

SD WORKFORCE DEVELOPMENT COUNCIL
Regular Quarterly Meeting
October 14, 2010

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| A. Call to Order | Warren Lotsberg |
| B. Introduction of New WDC Members | Warren Lotsberg |
| C. Approval of Minutes | Warren Lotsberg |
| D. Director's Report | Bill Molseed |
| E. New Business | |
| 1. Dakota Seeds | Ann Gesick-Johnson Action |
| 2. Volunteers to Read WIA Award Nominations | Bill Molseed |
| 3. YouthBuild | Bill Molseed |
| 4. Unemployment Insurance Update | Don Kattke |
| 5. NCRC SoftSkills | Bill Molseed Scott Kwasniewski |
| 6. Board of Regents Update | Paul Gough |
| 7. Yankton Rural AHEC | Sandy Viau-Williams |
| 8. USDOL Office of Apprenticeship | John Bolger |
| F. Adjournment | |

The agenda was amended at the meeting to add item E2, Volunteers to Read WIA Award Nominations and item E3, YouthBuild.

AGENDA ITEM A CALL TO ORDER

The South Dakota Workforce Development Council (WDC) met via Dakota Digital Network (DDN) on October 14, 2010. The meeting was called to order by Chairman Warren Lotsberg at 10:00 a.m. CDT. Roll call was conducted and a quorum was present.

Members Present

| | | |
|---------------------------|----------------|---------------|
| Warren Lotsberg, Chairman | Tom Bohnet | Cal Geis |
| Pat Lund, Vice-Chairwoman | Mark Wilson | D. J. Mertens |
| Ann Gesick-Johnson | Roland Benson | Paul Gough |
| Helen Wegner | Sarah Folsland | Pam Roberts |
| Randy Hanson | | |

Members Absent

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| Grady Kickul | Wally Myers | Shelley Stingley |
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Others Present

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| Bill Molseed | Kari Porch | John Anderson |
| Scott Kwasniewski | Steve Almeida | Marcia Hultman |
| Dawn Dovre | Rich Vincent | Greg Johnson |
| Jeff Kjenstad | Mary Gates | Priscilla Noble |
| Larry Porterfield | Terry Pexa | Don Kattke |
| Dan Patient | | |

AGENDA ITEM B INTRODUCTION OF NEW WDC MEMBERS

Chairman Warren Lotsberg announced the retirement of Larry Tolzin and Patricia Kenner from the council. He thanked them for their years of service and dedication to the council and wished them well.

Warren introduced two new council members, Randy Hanson and Sarah Folsland. Randy Hanson is from Brookings and the president of two businesses, Mills Construction and Pleasant Hills Aviation. Randy served on the Brookings Chamber of Commerce for two terms and was president for one term. He has been instrumental in workforce development in Brookings.

Sarah Folsland is from Rapid City. She received her graduate and undergraduate degrees from the University of South Dakota. She has worked in the Governor's Office of Economic Development and the Governor's Office. She currently works for Black Hills Corporation where she works specifically with Black Hills Power.

AGENDA ITEM C APPROVAL OF MINUTES

Helen Wegner made a motion to approve the July 8, 2010 minutes. Roland Benson seconded the motion. **Motion passed.**

AGENDA ITEM D DIRECTOR'S REPORT

The U.S. House and Senate finished their work on a continuing resolution to fund the government through December 3, 2010. Passage of the resolution avoided a government shutdown when the federal fiscal year ended at midnight on September 30, 2010. The final bill provides funding at a rate that is \$8.2 billion below the FY2010 level.

With the House and Senate adjourning, several major pieces of legislation remain in flux. Both houses will reconvene the week of November 15, 2010, before breaking again for Thanksgiving. Bills at the top of Congress's to-do list include the Department of Defense authorization bill, child nutrition and food safety legislation, current exchange-rate legislation, Federal Aviation Administration and NASA reauthorizations, extensions of expiring tax provisions and unemployment insurance.

Consensus on the FY2011 budget will be difficult. There is considerable pressure to reduce spending on government programs and President Obama proposed a freeze on most domestic discretionary spending for FY2011 at \$1.128 trillion. Congressional politics will likely bring this proposed freeze to a lower level.

Prior to the House adjournment, the chamber adopted the American Manufacturing Efficiency and Retraining Investment Collaboration Act (AMERICA Works). The bill amends the Workforce Investment Act of 1998 to require statewide and local adult and youth employment and training programs and one-stop service delivery systems to give priority approval to programs that provide a national industry-recognized and portable credential, certificate or degree. The bill also amends the Carl D. Perkins Career and Technical Education Act to follow the same priority of certifications.

The Small Business Jobs Act of 2010 was signed. It creates a \$30 billion small-business lending fund and appropriates \$1.5 billion in formula funds to help capitalize eligible state capital access programs for businesses, among other provisions.

DOL will be watching a bill passed by the U.S. House to establish a new job-training program for veterans. The Military Transition Program (MTP) creates a five-year pilot program providing financial support to businesses to train unemployed or underemployed veterans not otherwise qualified for training programs.

The MTP which is administered by the Department of Labor in coordination with the Department of Veterans' Affairs will defray the costs of employment by providing up to 50 percent of a veteran's wages during training. This program is quite similar to the WIA OJT program.

The Congressional Budget Office (CBO) projects the unemployment rate will decline slowly, falling to 9.3 percent at the end of 2010 and 8.8 percent at the end of 2011. After that, the growth in employment will accelerate and the unemployment rate will decline more rapidly, reaching 5.1 percent at the end of 2014. The former director of CBO, Douglas W. Elmendorf, predicted recovery from the recession will continue to be very slow and warned of possible damaging effects a large deficit will have on the economy and on growth.

We received notice that we were one of 30 WIA programs selected for a program evaluation. The intent is to learn of the impact of WIA Services for participants on employment, earnings and other outcomes. The study will show whether the benefits vary by services provided. The results from the study will produce information for policy and decision makers to know what is working and for whom. The evaluation will take place over 18 months beginning in April 2011.

The sample size for South Dakota is approximately 1,300 individuals with approximately 84 percent receiving access to full WIA services (core-intensive-training). Social Policy Research, the contractor for the evaluation, will be providing training for our local offices on how this research will be conducted this winter and the research team may be at our next WDC meeting.

Our Trade Act program was reviewed by the USDOL Regional Office. There were some findings we need to address, as well as some observations and identification of a couple of best practices. The findings included concerns on assessments for highly skilled participants, use of a better method to track eligibility data for Trade Readjustment Allowance (TRA), and procedures for extending waivers to training. We had taken steps prior to the review to use our National Career Readiness Certificate (NCRC) program as a tool for assessment and certification for all Trade Adjustment Assistance Act (TAA) participants. Discussions with the reviewer indicated this is a great tool to use. We will comply with the requested actions. The observations included a need to update our manual, provide additional outreach materials, improve our case management services, and better referrals to Adult and Education Literacy (AEL). Much of this is underway now. The reviewer also noted two best practices: DOL letter to TRA participants on extended benefits and our contact and follow up of all TAA participants.

We are slated for another federal review for data validation. We regularly conduct local reviews to validate the information provided by our participants concerning eligibility for the program. This will likely be an intense review with a team of six to seven federal staff spending a week in South Dakota. This will be

the first time we have had such a review. We have not had any training for this activity, just some guiding e-mails and documents to work from. So we will be considering this review as technical assistance to improve our eligibility and selection process.

I do not expect Workforce Investment Act (WIA) reauthorization to come about any time soon. I anticipate level funding at best with more special projects and grants from USDOL, which will likely divert some formula funds to these opportunities. Most likely we will have more scrutiny and additional reporting requirements. These will cause financial and staffing issues for a state with low funding.

Examples of grant activity are the South Dakota State Energy Sector Partnership (SDSESP) grant, the Department of Social Services Summer Youth project, and the recently announced YouthBuild.

We did quite well as a program over the past year. The Adult Education and Literacy program (AEL) worked with more than 5,000 people, with more than 3,000 counting for performance. Nearly 800 of these completed their GED with an 80 percent passing rate. The WIA program served nearly 3,000 youth, adults and dislocated workers. Our performance has been very respectable and helped to carry our region in performance.

The stimulus programs are winding down with all of the youth funds expended on wages for eligible participants, and the adult and dislocated programs completing the last of two-year training programs. The intent of the stimulus was to help the unemployed and to infuse dollars into the economy. This has been a time of raised expectations for Labor. We embarked on a “new normal.” The last year truly brought out the best in our delivery staff. DOL staff stepped up and met the challenge.

AGENDA ITEM E NEW BUSINESS

AGENDA ITEM E1 DAKOTA SEEDS

Ann Gesick-Johnson, Department of Tourism and State Development, provided information on three businesses applying for funding through Dakota Seeds for internships and assistantships.

Prairie Scientific Innovations, Inc. in Sioux Falls conducts biotechnology research on antimicrobial coatings to help limit the spread of infectious disease. The doctoral student will be assisting with this research. Dakota Roots recommends funding the assistantship at \$10,000.

The Post in Sioux Falls is an online magazine that covers events in the state. The student would work to market the publication to increase their online

leadership. Dakota Seeds recommended denying funding because simply being web-based does not make it an eligible company.

UltiMed in DeSmet manufactures insulin syringes and pen needles. They are installing new equipment to automate their packaging. They are looking for an engineering student who will assist with the installation and the documentation for the new equipment. Dakota Seeds recommends funding the internship at \$2,000.

Paul Gough made a motion to approve the recommendations. Tom Bohnet seconded the motion. **Motion passed.**

AGENDA ITEM E2 VOLUNTEERS TO READ WIA AWARD NOMINATIONS

Bill Molseed asked for volunteers to read the nominations for the WIA awards which will be presented at the January 6, 2011 meeting. Randy Hanson and Tom Bohnet volunteered to read the nominations. Bill McEntaffer will contact Randy and Tom to discuss the process.

AGENDA ITEM E3 YOUTHBUILD

Bill Molseed provided information on a grant opportunity recently announced by the USDOL called YouthBuild. The grant opportunity is for \$132 million and is composed of two parts. The first \$30 million is reserved for unsuccessful candidates from the 2009 round of YouthBuild and will be open and available for immediate award, shortly after the review panel receives the applications. The grant has a closing date of December 3, 2010. The second component of the grant is for new applicants.

Black Hills Special Services Cooperative /Career Learning Center of the Black Hills was an unsuccessful applicant during the 2009 round of Youth Build and would like the Council's support in their application for the grant.

The YouthBuild grant will award between \$700,000 and \$1.1 million to successful candidates. The grant will be used to work with disadvantaged youth between the ages of 16 and 24. It combines an education academic track with an occupational track in the construction trades. It is looking for a strong connectivity and partnership with the state workforce agency along with the local workforce investment board. DOL is the state workforce agency and the WDC is the local investment board. The grant is also looking for a strong connectivity with two-year institutions like South Dakota's technical institutes. The grant asks for a 25 percent match-in-kind or a cash match. A very strong component of leveraging funds is for materials for home building projects to provide housing for low income individuals.

D. J. Mertens made a motion to support the efforts of Black Hills Special Service Cooperative / Career Learning Center of the Black Hills to apply for the grant. Helen Wegner seconded the motion. **Motion passed.**

AGENDA ITEM E4 UNEMPLOYMENT INSURANCE UPDATE

Don Kattke, DOL Unemployment Insurance director, presented a PowerPoint on unemployment insurance (UI). The PowerPoint showed where UI has been the last few years, the action taken in the 2010 legislative session and the direction UI is headed financially over the next 12 to 18 months.

The first chart showed trends in the weekly UI payments for three years. Weekly payments during 2007-2008 were fairly normal. Weekly payment for 2008-2009 nearly tripled after the recession hit and weekly payments for 2009-2010 started out high but showed a downward trend toward the end of the year.

The next two slides showed unemployment insurance statistics. They compared UI claimants, state claimants, amount of benefits paid, and state benefits paid during two different weeks over a three-year period. They also compared the trust fund balance over a three-year period.

The next slide showed the financial status of the state Unemployment Insurance Trust Fund during 2009. The trust fund decreased each quarter until it became insolvent in the fourth quarter.

The insolvency of the trust fund caused all employers in the state to face a surcharge. The surcharge was in addition to the tax they would normally pay. With this in mind, a bill was brought to legislature, SB186.

SB186 passed into law and implemented a new tax rate table, increased the wage base and reduced the employer surcharge. This law was retroactive to January 2010. This same information is found on our website on the Employer Updates page of the UI Section.

Another successful bill, HB1018, expanded benefit eligibility for workers attending DOL-approved or DOL-funded training. Effective July 1, 2010, this bill also made South Dakota eligible for \$11.7 million in federal stimulus money for the UI Trust Fund. Currently, the UI Division is establishing policy concerning eligibility for the additional benefit.

The last slide showed the state Unemployment Trust Fund projections for 2010 and 2011, as of September 29, 2010. The trust fund had a negative balance of \$24 million during the first quarter of 2010. The \$24 million was repaid in the second quarter and the trust fund received \$11.9 million in

stimulus funds which brought the trust fund positive again. The projection for the end of 2010 and 2011 is that the balance will remain positive.

AGENDA ITEM E5 NCRC SOFTSKILLS

Scott Kwasniewski, DOL Program Specialist, provided some background information on the National Career Readiness Certificate (NCRC) and presented a PowerPoint on the “soft skills” curriculum available through KeyTrain®.

The NCRC is a nationally recognized certificate that demonstrates to employers that an employee has the basic skills needed to perform a job. The NCRC has three components: Reading for Information, Applied Math and Locating Information. The NCRC has been offered to job seekers for more than a year.

Many South Dakota employers are listing jobs with the NCRC preferred and Molded Fiberglass in Aberdeen is profiling jobs and listing jobs with the NCRC as a requirement.

The first step in receiving the NCRC is to take the KeyTrain pretest. The pretest gives providers an idea of an individual’s skill level. If it is determined the individual needs additional training they are enrolled in skill development using KeyTrain to prepare them to take the WorkKeys assessments and receive their NCRC certificate.

In addition to the Reading for Information, Applied Math and Locating Information curriculum, KeyTrain also has a “soft skills” package available. The “soft skills” package is broken down into five skill areas:

- Work Habits
- Communication Skills
- Workplace Effectiveness
- Business Etiquette
- The Job Search

The five “soft skill” areas are further broken down with assignments located at the student portal. The student portal lists all components available for study, the assignments for each components and an individual’s progress in each component. Once an individual has completed the required assignments for a section of “soft skills” they can print out a certificate of completion for that section. KeyTrain also has a career skills summary checklist, a career skills detailed checklist, and a career skills report.

For additional information on the NCRC and KeyTrain “soft skills,” you can contact Steve Almeida in Rapid City, Scott Kwasniewski in Brookings or Andy Szilvasi in Pierre.

AGENDA ITEM E6 BOARD OF REGENTS UPDATE

Paul Gough provided an update from the Board of Regents (BOR). A report of degrees conferred by public universities from FY06 through FY10 was part of the packet mailed prior to the meeting. The report is broken down by degree level:

- Associate degrees (yellow pages)
- Baccalaureate degrees (white pages)
- Graduate and professional degrees (green pages)

Additional information about graduates is available (contact Paul). The report provides the phone numbers of the university career centers. The career centers assist employers who are seeking interns and employees.

The degrees conferred can be viewed at:

<http://www.sdbor.edu/services/policyplanning/DegreesConferred.htm>.

The Board of Regents Workforce Update was included in the materials sent prior to the meeting. The report included two BOR press releases.

The first press release, *Public Universities Have Nearly \$2 Billion Economic Impact*, notes that a new report shows that the six universities in South Dakota generate about \$1.97 billion a year from a state investment of \$176 million. The complete news release can be viewed at:

<http://www.sdbor.edu/mediapubs/pressreleases/documents/092010Impact.pdf>

The second news release, *Public Universities Engage in Record levels of Research*, reports that total research awards to the six public universities in South Dakota exceeded \$154 million in the fiscal year ended June 30, 2010. FY10 was a record setting year for research support in the higher education system. The news release can be viewed at:

<http://www.sdbor.edu/mediapubs/pressreleases/documents/081010Research.pdf>

New degrees and delivery sites approved in August included:

- New Program: University of South Dakota Minor in Health Sciences. The minor will assist students interested in health-related careers. USD Health Sciences: <http://www.usd.edu/health-sciences-major/index.cfm>.
- Internet delivery: Dakota State University, B.B.A in Marketing
- Internet delivery: Dakota State University, Minor in Sociology
DSU online programs: <http://www.dsu.edu/disted/program.aspx>.

AGENDA ITEM E7 YANKTON RURAL AHEC

Sandy Viau-Williams, Yankton Rural Area Health Education Center (AHEC) presented a PowerPoint. AHEC was developed by Congress in 1971 to recruit, train and retrain a health professions workforce committed to underserved populations. The state of South Dakota, with the exception of parts of Minnehaha and Pennington counties, is considered rural and medically underserved according to Health and Human Services. Therefore, AHEC was developed to serve most of the people of South Dakota.

AHEC brings academic medicine resources to address local community needs. Emphasizing community-based training, AHEC brings students into rural areas, giving them an idea of what it is like to work in rural areas. AHEC also partners with the South Dakota Office of Rural Health, the Department of Labor and the Department of Health to provide the Health Career Workforce Center which raises awareness in elementary and secondary schools allowing teachers to integrate the healthcare field into their curriculum.

AHEC is multi-disciplinary but its emphasis is on family medicine, internal medicine, geriatrics, obstetrics/gynecology, nursing, dentistry, public health and other allied health fields. AHEC is trying to raise awareness of the rewarding and fulfilling careers available in rural areas for medical students.

AHEC works with communities to help them realize that without healthcare the economic stability of their area can be jeopardized. They work with planning districts because a viable vibrant healthcare workforce is needed in the local communities. They also work with local and community governments to reach out to the healthcare students and make them feel so welcome they want to return to the community.

AHEC is a federally funded program. It requires a dollar-for-dollar match of non-federal funds. It can be taxed or leveraged. The medical school makes the application for the grant and works with AHEC sectors such as the Yankton Rural Center to get the work done. No more than 25 percent of the funds can stay in the medical school. Therefore, 75 percent of the funds must be contracted through the centers throughout the state to do the work.

This year starting September 1, 2010 for fiscal year 2011, the medical school received a grant for more than \$1 million to promote health careers to K through 12 students, to work with post-secondary college students to focus on health careers and to provide continuing education to health professionals already out in the field.

Currently, the Yankton Rural Area Health Education Center is the only center in the state. By the end of this fiscal year another center will be open.

AHEC has brought money into South Dakota. They have hired two full-time employees and will be hiring another individual. They are new positions and have put people to work.

AGENDA ITEM E8 USDOL OFFICE OF APPRENTICESHIP

John Bolger, USDOL Office of Apprenticeship, introduced himself and provided information on the apprenticeship program.

AGENDA ITEM F ADJOURNMENT

The next meeting is scheduled for January 6, 2011. It is scheduled to be held in Kneip Conference Room # 3 in Pierre.

Tom Bohnet made a motion to adjourn the meeting at 11:30 a.m. Helen Wegner seconded the motion. **Motion passed.**