

Executive Committee Meeting

Monday, June 4, 2007

Rock County Job Center
1900 Center Avenue, Janesville, WI

MINUTES

The SWWDB Executive Committee met on Monday, June 4, 2007 at the location above. Attendance was as follows:

Members Present:	Mr. Scott Stocker, Chairperson	Mr. Tom Larsen
	Mr. James Finley	Mr. Steve Scaccia
	Ms. Margery Tibbetts	
Members Excused:	Ms. Ann Greenheck	
Guests Present:	Ms. Jennifer Griffith	Ms. Cheryl Welch
Staff Present:	Dr. Robert T. Borremans	Ms. Mary Kay Runde
	Ms. Amy Charles	Ms. Barb Tucker
	Ms. Annette Meudt	

Mr. Stocker called the meeting to order at 3:00 p.m., noting that Ms. Tibbetts would be arriving late.

1. Adjourn to Closed Session

Motion by Mr. Finley, second by Ms. Scaccia to adjourn to closed session pursuant to Wis. Stats. 19.85 (1)(b)(c) for the purpose of considering employment, promotion, compensation or performance evaluation data of any public employee over which the committee has jurisdiction or exercises responsibility. **Motion carried unanimously.** The committee adjourned to closed session at 3:02 p.m. with Ms. Jennifer Griffith present. Ms. Tibbetts arrived approximately 30 minutes into the closed session.

2. Reconvene in Open Session

Motion by Mr. Finley, second by Ms. Scaccia to reconvene in open session at approximately 3:45 p.m. **Motion carried unanimously.**

3. Creation of Organization to Operate WIA Programs

Mr. Stocker offered that SWWDB needs to explore other options to the same traditional program operators in the face of declining budget resources.

Dr. Borremans introduced Ms. Cheryl Welch, Executive Administrator, Fox Valley Workforce Development Board (FVWDB). FVWDB created Workforce Economics, Inc. (WE) about three years ago, as a separate 501(c)(3) entity, to deliver WIA services. She referenced Enclosures 1 and 2, noting that the organizational chart (Enclosure 1) has changed slightly. Originally, all FVWDB staff, including herself, were employees of Workforce Economics. There is now consideration to move her position back under the authority of FVWDB.

Ms. Welch shared with the committee and the staff the reasons for creating the Workforce Economics versus staying with the contracting out to program operators. The primary reason was declining WIA resources, increasing program operator costs and effectiveness of service

delivery. She noted that program operator administrative and overhead costs, increases management costs overall and decreases resources available to serve clients. Ms. Welch offered that the efficiency is in having only one overhead cost – not the overhead costs of all the contractors. Regardless of whether it is called overhead costs, administration fees or indirect costs the rate could be as high 25-37% for some of the contractors in her area.

Mr. Larsen asked how this structure met the conditions of the regulations that say that workforce board cannot operate programs. Ms. Welch said that WE is a completely separate organization with its own Board of Directors. The WE Board does include several members of the FVWDB, but FVWDB members represent less than half of the total number of board members. Therefore, the FVWDB does not control the decisions or activities of WE. The WE and FVWDB relationship has operated effectively for the past three years and there has not been any audit concerns or monitoring findings. She also noted that seven (7) of the workforce board have a similar type relationship for service delivery.

Ms. Welch also noted that she battled the mind-set of program operators, who had years of experience in the system, that they were entitled to a contract and failed to bring change or innovation to the program even if the Board directed changes. Mr. Scaccia commented on the structure of the WE and FVWDB. Ms. Welch clarified several of the positions and said that FVWDB takes care of the budget and administrative oversight. WE is responsible for delivery of services, accounts payable and making payments and all case management and Workforce Economics, which handles the accounts payables and all the case management.

Mr. Larsen asked about the sequence or timing of WE assuming program operations responsibility. He expressed concern with the handling of staff, specifically the case managers, during the transition time. Ms. Welch said that this was not too much of a problem because one of the big contractors used by FVWDB abruptly closed and ceased operating. Mr. Finley commented that there will be a “few bumps in the road” as we go forward, but that is to be expected. Dr. Borremans agreed saying that the shorter transition time would minimize service disruption.

Ms. Welch explained that the WDB must stay focused on a “strategic-based policy picture,” and not get involved in day-to-day operations or service delivery activities. In her situation, it is Workforce Economics that deals with program service decisions, personnel issues and performance outcomes. FVWDB is into the strategic planning and oversight issues. She said that FVWDB sees businesses as their major customer and the product of the services system is skilled job seekers.

Mr. Scaccia asked Ms. Welch if this structure is more effective and efficient (or cheaper) than what was previously used. Ms. Welch said yes and also offered that performance is up since Workforce Economics began. Additionally, when new activities are needed or changes are necessary, the “drive” or implementation time is much quicker.

4. Presentation of Options for Operating Programs

Dr. Borremans distributed handouts showing a draft of the system design which the Program Operation Committee (POC) asked the staff to prepare. The financial comparison of a new entity and the costs of the current program operators based on the recent Request For Proposal (RFP). Included was the estimated staff costs, management cost, and other costs for an estimated total contract amount. The estimated total contract for the SWWDB is \$405,897, for AFL-CIO is \$1,006,082 and for Job Service is \$488,572. Dr. Borremans, however, noted that the AFL-CIO figure was inflated by the way the RFP was written and the desire of the AFL-

CIO to ensure full service delivery at both the Comprehensive Job Center (CJC) and the Access Points of Service (APS). He indicated that the AFL-CIO had expressed a willingness to negotiate on costs. Based on the PY 2007-08 Allocation to Program Operators of \$373,559 plus the Carryover Funds of \$71,000 for a Total Available to Program Operators of \$444,559.

Also presented were the estimated numbers of Full-Time Employees (FTE) staff under each scenario. The SWWDB numbers were based on their service design scenario, while the AFL-CIO and Job Service staff numbers were taken from the proposal. The total FTEs under the SWWDB service strategy is 7.2, the AFL-CIO/LETC program design totaled 14.0 FTEs and the Job Service proposal was 6.1 FTEs.

Mr. Scaccia asked for clarification on the "other costs" on the first handout. Ms. Meudt replied that the other costs is listed as office supplies, postage, phones, travel, equipment leases, building rent, staff training, and equipment repair. Current providers also incorporate a good deal of administration costs in this category.

Dr. Borremans said that the SWWDB scenario tried to address the full scope of service delivery and ensure that full-time services are provided through the CJC and APS locations. Ms. Welch offered that based on tracking of activities and services at the Job Centers in her seven (7) county area she has seen services decline. She noted that last year there were 104,000 visits to Job Centers compared to 112,000 visits the previous year or 8,000 less visits.

Dr. Borremans addressed the complications of trying to sort through the Job Service proposal because Job Service staff are distributed across WIA and Wagner-Peyser and their time is prorated to the different funding sources.

The information discussed will be presented to the Board for action at the June 13th meeting. The Board will be requested to either create a separate organization to operate programs and extend the current contracts until October 1st, or award contracts based on the RFP.

5. **Adjourn to Closed Session**

Motion by Ms. Tibbetts, second by Mr. Stocker to adjourn to closed session pursuant to Wis. Stats.19.85 (1)(b)(c) for the purpose of considering employment, promotion, compensation or performance evaluation data of any public employee over which the committee has jurisdiction or exercises responsibility. **Motion carried unanimously.** The committee adjourned to closed session at 5:03 p.m. with Dr. Borremans present.

6. **Reconvene in Open Session**

Motion by Ms. Tibbetts, second by Mr. Stocker to reconvened in open session at approximately 5:20 p.m. **Motion carried unanimously.** No further action was taken.

7. **Adjournment**

Motion by Ms. Tibbetts, second by Mr. Stocker to adjourn at approximately 5:21 p.m. **Motion carried unanimously.**