

SD WORKFORCE DEVELOPMENT COUNCIL
Regular Quarterly Meeting
October 6, 2011
1:30 p.m. – 3:30 p.m. CT
Pierre Kneip Conference Room # 3

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|--------------------------------------|--------------------|---------------|
| A. Call to Order | Warren Lotsberg | |
| B. Introduction of New WDC Member | Warren Lotsberg | |
| C. Roll Call | Kari Porch | |
| D. Approval of Minutes | Warren Lotsberg | |
| E. Director's Report | Bill Molseed | |
| F. New Business | | |
| 1. Election of Vice-chairperson | Bill Molseed | Action |
| 2. Dakota Seed Internship Status | Ann Gesick-Johnson | Action |
| 3. Workforce Development Discussion | Bill Molseed | |
| 4. Board of Regents Workforce Update | Paul Gough | |
| 5. PY2010 WIG Annual Report | Bernie Moran | |
| 6. DLR Updates | Bill Molseed | |
| 7. WIA Title I Award Winners | Brandon Kucker | |
| G. Adjournment | | |

AGENDA ITEM A CALL TO ORDER

The South Dakota Workforce Development Council (WDC) met in Kneip Conference Room # 3 on October 6, 2011. The meeting was called to order by Chairman Warren Lotsberg at 1:30 p.m. CDT.

AGENDA ITEM B INTRODUCTION OF NEW COUNCIL MEMBER

Bill Molseed introduced Rich Vincent. Rich is from Aberdeen and is the executive director of North Eastern Work and Technical Education Center (New Tec, Inc.) Rich was formally an employee with the state of South Dakota for 17 years.

AGENDA ITEM C ROLL CALL

Roll call was conducted and a quorum was present.

Members Present

Warren Lotsberg, Chairman	Paul Gough	Wally Myers
Pam Roberts	Helen Wegner	Sarah Folsland
Randy Hanson	Cal Geis	D. J. Mertens
Ann Gesick-Johnson	Tom Bohnet	Rich Vincent
Mary Stadick Smith		

Members Absent

Shelley Stingley	Grady Kickul	Roland Benson
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Others Present

Bill Molseed	Kari Porch	Deb Halling
Brandon Kucker	Bernie Moran	Bill McEntaffer
Dawn Dovre	Julie Johnson	

AGENDA ITEM D APPROVAL OF MINUTES

Cal Geis made a motion to approve the July 18, 2011, minutes Wally Myers seconded the motion. **Motion passed.**

AGENDA ITEM E DIRECTOR’S REPORT

In September, the US Department of Education (DOE) conducted an on-site review of South Dakota’s Adult Education and Literacy program (AEL). The intent of the review was to ascertain any issues and to provide technical assistance in the administration and delivery of AEL programs. The preceding weeks were spent collecting and organizing documentation for the review. The DOE team identified compliance issues, noteworthy practices, and

offered recommendations. An official letter on the review with required and suggested action steps will be issued within 45 days. The state has not had an on-site review for many years. Some of the issues raised by the review team were anticipated and the state AEL program had taken steps to bring these items to compliance prior to the review.

The AEL review identified noteworthy practices including the use of the Key Train curriculum made available to all enrolled learners in the AEL programs with Corrections; and on-site fiscal monitors by state staff (Carla Trout).

The AEL review identified four findings including the Request for Proposal (RFP) process was not compliant; Indirect Costs were above the DOE restrictions; a disallowed cost to AEL Leadership for Council State Director dues (\$125 which was not paid last year, or included in current budget); and Time and effort documentation needs to be enhanced.

The AEL review also provided the following recommendations: More investment in state staff professional development; data privacy and security needs to be improved; and the use of Unemployment Insurance (UI) data matching. It is noted we had initiated discussions on the data privacy, monitoring, and UI data matching long before the review.

National issues continue to center on funding concerns. Congress includes reductions in funding with the Continuing Resolutions and other discussion on appropriations. The House and Senate are miles apart on funding proposals for the coming year. The Senate version would essentially keep funding level. The House version would dramatically reduce the Department of Labor (DOL) funding by 20 percent and Workforce Investment Act (WIA) funding specifically by 75 percent. And the President proposed a \$447 billion dollar jobs bill, Americans Job Act, which would provide funding for training programs, infrastructure projects, and other steps including tax credits for business. The political wrangling hampers the work we do. We can serve the public, but we need to have some stability with federal funding if we are to make an impact on employment issues in our state.

WIA reauthorization seemed to have gained some momentum last spring only to be dropped as priority. Lack of movement on WIA reauthorization is impacting appropriations. Some have stated, if Congress can't reauthorize WIA, it should not continue to fund the program. We have been following reauthorization since 2003.

We received notice of a \$1.9 million award from USDOL for Disabilities Employment Initiative to provide employment assistance for youth with disabilities. This grant was written in partnership with Black Hills Special Services Cooperative, Rehabilitation Services, and the Department of Labor and Regulation (DLR). This cooperative venture will be beneficial as the

project unfolds. This project will be delivered in the Black Hills area with the balance of state serving as a control group to compare the outcomes. The intent of the grant is to offer youth with disabilities specific attention and assistance as they work through their employment and training issues.

A \$2.7 million grant was received by the consortium of the four South Dakota technical institutes to help build capacity to provide suitable training to Trade Act Assistance Act (TAA) eligible individuals. DLR assisted the technical institutes with the grant application. These funds will focus on reaching more students through on-line technology in creating pathways to good high skill occupations.

In August, Secretary Roberts launched the “Work Ready” project in Watertown. This is an effort to engage employers with the National Career Readiness Certificate (NCRC). A number of local businesses were in attendance with Bench Mark Foam explaining how they are using the NCRC. Work Ready can be the catalyst for the NCRC program to reach a larger business audience. This is a demonstration project, and if it is successful we would like to expand this effort to other communities.

In today’s meeting we will begin a discussion on workforce development that I hope will prove beneficial to the programs we deliver and prove to be a huge help to businesses and job seekers alike. As you know, the Governor and Lieutenant Governor this last month have been meeting with local businesses across the state to learn of the plans and needs and to hear from the business community. As members of this council, we have a role in finding solutions and offering guidance on workforce issues.

AGENDA ITEM F NEW BUSINESS

AGENDA ITEM F1 ELECTION OF VICE-CHAIRPERSON

The floor was open for nominations for the election for the vice-chairperson. Rich Vincent made a motion to nominate Tom Bohnet. Helen Wegner seconded the motion. **Motion passed.**

AGENDA ITEM F2 DAKOTA SEEDS

Ann Gesick-Johnson, Department of Tourism and State Development, provided information on four businesses applying for funding through Dakota Seeds. Dakota Seeds recommended funding a graduate assistant and four internships to three businesses.

HF Webster in Rapid City is engaged in friction stir welding. They would like to hire a graduate assistant who will engineer and design welding

subsystems. Dakota Seeds recommended funding the graduate assistant at \$8,000.

Thermo Bond Buildings in Elk Point manufactures buildings and custom cabinets to support communication industry. They are looking for two engineering interns to improve production processes. Dakota Seeds recommends funding the two interns for a total of \$4,000.

Sancom in Mitchell is a telecom company looking for two student interns to film and produce local events for the local access channel. Dakota Seeds recommended denying funding due to lack of STEM requirements.

Bell Incorporated in Sioux Falls manufactures folding cartons for food and non-food industries. They are requesting assistance for two interns to work in their graphics department. Dakota Seeds recommended funding the two interns for a total of \$4,000.

Wally Myers made a motion to approve the recommendations made by Dakota Seeds. Cal Geis seconded the motion. **Motion passed.**

AGENDA ITEM F3 WORKFORCE DEVELOPMENT DISCUSSION

Bill Molseed opened the floor for discussion on workforce issues in South Dakota. He asked private sector council members to identify prominent industry sectors in their areas, along with concerns and issues they are hearing from around their communities or are experiencing in their business.

Cal Geis stated the Belle Fourche area was mostly agricultural, but they have three Bentonite plants which is a great economic stabilizer. One plant recently contracted with Wal-Mart to produce Kitty Litter. The contract is based on a per delivery bases. To help meet the delivery needs, the plant purchased 40 additional trucks and employees are working an average of 20 hours of overtime. The production plant is located in Colony, Wyoming, about 20 miles northwest of Belle Fourche, near the fields.

The main concern in the Belle Fourche area is the shortage of truck drivers and heavy equipment operators. Many truck drivers are moving north to work at the oil fields. In the last six weeks, there have been 15 truck drivers leave the three trucking organizations. The migration is because of better wages. In the Belle Fourche area, truckers are generally making \$45,000 – \$50,000 per year, while they can make around \$90,000 in the oil fields.

Western Dakota Technical Institute offers a Commercial Driver's License (CDL) program, but students are not getting into the trucking business.

The shortage of truck drivers is not only an issue in the Belle Fourche area but tends to be a statewide issue.

Tom Bohnet stated welders, truck drivers, assembly line workers, machinist and machine operators are the most prominent jobs in the Yankton area and there tends to be a shortages of workers to fill these positions. He also stated it was difficult to find workers with the right attitude, aptitude, and appetite to do the work.

The Regional Technical Education Center (RTEC) has two levels of welding training. They have a basic welding class and also a certified welding class.

Applied Engineering typically hires individuals in the 25-year-old age range. Once the workers complete their probationary period and have the right attitude, aptitude and appetite they are put them through training at RTEC. Then as advanced positions become available they are put through more intense training to help them advance up the career ladder.

Tom stated he thought welders should have wages between \$16 and \$18 per hour depending on experience.

Rich Vincent stated private industries are discussing the same issues we are discussing. Northwest Energy hosted the economic development officers along the James River Valley on September 30. They are working to resurrect Advantage South Dakota, an entity from the 1990s. Input from the economic development folks in the James River communities determine the issue in Yankton, Aberdeen and Huron are not the lack of jobs like in many places around the United States but rather the lack of workers to fill the jobs.

The Governor's Office of Economic Development has discussed a lot of creative ideas. They discussed setting up a funding pool to help people get transitional money for such things as funding for the U-Haul and getting the utilities hooked-up.

Dakota Provisions in Huron has been very successful in getting the immigrant population into their community to fill their employment needs. Molded Fiber Glass South Dakota, a manufacturing plant, in Aberdeen, has started looking to work with Dakota Provision to bring immigrants to Aberdeen to fill their employment needs.

The Economic Development Corporation in Aberdeen conducted a labor industry study and found more than 1,000 jobs will be created this year and another 500 jobs will be created by the end of next year. MFG, a wind turbine blade manufacturer, will start manufacturing a 47 year blade. Currently they manufacture a 39 year blade. Production of the new blade will create a whole new production line creating a need for an additional 250 to 300 workers.

Northern Beef Producers will be putting in a processing plant that has been in the works for the last three or four years. They will need an additional 500 to 600 meat processing individuals.

A second hospital, Sanford, will be coming to Aberdeen creating a need for additional healthcare occupations.

Northwest Energy has an impact analysis grant program. They have a pool of money for economic development corporations and businesses through an outside vender to come in and do a grant analysis. They did an analysis for Dakota Provisions and the numbers were staggering. The study is a \$10,000 to \$15,000 investment. The application is one page and there is no charge to have the analysis done.

Randy stated South Dakota State University (SDSU) and advanced manufacturing businesses are the prominent businesses in Brookings.

Equipment technicians, welders and computer technicians, especially at the entry level, are in the greatest demand in the area. Daktronics recently had a job fair with 30 to 40 applicants and 10 individuals were hired on the spot. Additional individuals may be called back for a second interview.

Brookings looked into recruiting individuals from outside the community but decided instead to focus on retaining individuals from the local high schools and SDSU. Brookings used job fairs in the past to recruit individuals. However, during the last few years with the recession, employers did not want to appear to be spending money and hiring when they had laid off individuals. Brookings plans to bring the fair back. SDSU also had an annual job fair for part-time workers.

Lake Area Technical Institute, Watertown, visited with a group in the Brookings area and provided information on training available and how they would be willing to customize the program. More conversations will take place between the two groups.

Randy also noted the problem with attitude, aptitude, and appetite.

Secretary Roberts asked about the level of education businesses were looking for in computer and IT individuals. Randy stated most businesses were looking for individuals with a mix of associate and bachelor degrees along with three to five years of experience.

Mary stated the Department of Education implemented the SDMyLife website. The website is a career planning program for students in grades 7-12. All students are required to complete two assessments in the 9th and 10th grade and must have a personal learning plan in place. A new feature added within the last month allows South Dakota businesses to profile their business free of charge. DLR and the Board of Regents are looking to the website as a tool for all individuals not just those in grades 7-12.

D.J. stated agriculture and tourism are the prominent occupations in the Kennebec area. Seasonal workers are often in high demand and hard to find.

D.J. also stated he is on the electrical board and they hire a lot of linemen. He is very proud of our technical school for the education they provide the students. He noticed a problem with the migration of graduates out-of-state to better paying jobs.

D.J. helped build the business plan competition in South Dakota. It is sponsored by the South Dakota Banker Foundation. He is also concerned with the diminishing quality of the business plans.

Secretary Roberts stated management positions are in high-demand. High-wage jobs are available, but individuals getting out of higher education institutes are not getting hired because they do not have experience. Do we need to talk to businesses about hiring workers so they can get the experience they need to fill the management positions after a few years of training?

Helen stated the largest industry in Pierre is state employees.

Helen stated employers are finding it difficult to find qualified individuals to fill positions. They have had to hire individuals with lower skills and try to train them. This isn't working very well. It is difficult to find good mechanics. Employers have had to lower their standards and expectations and are concerned the quality of our work product is going downhill. Employers are also finding workers do not want to move to Pierre South Dakota.

Sarah stated Black Hill Power Corporation is an energy company throughout the region. They have regulated utilities, non-regulated jobs and their corporate headquarters with white collar jobs such as engineers,

IT, lawyers, etc. The workforce within their company is aging and within the next few years they will have a large number of employees retired. Therefore, they are planning for the future by identifying future managers and leaders. Sarah stated only 28 percent of the workforce are women because the type of jobs are more attractive to men. As they plan for the future they need to make sure they are getting the full pool of applicants to choose from.

Black Hills Corporation recently expanded and the positions were filled with employees from different locations depending on the position. Black Hills Corporation uses interns.

Engineering students coming graduating from the School of Mines are moving to Cedar Rapids, IA.

The universities have the capacity to put more students in classes but the students are not there.

The number of high school graduates is decreasing each year in most areas of the state.

AGENDA ITEM F4 BOARD OF REGENTS UPDATE

Paul Gough provided each member with a report showing the degrees conferred by the public universities in FY07-FY11. The report also provides the telephone numbers and web sites of the university career centers. Degrees are organized in three sections: associate (yellow pages), baccalaureate (white pages) and graduate and professional (green pages). The report is also on the Board of Regents web site at: <http://www.sdbor.edu/services/policyplanning/DegreesConferred.htm>.

AGENDA ITEM F5 PY2010 WIG ANNUAL REPORT

Bernie Moran, LMIC administrator, provided an overview of the grants used to fund programs administered through the Labor Market Information Center (LMIC). LMIC is funded from two federal sources, the Bureau of Labor Statistics (ETA) and the Employment and Training Administration (ETA) Workforce Information grant. Both BLS and ETA are within the U.S. Department of Labor.

LMIC contracts with the Bureau of Labor statistics (BLS) to produce five key economic indicators, including:

- **Local Area Unemployment Statistics (LAUS):** The labor force statistics, especially the unemployment rate, are probably the most well-known statistics produced. The LMIC assists in the production of labor force statistics for statewide South Dakota and sub-state areas.

- **Current Employment Statistics (CES):** The CES data is more commonly referred to as the nonfarm wage and salaried worker data. Funding has been reduced for this program as the national BLS office took over production of all state and metropolitan area estimates. The main role of the state is to provide supplemental information on employment not covered by Unemployment Insurance (UI) and review and provide input on publication cells. Also required is a quarterly report of outreach activities, including analysis and dissemination of the data produced by BLS.
- **Mass Layoff Statistics (MLS):** The MLS program compiles data on business layoff events which include 50 or more claimants within a five week period. LMIC contacts the employers to determine if the layoff is temporary or permanent, as well as when employees are expected to return to work.
- **Occupational Employment Statistics (OES):** The OES program oversees a survey which gathers occupational worker and wage information from employers across the state. The information is produced on a statewide basis and for five sub-state areas.
- **Quarterly Census of Employment and Wage (QCEW):** The QCEW program compiles UI wage data into industry summaries and by geographic area. The report provides the number of workers and average pay by industry for the state and all counties.

The Employment and Training Administration (ETA) administers the Workforce Information Grant (WIG). Funds from this grant are used to produce workforce products or to prepare special reports.

States are required to produce an annual progress report summarizing the projects produced through the Workforce Information Grant. They are also required to meet two deliverables. The first required deliverable is to populate the workforce information database with certain core tables. Optional tables are also available. The second deliverable is to produce and disseminate industry and occupational employment projections. The projections are completed on an annual basis. Current projections are for 2008-2018. The next projections will be produced for the 2010-2020 time period.

ETA is working on a new system to product occupational projections and has produced an on-line training system for projections analysts. The on-line training will streamline the process and make training more assessable. The new system will be launched in February.

Other deliverables are up to the discretion of the states. South Dakota conducted and published relevant economic analyses, special workforce information and/or economic studies determined that were of benefit to the governor and state and local Workforce Investment Boards

(WIBs). LMIC works closely with the Governor's Office of Economic Development (GOED) to produce studies which estimate the economic impact of new or expanding businesses.

LMIC purchases regional input/output multipliers which are published by the Bureau of Economic analysis to prepare economic impact analyses for the general public.

LMIC produces workforce availability reports for DLR local offices as they prepare to host a company looking at expansion. Information is provided on the available labor supply, the occupational wages and commuting patterns for the targeted area.

LMIC is required to provide a list of the economic analysis they perform to ETA, which are also posted on the ETA website.

Bernie provided Bill Molseed with a list of links to the websites discussed during the meeting; the list was then distributed to council members via email.

A large portion of the funds from the workforce services grant go toward posting information and publications to the LMIC website. In the past year, LMIC distributed approximately 19,000 career publications to their users (students, counselors, businesses and workforce development professionals). Data available on the LMIC website include:

- All BLS program data
- Occupational wage data. Although occupational wage data is produced by the BLS, LMIC uses the Estimate Delivery System (EDS) that is funded by ETA to age the wages so they reflect inflationary impacts. The LMIC publishes the BLS data on an annual basis, but publishes the EDS data quarterly.
- Employee benefits survey summarized results are available online.
- The South Dakota e-Labor Bulletin, which provides monthly updates and an overview of the current labor market.
- Career InSite is a career exploration tool providing detailed information about occupations, including the skills and training required and available training programs.
- Reality Check is an application housed within Career InSite. LMIC contracts with the state of Oregon to provide this application, which demonstrates the important connection between the lifestyle you want to live and your earning potential from the career you choose.
- The Community Labor Profile (CLP) is an economic development tool used by individuals to build their own reports for a specific geographic area. Available information includes labor supply, population, education levels, workers by industry, occupational wages and labor force information.

LMIC must partner and consult in a continuous basis with workforce investment boards and other key workforce and economic development partners. LMIC usually has presence at every workforce development council meeting to answer questions or address any concerns. They work closely with GOED and other economic development offices across the state. They handled more than 60 requests this past year with more than half of those from GOED.

Another annual requirement is a customer consultation, which is usually accomplished through a survey. This past year, LMIC surveyed the local office managers to see how they could better serve them. The results indicated that LMIC was doing a good job. However, LMIC offered to visit local offices as requested to provide detailed information on the services they provide, as well as to provide an overview of the LMIC website.

LMIC has to report on partnerships and collaborations with other agencies. The LMIC has been very active in the Dakota Roots initiative. This year they also joined forces with the Division of Insurance to conduct an employer survey regarding provision of health insurance benefits.

LMIC is asked to provide information on how to improve the deliverables produced and provided. The goal this year is to upgrade the LMIC delivery system, which will incorporate data mapping and graphing features.

Bernie also provided "The Greening of South Dakota" report. LMIC worked with a consortium of states which also included Iowa, Nebraska, Montana, Utah and Wyoming. Key deliverables included employer surveys to identify green jobs in the state, as well to determine the number of new hires in the state and how many of those were related to green jobs. LMIC also worked with the South Dakota Department of Energy and Natural Resources to see how it the greening of the economy would impact their agency and the occupations in which they employ.

AGENDA ITEM F6 DLR UPDATES

DLR staff provided updates on happenings within the department. The first update was a ten minutes video of the National Career Readiness Certificate (NCRC) followed by Marcia Hultman providing an update on the program. The video was produced by the Department of Labor and Regulation (DLR) as a promotional tool to educate employers and job seekers in South Dakota on the NCRC. The NCRC is a nationally recognized certificate, administered by ACT. It demonstrates competency in three fundamental skill areas, Reading for Information, Applied Mathematics and Locating Information. Four levels of the certificate can

be earned. The platinum certificate is the highest level followed by gold, silver and bronze.

More than 1,500 individuals in South Dakota have taken the NCRC and have scored much higher on the assessments than individuals nationwide. Nationwide only 0.47 percent of the individuals taking the NCRC have received the platinum certificate while in South Dakota 1.83 percent has received the platinum certificate. Nationwide 19.6 percent received a gold certificate while in South Dakota 42.66 percent receive the gold certificate. Nationwide larger numbers of individuals are receiving the silver and bronze certificates.

The NCRC program is popular nationwide. Forty states are using the program and several national organizations are backing the program. The National Association of Manufactures, the National Center for Construction Education and Research and the Center for Energy Workforce Development are just a few of those organizations.

Several South Dakota businesses have signed endorsements in support of the NCRC with DLR working to increase that number daily.

Currently, DLR is talking about extending the NCRC program to all veterans. They are finding many of the younger veterans returning from the gulf have skill sets that are hard to quantify and transfer into actual employment. The NCRC is a tool they can use to assess their skills and then correlate those with the job openings.

DLR would like to have all WIA participants in the program. Some WIA participants are required to take the NCRC. DLR has launched a Work Ready NCRC project in the Watertown area. They are in the process of determining a second site. DLR's ultimate goal is to have Gold Standard Communities.

DLR has an NCRC pilot program with the South Dakota Department of Corrections. DLR hopes to help those individuals that will be reentering society and the workforce to gain confidence and to assess their work ready skills.

Bill McEntaffer provided an update on the Yankton project and National Emergency Grant for Premier Bankcard. The Yankton project is the result of a situation Tom Bohnet discussed during a previous WDC meeting. Through the Yankton project a checklist was created to assist employers in identifying areas job applicants needed to improve to be hired. The list would be given to the job seeker and they could take the checklist to the local office. The employment representative would then work with them to improve their employability skills.

DLR received a National Emergency Grant (NEG) of a little more than \$300,000 when Premier Bankcard closed in Spearfish. Approximately 350 individuals were affected by the closure. The grant will be used to provide training or support services for the individuals laid off. Thirty-two individuals have been attending some type of training, from a QuickBooks class to finishing their Bachelor Degree at Black Hills State University.

TM1, another call center, moved into the Premier Bankcard location and hired many of the Premier Bankcard supervisory and management staff. They are starting to hire the customer service representatives. Ninety percent of the employees hired are previous Premier Bankcard employees.

Deb Halling provided an update on the 2010 WIA Annual Report (July 1 through June 30). The annual report provided information on the labor market, services provided by the local offices to businesses and job seekers, participant success stories, a summary of the stimulus program and its impact on South Dakota's workforce, State Energy Sector Partnership Grant (SESP) recipients, NCRC statistics and performance indicators.

PY2010 was the first year South Dakota participated in the common measures, three measures each for adults, dislocated workers and youth. Prior to PY2010, South Dakota reported on 17 measures. South Dakota exceeded performance in eight of the nine common measures. The Literacy / Numeracy Gains is the only performance measure not exceeding performance. DLR is working with local office staff and partners to improve performance.

AGENDA ITEM F7 WIA TITLE I AWARD WINNERS

Brandon Kucker, DLR program specialist, provided descriptions of the five Title I Award winner recipients. The award winners were chosen from several nominations submitted to DLR. Tom Bohnet and Sarah Folsland read the nominations and chose the winners. The awards will be presented to local office managers during a managers' meeting to be held in Pierre on October 25-27, 2011. The awards will then be presented by WIA staff and WDC members to the award winners in their communities.

AGENDA ITEM G ADJOURNMENT

The next meeting is scheduled for January 5, 2012.

Wally Myers made a motion to adjourn the meeting at 3:49 p.m. Rich Vincent seconded the motion. **Motion passed.**