

WORKFORCE DEVELOPMENT COUNCIL
Regular Quarterly Meeting
October 7, 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. Dakota Seeds | Mel Ustad Action |
| 2. USDOL Grants | Bill Molseed Action |
| 3. Economic Status Update | Bernie Moran |

Adjournment

AGENDA ITEM A

The South Dakota Workforce Development Council (WDC) met via the Dakota Digital Network (DDN) on October 7, 2009. The meeting was called to order by Chairwoman Pat Lund at 11:00 a.m. CDT. Roll call was conducted and a quorum was present.

Members Present

Pat Lund, Vice-Chairwoman	Grady Kickul	Cal Geis
Tom Bohnet	D. J. Mertens	Wally Myers
Mel Ustad	Shelley Stingley	Larry Tolzin
Roland Benson	Deb Barnett	Patricia Kenner
Jack Warner	Pam Roberts	

Members Absent

Warren Lotsberg, Chairman	Helen Wegner
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Others Present

Bill Molseed	Kari Porch	Deb Halling
Marcia Hultman	Todd Kenner	

AGENDA ITEM B APPROVAL OF MINUTES

Pam Roberts made a motion to approve the July 9, 2009 minutes. Larry Tolzin seconded the motion. **Motion passed.**

AGENDA ITEM C DIRECTOR'S REPORT

Bill Molseed introduced and welcomed two new council members, Tom Bohnet and Jack Warner. Tom works for Applied Engineering Inc. and Jack Warner replaced Ted Perry as the executive director of the Board of Regents. Patricia Kenner introduced her son, Todd. He is from Florida and is moving to Rapid City to work at Respec.

Federal Update

The administration has raised its projection of deficits through the next 10 years to over \$9 trillion. This is \$2 trillion more than projections made in February 2009. Along with this estimate of deficits, the administration is projecting job creation to lag behind any economic growth. The best guess is jobs are not likely to come back in significant numbers until the middle of next summer. Unemployment rates should then begin to decline at a faster rate. This indicates we are likely to see more unemployed and dislocated workers seeking our services as they remain out of work for longer periods of time than anticipated.

No official estimates have been released on the number of workers expected to exhaust their unemployment benefits in coming months. However, some projections show unemployment benefits will expire for about 1.5 million workers by the end of December 2009.

The U.S. House just passed a bill providing an additional 13 weeks of unemployment benefits to workers from states where the jobless rate is at least 8.5 percent. This bill was stalled in the U.S. Senate because of questions from states with lower unemployment rates. These states argue their unemployed workers need additional benefits too. The national unemployment rate is 9.8 percent.

Twenty three states have a jobless rate of less than 8.5 percent. These states include Alaska, Arkansas, Colorado, Connecticut, Delaware, Hawaii, Iowa, Kansas, Louisiana, Maryland, Minnesota, Montana, Nebraska, New Hampshire, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah, Vermont, Virginia, and Wyoming.

Congress has yet to finalize the PY 2010 appropriations bills. A continuing resolution to cover federal spending has been enacted through the end of October. Now that they are back in session after their summer break, we should see some action.

USDOL is looking at the possible reauthorization of WIA. Questions the agency is wrestling with are: What is working? What is not working? And what opportunities are before us? The agency is preparing for Congressional action. There is a good possibility we will have reauthorization by the end of the year. When it happens, we will be tasked with setting the direction and guidelines for how the new Workforce Investment Act (WIA) program will be implemented in South Dakota.

State Update

Now, with all the dire news at the national level, let's look at South Dakota. The national unemployment rate is 9.8 percent and for South Dakota it is 4.9 percent. South Dakota looks pretty good compared to the nation. However, keep in mind this rate is about twice the rate of a year ago. A two-fold increase in unemployment is never a good thing, in particular if you are one of the unemployed.

When the economy worsened, the Department of Labor (DOL) was front and center and ready to meet the challenge. The people and business community of the state have looked to us for help, and we responded. The public has seen and experienced DOL as their Workforce Experts. To borrow a phrase, "we are now in a new normal". Expectations have changed.

Last year, the South Dakota WIA program served a total of 2,665 adults, youth, and dislocated workers over 12 months. This year to date (July-September), we served 2,858 adults, youth, and dislocated workers under our formula or stimulus programs. This is an increase of 7.2 percent with three-quarters of the year to go. We continue to experience layoffs, and an increase in contacts with our local offices.

In September, there were 1,772 total clients in training and 1,142 total clients in school. This includes both unemployment claimants and non-claimants. Between stimulus dollars and regular WIA funding, DOL has obligated 84 percent of the funds available. Of the dollars tagged specifically for dislocated workers, 90 percent is now obligated. This is exactly what we needed to do.

Under the Stimulus Youth Program, we served 720 participants with a Summer Work Experience. In addition, we have provided assistance for 83 interns. This brings the actual number to 803 young people receiving a direct benefit from the stimulus.

Please note, under the stimulus funds, all resources were dedicated to individual assistance. DOL did not hold any of these stimulus funds for administrative purposes. All stimulus funds went to assist our youth, adult, and dislocated participants.

This increased WIA activity has fostered a closer connection with our post-secondary education partners, technical institutes and universities. This has resulted in an increase in referrals and enrollments for the schools. I am very pleased with the enhanced connections with the post-secondary schools.

We entered into special training projects with the technical institutes to assist dislocated workers in the areas of the state with higher unemployment rates. We have partnered with all four of the state institutes (Lake Area, Mitchell Technical, Southeast, and Western Dakota), and with RTEC.

One example of these connections is with the Mitchell Technical Institute's James Valley Training Initiative. This is a cooperative venture with Mitchell Technical Institute (MTI), DOL, and the Huron and Yankton communities. This program provides dislocated workers an opportunity to begin training in their home area in the communications or energy fields. The second year of training is lab intensive and will be provided at the MTI campus. This program came about very quickly and required close coordination with development of the program, commitments from the local communities, and recruitment of eligible dislocated workers. In a very short period of time the program was up and running with full classes in Huron and Yankton. This is just one example. Each of the schools we partner with have successful projects.

We have received notification from USDOL that Minnesota Rubber, Watertown, and Hub City Inc, Aberdeen, have both been certified for Trade Adjustment Assistance (TAA). This program provides retraining and income support for eligible workers. By using TAA funds for these workers we free up available WIA funds for other dislocated workers. TAA petitions have also been filed for Rainbow Play Systems, Brookings and for Hutchinson Technologies, Sioux Falls.

At our last meeting, we talked about the National Career Readiness Certificate program. This is a certification that demonstrates to employers the individual has adequate foundational skills in applied math, reading for information, and locating information. These are three worksite skills found in most occupations. This is a nationally recognized certificate issued by the state under the auspices of American College Testing (ACT). Our contracted providers have received training on the assessment and the skills development process and are ready to go. Local office WIA staff have worked with the providers, taken the pre-assessment, and gone through some of the remediation curriculum. This gives them first-hand knowledge about the process as they begin to refer their clients for the NCRC.

One of the documents you received in your packet was the WIA Annual Report. This document provides information on the WIA activities from July 2008 through June 2009. We met or exceeded all of the required performance measures with one exception which was the credential measure. Missing this one performance measure is likely to take us out of consideration for incentive funds this year.

We are very pleased with the recent USDOL on-site review of the Summer Youth Program. Secretary Roberts recently received a letter from Joseph Juarez, regional administrator, reporting the results. The review team found DOL is administering the Summer Youth Program in compliance with federal guidance and that both the quality of services and the number of participants exceeded expectations. Good news, indeed. The report states there were no compliance findings, three recommendations, and noted two promising practices. The promising practices were: the effort made to ensure the program provided meaningful individualized work experience opportunities; and an agreement developed by the Spearfish office clearly stating the role of the worksite, participant, and local office.

AGENDA ITEM D NEW BUSINESS

AGENDA ITEM D1 DAKOTA SEEDS

Mel Ustad, Department of Tourism and State Development, provided information on five businesses applying for Dakota Seeds funding for internships. He requested approval for Dakota Seeds to provide funding to five businesses.

BrightPlanet Corporation from Sioux Falls does deep and surface Web site searches. They are looking for an intern to provide network administration for the company. Dakota Seeds recommended funding the internship at \$2000.

Martin Group from Mitchell does software development for the communications industry. They are looking for an intern to work in their Human Resources office. While the position is not a STEM position, the company meets the program requirements because of the nature of the company. Dakota Seeds recommends funding the internship at \$2000.

Eisenbraun & Associates from Yankton is a civil engineering firm that specializes in land surveying. They are looking for two interns to work with their surveying crews. Dakota Seeds recommended funding the two internships for a total of \$4000.

Applied Engineering from Yankton does precision machining of aluminum parts. The intern will work in the IT department, working on the infrastructure as well as designing software. Dakota Seeds recommended funding the internship at \$2000.

Ameriprise Financial from Rapid City provides financial services. They are looking for a student to assist with calculations for their clients financial planning. Dakota Seeds recommended funding the internship at \$2000.

Wally Myers made a motion to approve the recommendations. Jack Warner seconded the motion. **Motion passed.**

AGENDA ITEM D2 USDOL GRANTS

Bill Molseed provided information on USDOL grant opportunities. DOL provided letters of support for a number of grant applications for various opportunities through USDOL. These included Pathways Out of Poverty and Healthcare Workforce Development.

The Pathways grant will provide training services leading to careers in “green industries.” This project will coordinate basic skills with occupational training and support services to help low-income individuals out of poverty.

The Healthcare grant will provide training and related services to help workers pursue careers in healthcare occupations (nursing, allied health, long-term care, and health information technology).

Both of these grant opportunities require support from the state’s Workforce Agency (DOL) in order to be considered.

The grant applicants included: Black Hills Special Services Coop, Good Samaritan Society, Rapid City Regional, Sisseton Wahpeton College, Oglala Lakota College, and Yankton Rural Area Health Education Center.

Marcia Hultman provided information on the State Energy Sector Partnership Training grants and asked for the WDC to endorse this application and authorize DOL to proceed with the process. DOL is the only eligible applicant with an application deadline of October 20, 2009. Total funds available through this grant are \$190 million with \$25 million reserved for projects in communities impacted by automotive restructuring. The expected range of awards is \$2 million to \$6 million.

DOL is investing in workforce sector strategies that target energy efficiency and renewable energy industries. DOL encourages a strategic planning process that aligns the Governor's overall workforce vision, state energy policies, and local and regional training activities leading to employment in targeted industry sectors.

The grants will focus on connecting target populations to career pathways in green industries. Training programs will prepare individuals for careers in any of the seven energy-efficiency and renewable-energy industries. These include:

- Energy-efficient building, construction, and retrofit industries;
- Renewable electric power industry;
- Energy efficient and advanced drive train vehicle industry;
- Biofuels industry;
- Deconstruction and materials use industries;
- Energy efficiency assessment industry; and
- Manufacturers that product sustainable products using environmentally sustainable processes and materials.

Additionally, DOL is interested in applicants contributing to understanding of green industries and jobs that clean and enhance our environment.

Grant funds will be used to provide training and related activities reflecting a comprehensive statewide energy sector strategy leading to employment in the targeted industry sectors.

DOL encourages applicants to engage in a comprehensive strategic planning process prior to submitting and application. This will serve as the foundation for the proposal.

The strategic plan should include:

- A review and analysis of the Governor's overall workforce vision and goals, energy policy, and specific policies for energy-efficiency and renewable-energy industries;

- Establish the state strategic vision and goals for preparing an educated and skilled workforce and align these goals with overall workforce development, education, and economic development.
- Analyze and determine the sectors where investments are or will be made and the occupations and skills needs within the industries that will be targeted;
- Analyze and determine the populations that will be targeted and training activities that address the needs and demands of those targeted sectors; and
- Develop an energy sector strategy for training workers. The strategy should include delivery of training services through local project teams led by the local WIB and the One Stop delivery systems and appropriate partners to deliver the training services through local project teams led by the local WIB and the One Stop delivery systems and appropriate partners to deliver the training.

The South Dakota Workforce Development Council will lead the State Energy Sector Partnership and serve as project operator. The council will be responsible for coordinating and managing the partnership and manage the overall planning implementation oversight and technical assistance of operations. The partnership is made up of representatives from cabinet-level officials, representatives from the energy-efficiency and renewable-energy industries; and labor organizations. DOL encourages representation from apprenticeship agencies, nonprofit organizations, the education and training community, veterans' agencies, and economic development organizations.

Costs for strategic planning may not be charged to the grant.

Proposals will be evaluated and rated on a 100-point scale which includes statement of need (15), partnership (15), strategy and project work plan (45), implementation timeline and outcomes (20), and suitability (5).

The strategy and work plan will be reviewed and evaluated on the comprehensive description of the strategy for training, description of priority populations, description of local teams, recruitment efforts, training, placement retention, and a demonstration the applicant has the fiscal, administrative, and performance management capacity to effectively administer the grant.

Grady Kickul made a motion to authorize and endorse the grant application. Patricia Kenner seconded the motion. **Motion passed.**

AGENDA ITEM D3 ECONOMIC STATUS UPDATE

Bernie Moran provided an update on the national recession's impact on South Dakota. In January 2009, the National Bureau of Economic Research (NBER) officially announced the current national recession started in December 2007.

The key indicator used by NBER to make this determination was a decline in employment, using both Current Employment Statistics (CES) and Local Area Unemployment Statistics (LAUS) employment levels.

Since the start of the recession through July 2009, the national worker level has decreased by 6.6 million workers (4.8 percent). For the comparative time period, South Dakota had a net loss of 6,300 workers (1.5 percent). The nonfarm employment in South Dakota peaked in October of 2008, several months after the start of the national recession.

The steadily increasing national unemployment rate was 9.4 percent for July 2009. South Dakota's unemployment rate was at 4.9 percent. South Dakota's economy withstood the effects of the recession through the first three quarters of 2008, but a decline in the level of workers during the last quarter of 2008 offset the overall growth for that year.

Since South Dakota exports a high level of goods and services, our state was inevitably impacted by the national recession as customers drastically decrease their demand for goods and services. South Dakota businesses reacted to this decreased demand through several cost-cutting measures, including reduced hours, temporary layoffs and permanent layoffs. Some businesses had to close.

Thus far, the industries impacted the most in South Dakota include manufacturing; mining, logging, and construction; the professional and business industry sectors; and financial services. For July 2009, South Dakota manufacturing showed an over-the-year decline of 5,300 workers (or 12.4 percent). For the same time period, the professional and business industry services sector's over-the-year decline was 1,500 workers (or 5.4 percent).

The mining, logging and construction sector was also impacted by the recession, showing a 900 worker (or 3.9 percent) over-the-year loss in July of 2009. The highest over-the-year occurred during the first quarter of 2009, when record low temperatures and spring blizzards combined with the downturn in the economy, causing a 1,300 worker (or 5.5 percent) over-the-year loss for this industry sector.

In May 2009, financial services showed its largest over-the-year loss of 1,500 workers (or 4.8 percent). Current preliminary estimates for July 2009 show an over-the-year loss of 300 workers (1.0 percent).

AGENDA ITEM E ADJOURNMENT

The next meeting is tentatively scheduled for January 6, 2010 by DDN. Site locations will be send out at a later date.

Pat Lund adjourned the meeting at 11:40 a.m.