

**IOWA STATE WORKFORCE DEVELOPMENT
BOARD MEETING CONFERENCE CALL
November 19, 2015**

APPROVED MINUTES

The Iowa Workforce Development Board of Directors met Thursday, November 19, 2015, originating in the Boardroom of the Hawkeye Community College, Buchanan Hall, Workers Training Center, Room 121, and 1501 East Orange Road, Waterloo, Iowa 50704. Board Chair Andy Roberts called the meeting to order at 10:03 am.

Voting Board members in attendance included: Chair Andy Roberts, Robert Gilmore (via phone), John Krogman, Ken Sagar, Norene Mostkoff, and Dee Vanderhoef.

Non-Voting Board members attending: Drew Conrad, Steve Ovel, Jeremy Varner, Senator William Dotzler, Greg Lewis (via phone) and David Mitchell

Board members absent were: Stacey Anderson, Gary Steinke, Senator Jake Chapman, Rita Grimm, Representative Greg Forristall, Joe Greving, Suzanne Kmet, Representative Running-Marquardt, and Greer Session.

IWD staff in attendance included: Director Beth Townsend, Joe Bervid, Paul Mikkelsen, Ben Humphrey, Ronee Slagle, Ed Wallace, Courtney Greene, Dustin Brocka, Christi Mason, and Diana Sisler.

Guests in attendance included: Angie Arthur (via phone), Sue Foecke (via phone), Aaron Sauerbrei, and Srdjan Golub.

Roll call was taken and quorum was established for this meeting

Approval of the Meeting Agenda

Motion: N. Mostkoff moved to approved the November 2015 Agenda. K. Sagar second. **All Approved. None Opposed. Motion Approved.**

Approval of Meeting Minutes

Minutes from the August 20, 2015, State Workforce Board meeting were previously provided for review in the board packets.

Motion was entered with the notation of the following correction:

Robert Gilmore was listed as present and absent in the Draft meeting minutes for the August 20, 2015 meeting. Correction to the entry to reflect Robert Gilmore was present for the August 20, 2015 meeting

Motion: N. Mostkoff moved to approve the minutes with the above captioned correction for the August 20, 2015, State Workforce Board meeting. K. Sagar second. **All Approved. None Opposed. Motion Approved.**

Director's Report – Beth Townsend

Director Townsend announced new IWD Staff member Ted Schoonover as the Workforce Services Manager. His background includes his service in the Army as a Army Master Sargent, and he is the former County Auditor and May of Red Oak Iowa. Ted responsibilities will include, Promised Jobs, Veteran Services, Business Services, and the Trade Act and WIOA implantations.

Director Townsend participated in the interview process for the new Home Based Iowa (HBI) Director with IEDA. Jason Kemp was hired and is a retired Air Force service member. One of the main focuses Jason will have with HBI is to make contact with the military installations where there is a large reduction of force. Jason will be working closely with IWD to over haul the HBI website.

IWD has purchased ads in a USA Today publication that is specifically published for active and retired military members around the world. This publication will allow HBI to get its message out about the services in Iowa for military service members both active and retired.

IWD has also purchased ads in the program for the Army and Navy football game for HBI.

To provide better support to the HBI program IWD will support half of the cost of an administrative support person. The funding for the half time administrative support FTE will come from IWD P & I funding. This administrative support person would work with Jason to assist him with the ABI program as he travels across the state promoting HBI to assist with its marketing.

Director Townsend gave an update to the hiring of the COO position that had been left vacant by Mike Wilkinson's retirement.

Director Townsend and Ryan West conducted interviews over a course of a 3 day period and interviewed 12 candidates. After those interviews it was decided that the COO position was too large to be filled by any one candidate. It was determined it was unrealistic to be able to replace a position that held 37 years of experience. None of the candidates had any UI experience. It was decided the COO position would be withdrawn and reposted as 2 separate positions. A Public Service Executive Divisions Manager, who would oversee all of the regional offices and district mangers. The second position will be a Public Service Projects Manager. This position would oversee all IWD projects between the IT department and IWD business services. The posting of the 2 positions will be completed by the end of November.

Director Townsend announced a personnel change. Marlys Jones is no longer working for IWD located at 430 Grand offices. This position was posted and is currently processing applications to fill the vacancy. Jennifer Reha has been named interim manager.

Director Townsend has continued to travel across the state and visit regional offices. She recently attended regions 9 and region 14 board meetings. Director Townsend encouraged board members to attend future board meeting within their areas.

Director Townsend and Ed Wallace attended a series of meetings for STEM across the state. These meetings were designed to start in-depth conversations between educators and business in industry in the state of Iowa. All of these meetings centered on bringing these groups together to discuss on how to engaging kids a younger age about opening up the possibilities for the potential careers in Iowa. One of the biggest challenges the groups discussed is how to better engage at risk youth about the programs that are available to assist them onto career pathways in these areas in Iowa. In addition to this, David Mitchell with Vocational Rehabilitation has been reaching out to Vocational Rehabilitation staff who are assigned to all the public schools in the state to discuss the how his agency can become more involved with career pathways for students with disabilities within the STEM program. Director Townsend encouraged everyone on the board to participate in the STEM program and the upcoming meetings.

Dee Vanderhoef and Representative Dotzler discussed their continued support of these programs and similar programs like iJAG.

Director Townsend has contacted Gary Steinke who is the representative on the IWD State Board for the private colleges in the state of Iowa. Gary has engaged in conversations with Director Townsend concerning the better involvement of the private colleges from around the state. Also discussed with Gary, is how to reengage private college partners in STEM discussions. Director Townsend has also met with Marty Martin president of Drake University to address the same issues about STEM programs. These conversations are occurring to bring the private colleges back to the table for workforce issues and to open up a dialogue for additional involvement from this area of education providers. Director Townsend received a commitment from both of Gary and Marty starting in January 2016 that they would be sending a representative to the State Workforce Board Meetings.

Director Townsend and the Skilled Iowa Work Group held its second meeting. The group is evaluating the Skilled Iowa Metrics and the value of the National Career Readiness Certificate (NCRC) for both the employers and students. The program has continued to increase the number of NCRC tests throughout the state since the beginning of the program. The costs of the NCRC tests are increasing by 20% starting January 2016 and an additional 20% starting January 2017. The program will not be able to sustain the increase of costs after the two years. The work group is looking at any possible alternatives to NCRC testing or any alternative resources to pay for additional costs in the next 2 years. The work group is also working on how to provide better and more meaningful delivery of services to both employers and students.

State board members openly discussed the value and use of the current NCRC testing standards and the value of continuing the NCRC test program.

Director Townsend has the IWD budget presentation to Governor Branstad on November 30, 2015. The request will be for state appropriation funding to remain status quo.

Senator Bob Dvorsky and Representative Sally Stutsman visited the IWD office in Iowa City. They toured the offices and met with staff. It was a wonderful opportunity for them to see the good work the IWD staff is doing and to learn about the programs available in Iowa City area.

U. S. Representative David Young visited the Creston and Council Bluffs offices. U. S. Representative Young spent several hours at each office and visited with staff learning about programs. The Creston staff presented U. S. Representative Young with the success stories for individuals who participated in the programs.

20.21

Reed Act – Joe Bervid and Paul Mikkelsen

Paul Mikkelsen

The current unemployment insurance computer mainframe system was developed in 1973 is over 40 years old and needs to be replaced to assure the continued prompt and accurate payment of unemployment insurance benefits. A new administrative and payment software system is needed before the current system ceases to operate.

In order to fund the modernization project Paul recommends IWD to use Reed Act funds. Reed Act Funds are federal funds and requires state legislative approval to use.

Director Townsend and Paul are requesting to pay for this project using Reed Act Funds. Director Townsend is seeking the approval by the board to pursue the approval from the state legislation and move forward with the request for the funding and project.

Joe Bervid

IWD has an opportunity to joining the states of Idaho and Vermont in a joint and cooperative consortium to modify the current Idaho unemployment insurance administrative system, known as the Internet Unemployment System (iUS) so that their payment system can be utilized by IWD to upgrade and modernize its current UI payments system. The consortiums will provide programing already paid for by federal funding, which will be cost saving the state of Iowa. The systems and laws of the state are similar and compatible which will allow for a more rapid and efficient development of a UI payment processing operating system.

The projected costs to IWD over a 2 year period are approximately 4 Million dollars. The new iUS system is already in place and is being used in Idaho processing UI payments. The 4 Million dollars will be used to bring the system software to IWD and make the necessary changes to allow it to comply with Iowa laws and costs related to changes in the software programing to allow the new system to work with IWD equipment.

4 Million dollars is a considerable savings compared to the costs of having to develop and upgrade the UI payments system from scratch.

Director Townsend stated in comparison the state of Pennsylvania contracted with IBM to develop and design software payment system similar to what Idaho is using. Pennsylvania's initial costs were 80 Million dollars. After a year Pennsylvania requested another 80 Million dollars. Currently Pennsylvania has spent 180 Million dollars on the software payment upgrade and still do not have an operating system in place.

This is the best opportunity for IWD to get this project completed to have a working UI payment processing system in place before the IWD current system ceases to work.

Senator Dotzler gave his support for this project to better serve employers and all Iowans.

Director Townsend estimates the entire project time line to start in January 2016 and be completed *approximately* to be operational 18 to 24 months from January 2016.

Joe Bervid presented a resolution statement to the board for their support and adopting the resolution to the state legislation for the use of Reed Act Funding for the Idaho project moving forward with this funding request and this project. As follows:

***WHEREAS**, the current unemployment insurance computer mainframe system was developed in 1973, is 40 years old and needs to be replaced to assure the continued prompt and accurate payments of unemployment insurance benefits; and*

***WHEREAS**, the state of Iowa desires to join the states of Idaho and Vermont in a joint and cooperative consortium to modify the current Idaho unemployment insurance administrative system, known as the Internet Unemployment System (iUS), which costs \$7.2 million to develop, so that the system can be utilized by Iowa to pay benefits and administer the unemployment insurance system; and*

***WHEREAS**, utilizing the consortium will provide programming already paid for by the federal government saving the state of Iowa money, the systems and laws of the states are similar and compatible which will allow for a more rapid and efficient development of an unemployment insurance administrative operating system; and*

***WHEREAS**, the new software system to provide automated unemployment insurance benefit payments and administrative records will cost \$4 Million dollars over two years for programming and software for a new Iowa unemployment benefit system to be operational on January 1, 2018;*

***NOW THEREFORE**, Be It adopted and resolved by the Workforce Development Board:*

That the Governor, the Hon. Terry E. Branstad and the Iowa Legislature are encouraged to use any Reed Act funds which are available and other funding sources to allocate \$4 Million dollars over two years so that Iowa can join the consortium for the development of a new unemployment insurance software operating system for the prompt and accurate payment of unemployment benefits by the state of Iowa.

Motion: N. Mostkoff supporting and adopting the resolution to the state legislation for the use of Reed Act Funding for the Idaho project. **Motion seconded** by K. Sagar. Open for discussion. None. **All Approved. None Opposed. Motion Approved.**

Meeting breaks at 11:03 am

Resumed at 11:30 am

Misclassification Unit Update – Ben Humphrey

At the previous State Board Meeting the board had request an update on the Misclassification Unit.

The most recent news the IRS has made worker misclassification a priority. The Questionable Employment Tax Program (QETP) has been established to share tax information with state agencies that investigate worker misclassification. The Federal DOL has implemented a grant

program to help states to development a system to run queries to use the tax information. IWD applied for that grant and was awarded a \$500,000.

Ryan West, Gary Bateman, Carie O'Brien and Ben Humphrey have been meeting with vendors to explore IWD's options to use software to use the data the IRS is provides and run queries to identify questionable actives base on the query results.

The group is planning on having a decision on what options and vendors will be by the end of 2015. It is the goal to have a vender software application and system in place before spring of 2016.

The number of IWD employees dedicated to the Misclassification Unit fell from Fiscal Year 2011 through Fiscal Year 2015. This decrease is reflected by the average number of IWD employees dedicated to the Misclassification Unit from Fiscal Year 2010 through Fiscal Year 2015:

On July 1, 2015—the first day of Fiscal Year 2016—the Misclassification Unit consisted of one employee, a field auditor. Since then, IWD has hired two investigators, bringing the total number of Misclassification Unit members up to three. IWD will post an open field auditor position next week and expects to hire an individual for that position by year's end. Filling this position will give the Misclassification Unit four dedicated staff members: two investigators and two field auditors. It is the goal to have 4 FTE by January 1, 2016 dedicated to misclassification investigations.

Ben will begin to look at other states policies and procedures for misclassification investigations. He will see if Iowa can do a better job and be more efficient in its misclassification investigations. He will continue to work with the new software program to see if the results will also allow for IWD to streamline its misclassification investigation policies and procedures.

Ben has found a program the state of Colorado is using for its unemployment tax program for Colorado employers. Colorado offers an assessment program for a small fee to have investigators visit employers and review if they are classifying their employers correctly and make recommendations for any corrections. If IWD would adopt a similar program for Iowa employers there would be a need to change the administration code to include IWD director the discretion to wave any interest and penalties on a case by case base if an Iowa employer used the assessment program. Ben is working closely with the director to use the results of the misclassification investigations software to possibly develop a similar program for Iowa. Ben will continue to look at other states before moving forward formally with any new program.

Ben presented the IWD misclassification unit numbers. The Liability Determinations, Contributions went up. The Penalty and Interest numbers went down. The payments received went up. This is due to the Determinations some Settlements.

Senator Dotzler was encouraged with the current efforts IWD is taking to bring the misclassification unit back to strength. Senator Dotzler gave examples of Iowa employers who have acted improperly and how important that IWD continues in the right direction to catch employers who are using the system improperly and taken advantage of Iowans tax payer dollars.

Wal-Mart Foundation Grant – Ronee Slagle

Paul Mikkelsen gave a brief overview of the grant that was received from Wal-Mart in June 2014. IWD will now have utilized the grant that was given to the IWD Foundation. This presentation will update the board of the use of the grant and to present to the board the funds have been fully utilized.

Ronee presented the work and multifaceted collaboration with Wal-Mart Foundation, Hawkeye Community College, IWD and Iowa Works program. This program is designed to empower women to achieve economic independence through nontraditional careers.

Fully utilizing the Wal-Mart Foundation grant in the following ways:

- Cover the cost of bringing the Hawkeye Community College tracker trailer simulator along with a general instructor and assistance to each of Iowa's 15 Iowa WORKS offices.
- Time the simulator to be at an office during the week that the Six Step Workshops are in session to allow women in the PROMISE JOB program the opportunity to learn about non-traditional construction jobs and experience construction equipment operation through hands on simulation.
- Market the events and workshops to target all women within a community and offer the opportunity to experience the construction equipment operations simulator.

Hawkeye Community College will provide for transport of simulators tractor trailer, setup, operations and teardown. Instruction will be available to assist and answer questions about equipment simulator and programs.

Job Driven National Emergency Grant Update – Steve Ovel, Ed Wallace

Steve Ovel updated the board that IWD has been given an extension on the Job Driven National Emergency Grant (JDNEG) to 2017 for 6.2 Million dollars. There are some changes the DOL has allowed IWD to make with the grant. The focus of this grant is to move dislocated workers into apprenticeships programs. This is with an emphasis on returning veterans and the Home Based Iowa program (HBI). On November 30, 2015 the Regional Chicago DOL team will be visiting IWD. This will be to review this grant and others.

Sector Partnership National Emergency Grant Update Steve Ovel

Steve Ovel updated the board on the Sector Partnership National Emergency Grant (SPNEG). This grant was awarded to Iowa IWD for the Avian Flu Outbreak in June 2015 for 5.2 Million dollars. IWD was given approval to work with Iowa Central Community College in Fort Dodge and the 4 IWD Regional Boards in Northwest Iowa. This will allow IWD to better reach out to dislocated workers with training serves that have been effaced by the Avian Flu outbreak. IWD

is in the process of finalizing the contract for the SPNEG grant. IWD is requesting the approval from the DOL to expand the use the SPNEG grant from just the 11 effected counties to statewide services.

In addition, IWD is allowed to use this grant to develop a searchable data base for sector partnership across the state. IWD is working closing with Department of Education and Jeremy Varner to gather this information necessary to compete this.

Workforce Innovation and Opportunity Act (WIOA) – Steve Ovel

Steve provided the board with a hand out for the most current WIOA information. IWD WIOA work group posted the first draft of the WIOA Unified State Plan (USP) on the IWD website for stakeholder and public comment on October 7, 2015. The Comment period closed on November 11, 2015.

A summary of the review process to date is included in the hand out. The handout includes highlights from public comments recvied in response to the first draft. A Summary of points which have been substantially modified or edited since the posting of the first draft and an update on the sections which are to be completed prior to the posting of the second draft. The WIOA work group will be seeking the State Boards approval to incorporate the public comments into the second draft.

The second draft of the USP will be posed for an additional 30 day public comment period on November 30, 2016. The USP is a work in progress and will not be until late January 2016. The final plan is due to the USDOL on March 3, 2016. A tremendous amount of work has gone into the development of the draft USP by a large number of state and local core partners and education, economic development and workforce development stakeholders.

Motion: Ken Sagar; to acknowledge the receipt of the update of the USP and empowering the IWD WIOA implantation team to move forward to incorporate the first public comments into the second draft of the USP as appropriate. **Motion seconded** by D. Vanderhoef. Open for discussion. None. **All Approved. None Opposed. Motion Approved**

In response to Governor Branstads request to grandfather Iowa’s State workforce Development Board, on September 11, 2015 the U. S. Department of Labor (USDOL) requested a chronological timeline and descriptions of any changes to the State Boards membership or structure since it was grandfathered into the Workforce Innovation Act (WIA) from the Job Training Partnership act (JTPA) in 1998. This request has been completed and IWD is waiting for response from the USDOL regarding the request.

As of October 1, 2015 regions 3/ 4, 8 and 11 have asked for recertification of the WIOA compliant boards and have submitted nominations to fill their board vacancies. Region 16 requested to change their board structure to conform to the new WIOA board configuration requirements and submitted nominations to fill their board vacancies. Regions 1, 2, 5, 6, 7, 9, 10, 12, 13, 14 and 15 have formally requested grandfathering their non-compliant board’s structures forward and have submitted nominations to fill their board vacancies.

All of the local board nominations have been approved or are pending approval by the Governor. IWD is in receipt of the formal letter of request and documentation required for the local board certification process from all fifteen local CEO and RWIB board chairs that the RWIB's have been constituted according to the required WIOA procedures.

Senator Dotzler stated that he was contacted by Senator Tom Courtney and that he felt the board in Region 16 was not totally represented with correct information surrounding the WIOA actions that needed to take place for the WIOA Local Board Designation action. Senator Courtney stated to Senator Dotzler that it was not clear if all the labor representatives needed to be removed from the board. Ken Sagar also stated he was contacted by an individual from that area with the same concerns. Senator Dotzler asked if there was any means in which Region 16 could reassess their vote to move to the new WIOA board structure.

Ben Humphrey is going to research the issue and see what can be done to address the concerns that have been brought forward by Region 16. At which time the board can come back together and discuss the issues for Region 16.

Senator Dotzler made a recommendation to the State Board to move forward with the approval of the recertification requests for all the regional boards with the exception of Region 16 until their concerns can be addressed.

Motion: by K. Sager for the State Board accepts and approves the local board recertification requests received for 14 of the 15 regional boards with the exception of Region 16.

Motion seconded by J. Krogman. Open for discussion. Question from an attendee asking if it was mandatory for all the regional boards to adopt the WIOA structure now or will there be a compliance issue later on. It was answered that WIOA regulations do not require the local boards to move to the new WIOA structure now, but the U.S. DOL had indicated the strong possibility they will have to do so in the future. No more discussion.

All Approved. None Opposed. Motion Approved

The Local Area Designation for WIOA implementation in order for the State to received funds under WIOA, the Governor must designate local workforce development areas. The Governor is required to designate local workforce development areas within the State through consultation with the State Board and after consultation with chief elected officials and local boards, and after consideration of comments received through the public comment process. The Governor will approve a request for initial designation from any area that was designated as a local area for WIA for the two-year period preceding enactment of WIOA, performed successfully and sustained fiscal integrity.

IWD has determined 12 of the local areas had performed successfully for the approval of the Local Designation to take place. Three of the local areas that did not meet the performed successfully requirement in that they failed the same performance goal two years in a row. Those were regions 2, 5, and 11. In all those cases failure was attributable to a change in either management or the contracted service provider. They failed the same one, two years in a row. None of the three regions fail three years in a row. In researching FY 14 and the corrective actions taken by these three areas they have all now met the fiscal requirements for WIOA. IWD leadership recommends the State board approves the request for fifteen regions to designate their existing service delivery boundaries required for WIOA compliance, documenting the

improvement of the three local areas that failed FY 12 and FY 13 to the Governor for his consideration and approval.

Motion: by K. Sagar to approve the initial designation of the local area requests received by all fifteen local boards and submits those requests to the Governor for this consideration and approval. **Motion seconded** by J. Krogman. Open for discussion. None. **All Approved. None Opposed. Motion Approved**

State Level Memorandum of Understanding (MOU) for the state-level one-stop partners agreed to develop a MOU. The MOU will take place in two phases. The first phase focuses on one-stop system design and service delivery. The second phase will focus on resources-sharing. Phase one is nearly completed. It sets forth the framework for state-level collaboration in pursuit of attaining the goals and meeting the requirements set forth by WIOA and its implementing regulations. IWD anticipates the MOU will be finalized and signed by the end of November.

Most of the local boards have not been required to conduct an RFP process for their one-stop operators or adult, dislocated and youth career services providers for many years. WIOA requires that they are now to do so, on competitive bases. That means the existing one-stop operators and career services providers will not be allowed to participate in writing the RFP's nor conducting the review and evaluation of the proposals as they are likely to be bidders. The local boards are receiving training as discussed in previous meetings. IWD staff will provide technical assistance as requested. RFP templates and guidance documents will be completed by November 30, 2015.

There is a possibility that the State Board may have to take a request to legislators in the coming year on whether or not to ask for funding to allow for the hiring of dedicated support staff for the regional boards in order to allow them to successfully comply with the new RFP processes thru WIOA.

On September 9, 10 and 11, 2015 consultant Greg Newton conducted three days of training for IWD staff, State-level core partner staff and core partner teams from all fifteen local areas.

On October 29, 2015 IWD conducted a WIOA training conference attended by 180 state and local workforce development board members, local staff and statewide stakeholders.

Mary Ann Lawrence will be conducting day long training sessions for each of the fifteen local boards. Beginning on December 3, 201 and concluding on Jan 27, 2016.

There will need to be legislation introduced during the upcoming legislative session to update the Iowa statute regarding the duties for the state and local boards to conform to WIOA requirements. The current statutory language is outdated.

One of the WIOA implementation process is the requirement that states must be able to eventually provide U.S. DOL with an integrated report on the required performance metrics reflecting the clients served by all of the core partners. IWD is currently working on developing a "Profile" system that can be modified to accommodate the programs delivered by our two new core partners. An interagency data mapping team had been convened and is meeting to develop the criteria for this data collections reporting system.

WIOA will require a more comprehensive certification process for our one-stop centers than has been followed in the past. It is the intent of IWD that the certification process be conducted as a continuous improvements process and compliance process. There is a commitment from IWD to improve the one-stop service centers.

IWD is working closely together with Gary Bateman and his team to develop a website for all of the regions. This will to comply with the WIOA regulations for a complete one stop information website for all fifteen regions.

Budge Report – Paul Mikkelsen

Paul briefly reported that he does not forecast any issues with closing out FY 15 or any issues with funding for State FY 16.

Adjournment: Motion: K. Sagar moved to adjourn this meeting of the State Workforce Development Board. Motion seconded by D. Vanderhoef
All Approved. None Opposed. Motion Approved.

The meeting adjourned at 1:41 pm.

Respectfully Submitted,



Diana Sisler, Recorder