and professional degrees.
- The Board of Regents *Fact Book FY10*.

The handouts are available on the Board of Regents Web site:

<http://www.sdbor.edu>.

AGENDA ITEM D4 TECHNICAL INSTITUTES UPDATE

Mark Wilson, Office of Career and Technical Education, DOE, provided an update on the technical institutes. The *South Dakota Technical Institutes Annual Report for 2009* was mailed to each council member. It will also be provided to the Legislators and the Board of Education. The report tells what the technical institutes are doing for the workforce in the state of South Dakota. It gives a breakdown of some highlights and spotlights some students that have earned their degree and are now a part of the workforce.

On January 5, 2010, a commercial construction program expansion was approved at Mitchell Technical Institute. The commercial construction component is in support of utilizing apprenticeships to help move the program forward.

Each technical institute has corporate education programs, each having a different title. DOE is working toward giving the programs a common title, Corporate Education. DOE is currently in the planning and development stages, but a key goal of this program is to be more involved in running registered apprenticeships. Each technical institute would have two areas of focus: 1) to move the apprenticeship program along; and 2) to help students earn their diploma or associate degree.

AGENDA ITEM D5 UNEMPLOYMENT INSURANCE

Don Kattke, director of Unemployment Insurance, DOL, provided a Power Point presentation on the status of the Unemployment Trust Fund and the direction it is headed in the next two years. Currently, about \$1.3 million a week is being paid out of the Unemployment Trust Fund. This compares to about \$900 thousand a week a year earlier and \$500 to \$600 thousand two years earlier.

Over the last 10 years, unemployment benefit payments jumped from \$15.1 million in 1999 to \$64.9 million in 2009. The 2009 trust fund is at -\$7.8 million dollars. The fund is insolvent with no funds available. However, the Stimulus Bill allowed states to borrow money from the federal government interest-free through 2010. Therefore, South Dakota will pay benefits from money borrowed through the federal government. DOL projects they will borrow \$16.9 million.

A provision in South Dakota law requires a surcharge to be added to the contribution paid by every employer when the trust fund falls below \$11 million. The maximum surcharge rate is 1.5 percent. The surcharge kicked in as of October 1, 2009, when the trust fund fell below \$11 million. The surcharge will stay in place until the trust fund reaches \$16.5 million at the end of any quarter.

The Trust Fund began receiving funds from the surcharge in January 2010. For 2010, DOL projects the Trust Fund will receive total contributions and interest of \$26 million and surcharge funds of \$36.1 million. Benefits of \$40 million will be paid out and the \$16.9 million borrowed from the federal government will be repaid. This will leave a balance in the trust fund of \$14.4 million at the end of 2010.

DOL projects in 2011, the surcharge will kick back in for the second quarter with payments due on July 31, 2011 because the trust fund will drop to \$5.2 million in the first quarter of 2011. The surcharge will remain in place for the third quarter with payments due on October 31, 2011 because the trust fund had not reached \$16.5 million.

For 2011, DOL projects the Trust Fund will receive total contributions and interest of \$28.6 million and surcharges of \$10.1 million. Benefits of \$32.5 million will be paid out. This will leave a balance of \$20.6 million in the Trust Fund at the end of 2011.

The Stimulus Bill provided states with the opportunity to receive funds for their state's Unemployment Insurance Trust Fund. Funds were tied to expansion of benefits in every state. South Dakota received \$5.9 million in April of this year because there was an expansion of benefits. DOL estimated the expansion would cost the Trust Fund about \$700 thousand in the future.

There is still \$11.7 million available for South Dakota. To receive these funds the state has to approve Modernization Option 2 and expand benefits in two of these areas:

- Part-time Workers
- Dependents Allowance
- Quit for Compelling Family Reasons
- Benefits for Training

South Dakota already pays benefits to part-time workers so the state will have to pick one of the remaining three areas.

Currently, individuals can receive up to 26 weeks of benefits if they are in approved training. This is training approved by WIA or DOL, available for workers that do not have the skills to compete in the labor market. If South

Dakota chooses the benefits for training as Modernization Option 2, individuals could receive an additional 26 weeks of benefits.

Approval of Modernization Option 2 requires South Dakota Legislature approval. If approved the Trust Fund could receive the additional \$11.7 million, and the projected cost would be \$800,000.

Trust Fund projections for 2010 with Modernization Option 2 would show incoming contributions/interest of \$26.2 million, stimulus revenue of \$11.7 million and surcharge of \$36.1 million, and outgoing benefits of \$40.6 million and federal repayment of \$16.9 million. This would leave a balance of \$25.7 million. Receiving the \$11.7 million would strengthen the Trust Fund enough that there would be no surcharge for employers in 2011.

The Unemployment Advisory Council's recommendation to the Governor and the Legislature is to pass the Unemployment Insurance modernization legislation of 2010 and allow individuals in approved training to receive an additional 26 weeks of benefits. The second recommendation is for the Unemployment Advisory Council and DOL to study the entire Unemployment Insurance tax system in 2010 and bring a comprehensive package for change back to the 2011 Legislature.

AGENDA ITEM D6 DOL WIA UPDATES

Bill Molseed and Brandon Kucker, DOL Program Specialist, provided an update on DOL WIA programs. DOL recaptured nearly \$500,000 from the PY09 Summer Stimulus program. The funds recaptured were from obligations made for individuals that were not able to fulfill the entire time they had committed to the work experience. The \$500,000 could provide funding for 90 to 115 youth in work experiences.

The U.S Department of Labor granted a waiver of the original expiration date of the summer youth program of September 30, 2009 that allows DOL to expend funds through March 2010. DOL's plan is to identify approximately 100 eligible individuals able to take advantage of the program.

Adult and Dislocated Worker programs continue quite strong. DOL continues to see layoffs and continues to use available funds including Trade Act funds. Utilizing Trade Act funds frees up some dislocated worker funds for other eligible laid-off individuals to pursue post-secondary education and other training programs.

Marcia Hultman reminded the Council that all funds from the summer youth stimulus program were spent on participants. DOL had about \$3 million and none of the money was spend on staff or administrative fees. South Dakota was the only state that used its funds solely for the youth.

AGENDA ITEM D7 NATIONAL CAREER READINESS CERTIFICATES

Steve Almeida, DOL Program Specialist, provided an update on the National Career Readiness Certificate (NCRC) program. Forty-seven individuals had been referred for the NCRC program as of January 6, 2010. Twenty-five percent of these individuals had taken the pre-assessment and scored well enough to meet their employment goal. They will enter into NCRC certificate testing and receive their certificate soon. The rest of the individuals are in some type of skills development training.

Starting in January, 2010, Vocational Rehabilitation clients can be referred and start the testing process for the NCRC.

Bill Molseed provided background information on the NCRC program. More than a year ago, DOL decided the NCRC program was the direction they would take with their providers, the career learning centers.

The NCRC is a tool set up and established by American College Testing Inc. (ACT). It provides a nationally recognized certificate of workforce foundational skills. The foundational skills are applied mathematics, reading for information, and locating information. Those three skills are evident and needed in more than 95 percent of the occupations in South Dakota. This certificate process provides a nationally recognized document that validates to employers that individuals have these foundational skills. The NCRC does not take away the necessity to have occupational or academic skills training. It is a complement to any additional training an individual pursues.

DOL implemented the NCRC program in July 2009. The first step was to introduce the concept to DOL providers and local offices. ACT provided training in WorkKeys[®], the remediation and skills development component, to our providers so they would be ready to provide service when the program got off the ground. The initial participants to be referred to the program were WIA eligible individuals. The program is expanding to allow referrals from other state agencies. DOL is also hearing from employer groups, businesses and human relations departments who are very interested in the program. DOL has a very aggressive marketing plan. We will be providing information at legislative business days and have been invited to be a part of the Governor's Office of Economic Development spring conference.

Grady Kickal commented on the great working relationship Vocational Rehabilitation and the Services for the Blind and Visually Impaired has with DOL as they prepare for the implementation of the NCRC program. Grady stated they were very excited about implementing the program once they had the training. In early December, they had all-staff training and are now traveling to each of their offices to reinforce the training. Vocational

Rehabilitation anticipates they will have extremely significant numbers of individuals who are not WIA-eligible but for whom they have established a fee-based service. These individuals will be able to get their certificate levels up to a level where they can compete for jobs.

Patricia Kenner asked if there was lot of interest in the western part of the state regarding the NCRC. Steve stated that numerous businesses showed interest. A few of the business that have shown interest are Rapid City Regional Hospital, ASI, GE, and Golden Living Center.

Two DOL staff members have been assigned to the NCRC program. Steve Almeida covers the western part of the state and Scott Kwasniewski covers the eastern part of the state.

Paul Gough asked if there was information on the NCRC on DOL Web site so he could share the information with the universities. Bill said he would provide Paul with the link to the DOL Web site.

AGENDA ITEM D8 AEL ANNUAL REPORT

Bill Molseed provided information on the Adult Education and Literacy Annual Performance Report. The report was included in the packets that were mailed to the council members. Bill asked the members to take a look at the reports. The report is an accurate representation of the year in review. It identifies some of the issues DOL needs to be concerned with over the next year, but also points out some of the good things that are happening in South Dakota. Any questions on the report can be directed to Bill Molseed or Marcia Hess.

AGENDA ITEM D9 LMIC ANNUAL REPORT

Bill Molseed provided information on the Labor Market Report. The report was included in the packets that were mailed to the council members. Bill asked the members to take a look at the reports. The report is an accurate representation of the year in review. It identifies some of the issues DOL needs to be concerned with over the next year, but also points out some of the good things that are happening in South Dakota. Any questions on the report can be directed to Bernie Moran.

AGENDA ITEM E ADJOURNMENT

The next meeting is tentatively scheduled for April 1, 2010 in Pierre.

Patricia Kenner made a motion to adjourn the meeting at 11:15 a.m. Wally Myers seconded the motion. **Motion passed.**