

# Southwest Wisconsin Workforce Development Board Meeting

January 13, 2010

Meeting Minutes

The Southwest Wisconsin Workforce Development Board met on Wednesday, January 13, 2010, at the Folklore Village in Dodgeville. Attendance was as follows:

**Members Present:**

Mr. Scott Stocker, Chairperson	Mr. Tom Larsen
Dr. Gary Albrecht	Ms. Suzanne Lee
Ms. Amy Banicki	Mr. Troy Marx
Mr. Art Carter	Mr. Walter Orzechowski
Mr. Ivan Collins	Mr. James Otterstein
Mr. James Finley	Mr. Bruce Palzkill
Mr. Rich Gruber	Mr. Steve Scaccia
Ms. Cindy Harrington	Mr. Tom Schraeder
Mr. Randy Jacquet	Mr. Frank Thomas
Ms. Jennifer James-Baker	Mr. Larry Ward
Dr. Karen Knox	

**Members Excused:**

Mr. Charles Elliott	Ms. Ann Lutz
Ms. Carmen Granados	Mr. Terry Martin
Ms. Ann Hore	Ms. Regina Prude
Ms. Stacy Kammes	Ms. Shari Schaff
Mr. Neil Kirschbaum	Ms. Margery Tibbetts

**Staff Present:**

Dr. Robert Borremans	Ms. Kathy Kessler
Ms. Mary Fanning-Penny	Ms. Annette Meudt
Mr. Eric Kuznacic	

**Other Guests:** Ms. Amy Charles

**1. Welcome; Call to Order; Introduction of New Board Members and Guests**

Mr. Stocker welcomed everyone and called the meeting to order at 4:10 p.m. Mr. Stocker introduced and welcomed new Board member, Mr. Collins who will be the union representative replacing retired Board member Mr. Geoff Upperton. Mr. Stocker also introduced Mr. Mark Burwell from E-Hub and Mr. David Odahl and Ms. Nicole Riley from Wegner LLP.

**2. Approval of Minutes of SWWDB Meeting**

Minutes of the SWWDB meeting held on September 9, 2009 were presented for approval. Motion by Mr. Gruber, second by Mr. Marx to approve the minutes of the September 9, 2009 meeting. **Motion carried unanimously.**

**3. Financial Report**

Ms. Meudt reviewed the financial statements and began by stating that the SWWDB budget is at an all time high with a total of \$9.4 million. Tuition and training represents almost half of the budget. Ms. Meudt added that areas to watch are training and supportive services where more funds are always needed. Most of the leased contract employees have been continued for 2010 with a couple of

additions.

The financial statements were presented to the Board for approval. Motion by Ms. Harrington, second by Mr. Otterstein to approve the financial report. **Motion carried unanimously.**

**4. Presentation of E-Hub (Entrepreneur Hub)**

Mr. Kuznacic, Employer Services Manager at SWWDB, gave a brief overview of E-Hub and introduced Mark Burwell Executive Director of E-Hub. Mr. Kuznacic has been working with Mr. Burwell and the Small Business Development Center (SBDC) at UW Whitewater to bring the E-Hub program to Rock County. He explained that E-Hub training would be held in Rock County in February/March and April/May in both Janesville and Beloit. He added that they have been meeting with various Rock County business leaders, Chamber of Commerce executives, and downtown development associations to build the local support network needed to sustain entrepreneurial development.

Mr. Burwell outlined the E-Hub program by saying that he met with Reggie White in 2002 and was asked to put together a small business development program that the Urban Hope foundation could use as a model. The model was implemented four years ago and has been working very well in the Green Bay area and in Ohio. Mr. Burwell explained that some of the people becoming involved in entrepreneurial training are from the government sector as well as dislocated workers. E-Hub teaches business ethics, leadership and social values as well as how to establish a peer-to-peer network to develop true empowerment and self-reliance.

Dr. Borremans added that he is excited about the E-Hub program and stated that it seems to make sense for our area. He stated that a strategy for entrepreneurship is being promoted throughout southwest Wisconsin. Entrepreneurship is a fundable activity through ARRA.

**5. Approval of the 2008-09 Audit Report**

Mr. Odahl explained that he has been the auditor for SWWDB for the last five (5) years. Ms. Riley joined the audit team last year and will be the senior auditor for SWWDB going forward. He said that Wegner conducts audits for five (5) other workforce boards in the state of Wisconsin. Mr. Odahl stated that SWWDB “gets it” and believes that the organization does a “great job” managing its financial affairs.

Ms. Riley explained that there were no audit adjustments. She added that according to the financial statements, there were large increases in both spending and funding. Ms. Riley stated that there were no findings of non compliance and no unallowed costs. She stated that Wegner was issuing an unqualified opinion.

Ms. Riley outlined the audit process as indentifying the documents to be sure that they support the numbers as well as reviewing compliance with the grants. During the course of the audit process, the auditors spoke with Dr. Borremans, Ms. Meudt, Ms. Katie Gerhards (Smith) and conducted a conference call with the Ad Hoc Audit Committee as part of the audit process.

Mr. Odahl highlighted the finding that was included in the audit. He explained that the finding relates to the financial statement review by a third party. Although this is the second year that this finding has appeared in the audit, it is not considered significant or that there are serious deficiencies in SWWDB operations.

Dr. Borremans explained his concern regarding the finding. He believed that the issue was resolved last year when SWWDB decided to have Ms. Meudt prepare the annual financial statements. Now that does

not appear adequate and the finding indicates that the financial statements should be reviewed by a third-party CPA which will be an additional expense. As an alternative, SWWDB has proposed that Ms. Meudt continue to prepare the financial statements and then have the statements reviewed by a CPA from one of the other workforce boards.

Dr. Borremans said that once approved by the Board copies of the 2008-2009 Audit report will be forwarded to DWD in compliance with federal regulations.

Motion by Dr. Knox, second by Mr. Finley to approve the 2008-09 Audit report. **Motion carried unanimously.**

**6. Presentation of Rock County 5.0**

Mr. Otterstein provided an overview of the new economic initiative called Rock County 5.0. The title Rock County 5.0 was chosen because there are five partners, 5 strategies and a 5 year plan for implementation. This program is a true collaboration between the public and private sectors with a goal to raise \$1,000,000 for economic development activities in Rock County. The program boasts new implementation tactics, new targets, new leadership, new commitments and new funding. The program will focus on “stopping the bleeding and negativity” and deliver a consistent value added message about Rock County.

**7. Unfinished Business**

None

**8. Consent Agenda**

**A. Confirmation of Eligible Training Provider Applications**

The ETP Ad Hoc Committee met on November 20, 2009 to review the ETP applications received. The board granted authority to the Ad Hoc committee to approve or deny ETP requests, on behalf of the board, subject to confirmation by the full board at its next regularly scheduled meeting.

The Board confirmed approval of the following programs:

- Medical Billing & Coding – Certificate program at Rock Valley College
- Certified Nursing Assistant – Certificate program at Highland Community College
- Clinical Laboratory Technician – Associate degree program at Blackhawk Technical College
- Heating and Air Conditioning – Technical diploma program at NICC
- Human Resources Associate of Applied Science – Associate degree program at Blackhawk Technical College
- Associate of Arts and Sciences Degree with Emphasis in Psychology, Business, Pre-Nursing, Pre-Engineering – Associate degree program at UW-Richland County

The Board confirmed denial of the following programs:

- Individualized Technical Studies – Associate degree program at Blackhawk Technical College
- Medical Office Assistant – 425 contact hour certificate program at Penn Foster
- Small Engine Repair – 280 contact hour career diploma program at Penn Foster

**B. Approval of FY 2009-10 Budget Modifications**

The following modification will increase the SWWDB total 2009-10 budget from \$9,204,076 to

\$9,415,193:

- ❑ \$30,144 – State Special Response (SSR) additional funds to expand the target group including Hufcor and Amtec
- ❑ \$1,480,853 – Additional National Emergency Grant (NEG) Funds to assist auto-related dislocated workers
- ❑ \$14,883 – American Recovery and Reinvestment Act (ARRA) for the Energy Advocate Grant
- ❑ \$ 8,000 – American Recovery and Reinvestment Act (ARRA) for the Invasive Species Grant
- ❑ \$146,348 – State Special Response (SSR) Funds to serve laid off workers from Woodbridge, Rockwell Industries and Chromalox
- ❑ \$107,939 – WIRED Contract to deliver the Manufacturing Skill Standards Certification (MSSC) Program

Motion by Mr. Ward, second by Dr. Knox to approve the consent agenda. **Motion carried unanimously.**

**9. Committee Reports**

None.

**10. New Business**

**A. WIA and ARRA Fund Distribution Error**

Dr. Borremans stated that due to an inquiry made from another workforce board, DWD conducted an investigation about concerns that the WIA allocation has been miscalculated. The investigation concluded that an error had occurred and several regions had received a higher allocation amount than they were entitled to while other areas were shorted funds. The errors totaled \$5.5 million. To resolve the problem, DWD allowed the regions that received extra funding to retain the extra funds while regions that were shorted would be made whole. The funding for this will come from the Governor's discretionary fund. Dr. Borremans added that SWWDB was underpaid will receive \$105,913. He further stated that when the corrected formula is applied to next year's allocations, SWWDB should receive a higher allocation amount.

**B. DWD ARRA Monitoring Report**

Dr. Borremans stated that the state monitored the Summer Youth Program in July with plans to come at a later date to monitor the adult and dislocated worker programs. Overall, the report is good, with one exception. Dr. Borremans indicated that there was one "finding" which involved a youth who turned 18 while enrolled in the program and failed to register for the selective service. WIA regulations state that when required a young man must register for the selective service before they are allowed to receive WIA services. DWD has ruled that because the person did not register for the selective service he was ineligible for WIA/ARRA services and all costs associated with the person are disallowed. SWWDB officially challenged this "finding" but DWD has denied the appeal. The disallowed cost total is \$1,900. SWWDB's contract makes the program operator (CESA 2) responsible for paying the disallowed cost.

**C. Summer Youth Employment Outcomes**

Dr. Borremans stated that he feels that the Summer Youth Program was a well managed and successful program that served the intent of the act. He stated that each board member is being provided a copy of a booklet published by SWWDB that detail the summer youth experiences, relationships formed, success stories and activities. This booklet was shared with the congressional delegation Department of Labor representatives and DWD officials. He said that

Congressman Ron Kind called, after receiving the booklet, to talk about extending funding for the Summer Youth Program in the next jobs bill.

Dr. Borremans added that Congress has passed a jobs bill that includes a component that will provide funds for the Summer Youth Program. The bill is still awaiting action by the Senate. SWWDB is anticipating approval and has begun planning for next summer.

**D. Update on 35% Policy Guidelines**

Dr. Borremans stated the DWD has issued new rules requiring that 35% of WIA allocation funds be spent on training. This is a significant change from the old rule that required 35% of the WIA allocation be used for training in “high wage” occupations. This is a significant change and an improvement over the restrictive “high wage” requirement.

**E. Update on Funding and Service Activities**

Dr. Borremans discussed the pace of the spending since the September Board meeting. In 2006-07, 1,309 people were served in all of the WIA programs along with the Trade Adjustment Act (TAA). So far this year, which includes clients enrolled in second semester training, SWWDB has served 3,704. Dr. Borremans added that it is a credit to the program operators that they are able to respond to the needs of the population with the large increase in numbers and tight budget.

The current budget is \$3,198,000. Through December 2009, \$2,833,453 has been spent. Adult training funds are nearly depleted, with approximately \$110,000 available under the dislocated worker allocation, \$170,000 available in Special Rapid Response (SRR) and \$160,000 in National Emergency Grant (NEG). Opportunities exist to move people from the regular dislocated worker allocation to SRR funding if the person worked for one of the seven companies that currently fall under the SRR funding.

Dr. Borremans said that the high expenditure rate is caused by several factors. Issues include overwhelming numbers of people to serve who are staying in training longer. In the past, as soon as there were more jobs available, people would leave training and go to work, but because there are no jobs available individuals are staying in training longer. Dr. Borremans stated that people are beginning to realize that they may need additional training and they are taking this opportunity to look at a career that meets their needs and interests.

Dr. Borremans said the waiting list, started in October, had reached 182 dislocated workers and approximately 50 adults. Some participants have enrolled in training through the \$1 million Career and Technical Education (CATE) grant that BTC received; dropping the waiting list to about 140 individuals.

Dr. Borremans said that funding for the current year is adequate but there are concerns about the upcoming year. He noted that the NEG will continue for one more year, although most of the funds have been used. SRR funding which is needs based and accessed through an application to the Department of Workforce Development is triggered by a large layoff. The stimulus dollars were a one-time award of \$1.4 million and will no longer be available. The only reliable funding source is the WIA allocation. This year the WIA allocation was approximately \$1.6 million, with about \$900,000 available to dislocated workers and \$450,000 of that available for training.

Dr. Borremans stated that looking to next year it is projected that 306 people currently enrolled in training will carry over into the next school year, 272 will continue into the Spring semester 2011

and 126 will continue into the Fall semester 2011. The current policy SWWDB provides up to \$2,000 per semester for training. Using these figures it is estimated that \$ 612,000 will be needed to retain the 306 clients in training next school year. Unless additional funding is obtained, going into next year, SWWDB will have more people enrolled in training than resources available to cover the expenses and SWWDB will be forced into suspending people in training.

Wisconsin has a lower unemployment rate compared to the U.S. which based on the formula driven nature of WIA funding makes Wisconsin less needy. This means that Wisconsin could see a lower WIA allocation next year which in turn means that SWWDB could see a lower allocation. While efforts are underway by DWD to obtain more funding there are no guarantees of more money. SWWDB should hear what its allocation will be in May. The program year begins July 1st, making it difficult to commit to new individuals. Dr. Borremans discussed that perhaps the amount per individual should be lowered to \$1,500 or \$1,250 per semester. Due to the rescheduling of the December Board meeting, administration has implemented the \$1,250 per semester limitation for the remainder of this year and first semester of the 2010 school year unless adequate funding is secured. SWWDB will consider hardship waivers of these new amounts on a case by case basis. Support service payments, such as mileage and child care, have also been suspended until additional funding is available.

Mr. Scaccia asked how many credits were required for an Associate degree. Dr. Knox replied 64-68, with a cost of \$6,400- \$8,000 needed to obtain an associate degree. Mr. Scaccia also inquired about Pell Grants. Dr. Borremans replied that SWWDB policy requires that any other form of financial aid pays first. Dr. Knox said it has become more difficult to obtain Pell grants with lengthy application and approval processes that often delay an award decision until after the start of the semester.

Dr. Borremans added that participants are being put on the waiting list for training but other services of the Job Center remain open and available on a walk in basis.

**F. Annual WIA Program Performance Report for Program Year 2008**

Dr. Borremans stated that SWWDB's performance for the 2008 program year met or exceeded every one of the 15 federally mandated performance criteria. That performance exceeded his expectations. It will be difficult to achieve these performance outcomes next year due to the lack of jobs and the fact that the jobs will have lower wage rates – gone are most of the \$25-\$30 per hour manufacturing jobs that helped SWWDB achieve an earnings gain. Dr. Borremans added that unemployment in Rock County is above the national average, the only area in Wisconsin with a double digit unemployment rate and is 1.5 points higher than the state's second highest unemployment area.

**G. Skills Jump Start Grant**

The Skills Jump Start Grant is a new program targeted to the technical colleges and is intended to provide individuals an opportunity to improve basic academic skills so they can successfully complete occupational training. Ms. Charles added that the award for this grant should be made beginning the week of January 18, 2010.

**H. Workforce Innovation in Regional Economic Development (WIRED) Update**

SWWDB has received two (2) small projects under the WIRED initiative – a Future Fields (dislocated farmer) project in collaboration with the Wisconsin Department of Agriculture and Consumer Protection and an advanced manufacturing grant with Southwest Wisconsin Technical

College. A team from Washington will be here to evaluate the WIRED program at the end of February. DOL has authorized the expenditure of the full \$5 million, but all activities will end in June 2010.

**11. Executive Director's Report**

Dr. Borremans announced that Amy Charles had accepted the position with Job Service as Regional Director replacing Bruce Palzkill and thanked her for her work with SWWDB. Until funding becomes clearer SWWDB will not refill the position but reassign duties to existing staff.

A copy of the latest Workforce Snapshot was distributed along with an invitation to the Wisconsin Workforce Development Association's (WWDA) Day at the Capitol event on February 11, 2010 and November 20, 2009 Kiplinger Letter.

Job Service will not bid on WIA services in the future and will focus their attentions on other activities. SWWDB will be developing an RFP to solicit program operators for next year. Mr. Palzkill thanked the Board for their consideration in the past, restating that Job Service needs to focus their attention in some different areas.

Dr. Borremans stated that the CORD group is working to have Dr. Ed Montgomery, a senior White House advisor on auto recovery issues, come to Rock County. The visit will likely occur the end of February or in March. More information will be provided when known.

**12. Chairperson's Report**

Mr. Stocker extended a personal thank you to Mr. Palzkill. He also expressed pride in Ms. Charles and wished her the best in her new position.

**13. Adjournment**

Mr. Stocker adjourned the meeting at 6:40PM and thanked everyone for attending. The next regularly scheduled Board Meeting will be Wednesday, March 10, 2010.