STATE WORKFORCE INNOVATION COUNCIL
EXECUTIVE COMMITTEE
MARCH 2, 2009, 2:00PM
INDIANA GOVERNMENT CENTER SOUTH, DWD ROOM 301-B
INDIANAPOLIS, INDIANA

Present: SWIC Executive Committee members: Jim McClelland, Paul Perkins, Derek Redelman and Dennis Wimer; and Leroy Jackson, SWIC Member.

Via phone: SWIC Executive Committee Members: John A. (Jac) Price and Robert Schaeffer.

Also present: From the Indiana Department of Workforce Development: Dr. Gina DelSanto, Senior Deputy Commissioner for Policy and Performance; Nate Klinck and Betty Culley, Policy; and Randy Gillespie, DWD Budget Director.

The public meeting was called to order at 2:08 p.m. by Chair Paul Perkins.

Mr. Klinck began by explaining how the Indiana Department of Workforce Development receives the three Workforce Investment Act funding streams from the U. S. Department of Labor each program year. The current program year is July 1, 2008 to June 30, 2009. The three streams are adult, dislocated worker and youth funding. Each funding stream has different eligibility criteria and rules. Five percent is held back by the state from each funding stream for state administration and ten percent is held back for statewide use, which is called "Governor's Discretionary Funds." These held back funds can be comingled. There are rules on how these held-back monies are to be spent. Some of the requirements are: 1) Create an incentive reward policy; 2) Do fiscal and program monitoring; and, 3) Do State planning.

Mr. Schaeffer asked which funding covers the State Workforce Innovation Council. Mr. Klinck responded that the five or ten percent funds did. Mr. Klinck added that the Department's Strategic Skills Initiative used Governor's Discretionary Funds as well as matching state funds. Mr. Klinck stated that twenty-five percent of dislocated workers funding is held back each year for statewide Rapid Response funding for regions which are experiencing high unemployment, such as Elkhart, Indiana. The Department recently granted out $4.4M to the entire state due to the rising unemployment rate. Each year, sixty percent of the dislocated worker funds are formula allocated to Indiana's two Workforce Investment Boards, the Balance of State Workforce Investment Board and the Marion County Workforce Investment Board. Ten percent is the maximum used for administration. The state must satisfy the requirements of federal law. Mr. Schaeffer asked if the SWIC has any input.

Mr. Gillespie responded that Congress allocates to the United States Department of Labor (USDOL). USDOL holds back a portion and then allocates to the states. Mr. Gillespie said that if a state expends its allocation, USDOL is willing to provide additional funding from the funds held back at the national level. Last year, there was a nationwide rescission of USDOL funding because there were $300M USDOL unobligated funds in the United States. USDOL cut $37M from Workforce Investment Act funding to the states. Mr. Klinck explained that under Department policy regions must obligate 80% of its WIA funding by the end of the first program year (June 30). Mr. Gillespie went into detail on how contracting of WIA funding is done by the Department.

Mr. Schaeffer asked if regions were not spending, could their unobligated funding flow to another region in the State. Mr. Gillespie responded that there is a provision in contracts that if 70% is not spent within a certain time period, the Department has the option to pull it back and redistribute. Mr. Perkins said that he understood that there are strings attached to spending these monies. Mr. Gillespie responded that Regional Operators do not plan to spend more than they get in allocations. They budget for what they have to expend. They do not have assurance that if they exceed their formula funding, other monies will become available. Mr. Perkins said that we have the opportunity to get a vision established.

Mr. McClelland said he wanted to approach it from another perspective. If a provider is serving people, the provider must determine a person's WIA eligibility. The provider must sense whether it is reasonable that the person will succeed or not. If the provider does not hit the required performance standards, the provider may not be able to serve in the future or be a provider. Mr. Perkins responded that with a larger population of persons to serve now, we cannot expect the same performance results as with a smaller population.

Mr. Klinck said that the unemployment insurance rate has doubled and the likelihood to get a person a job is difficult to assess. There are competing values, whether to serve everyone or whether some people will be left behind. With DWD's integration policy, the Department has tried to eliminate cherry picking so that everyone can succeed. For every person coming in, the Department wants to provide every service though we have doubled or tripled the number of participants.

Mr. Schaeffer asked if the Department was spending more than in the past. Mr. Gillespie responded that the Regional Operators were instructed to use their funding sources for customers to take training and he has evidence that has occurred. Mr. Gillespie's opinion was that we need to give regions direction on concrete goals and then review spending to see if it has been done properly. Mr. Schaeffer said maybe we ought to be proactive about where to spend the money. Mr. Gillespie said that Illinois has one of the best records on Workforce Investment Act performance. Their locals must spend 50% on direct services. Mr. Gillespie said that 40% would be a good start here. He commented that Mr. McClelland's comments were well said.

Mr. Klinck explained the Common Measures performance outcomes: 1) Entered employment, once the person exits, the person gets a job in the first quarter; 2) Retained employment for six months, measured during the second and third quarters after exit; and, 3) Average earnings measured in the six months after getting a job. Mr. Wimer said that there had been discussion on "direct services" but are there some costs which are overhead or in another bucket. Mr. Gillespie said that DWD has provided categories to the regions and he has worked with Illinois staff on the categories.

Dr. DelSanto asked what the members thought of a fifty percent requirement for direct services. Mr. McClelland said that the State, Regional Operator, and the service provider all take a piece. Mr. Gillespie said that the highest region in the state was at thirty-seven percent. Mr. Wimer understood that staff members' hours were not included in direct program services. Mr. Gillespie said that there were other costs that need to be captured, but perhaps that means adjusting the accounting mechanism.

Mr. Perkins asked what the key driver categories are for direct program services. Mr. Gillespie said that they were tuition for individual training accounts and prevocational training. There was discussion between the members on their own experiences with assigning costs in their business budgets. Mr. Gillespie said that he was working on an evolving report on how to put value on the services provided to clients. He said that performance metrics created by the SWIC could be important.

Mr. McClelland said that with people finding it hard to find a job, there are lots of people going back to school. What a great opportunity for people to enhance their skills. That won't reconcile with performance measures. Dr. DelSanto asked who is our audience. Persons called back to work may not be eligible or incumbent workers needing skill enhancements. Mr. McClelland said that is the direction we need to go because the pace of transitions is much more rapid. Mr. Wimer said that we need to be proactive for the underemployed because 93% of the country is still working.

Mr. McClelland asked whether stimulus funding would be more flexible. Mr. Klinck said that some would be added to existing funding. Dr. DelSanto said that the SWIC could be proactive on how to use funds and provide

guidance. The discussion continued regarding eligibility requirements and required services for funding which cannot be changed. Mr. Klinck said that
the SWIC could allocate to the Balance of State Workforce Board and the Marion County Workforce Investment Board and stipulate the service mix such as a required percentage for training as long as following Department of Labor guidelines.

Mr. Redelman said that there seems to be a tendency to spend a lot on non-direct services such as people and facilities. Mr. Klinck stated that to receive training services, customers must first be provided core and intensive Workforce Investment Act services which take staff time and facilities. Persons in intensive services must have an individual service strategy. This strategy helps them determine their goals and steps to training so that their actions lead to employment. With this service mix, there must be funding for staff. Mr. McClelland said that these actions are predicated on what the person wants to do. The person must be realistic regarding training that leads to employment. Ivy Tech has short-term training which can lead to good wages with an emphasis on growth areas so that there is a greater potential for higher paying jobs.

Mr. Klinck said that DWD wants to train persons for high wage high demand positions.
Mr. Gillespie added that many clients need remediation and GEDs. Mr. Klinck said that the Department knows there is a gap and remediation is done at the WIA intensive level.
Mr. Perkins said that identifying short-term training programs would help those persons become employed.

Mr. Gillespie wondered what is disincentivizing service providers from using their funding to provide services. Dr. DelSanto said that perhaps there needs to be additional performance measures. Mr. Gillespie asked what benefits providers would receive for meeting the measures. Mr. Klinck stated that the Department could be sanctioned for not meeting performance standards.
This quarter the Department served 79,000 persons while in the previous four quarters the Department served 175,225. The Department has doubled services and the population served. However, the Department is not meeting the metric of 70.9% entered employment. However,
the Department's efficiency is one-third better.

Dr. DelSanto explained that performance measures are negotiated every year with the U. S. Department of Labor and she believes that the SWIC should be involved. The SWIC could explain what they think is of value for the State. Mr. Perkins stated that the SWIC should identify which programs are credible and are those connected to "hot jobs." Dr. DelSanto said we take people where they are and move them along a continuum. Mr. Perkins wondered how many were close to an associate's degree. Mr. Wimer said that we have statistics on dislocated workers, but he wondered what level they were in training. Dr. DelSanto suggested that assessment and evaluation criteria could be used for a scorecard to see if we are getting better or worse regarding those exiting the Department's programs.

Dr. DelSanto asked what the committee thought should be on their recommendations to the SWIC on budgets. Right now the Regional Workforce Boards are entering into possible three-year contracts with Regional Operators. Should the SWIC be involved? Should there be a target of forty percent of direct services spent on training?

Mr. Redelman asked for an explanation of core, intensive and training. Mr. Klinck explained those levels in the Workforce Investment Act. Mr. Wimer said we should identify and add up all those services which are direct services and what staff performs those services. Dr. DelSanto said that ten percent off the top of the allocated funds are for administration. Mr. Redelman suggested that regions break down the allocated funds for the SWIC. Mr. Klinck suggested that they look at value-added intensive services.

Mr. Perkins wondered how we decide the funding per person. Dr. DelSanto said that each person served is in the database but that there are ten different service categories. She would prefer two separate categories: 1) Assessing actual services participants receive and how define the services they got for such categories as

MindLeaders and tuition, and, 2) then add up the total of training provided. How do we want to recommend how they allocate funds and what are the targets? How do we define categories while at present they are all counted the same way? The discussion continued on defining categories. Mr. McClelland said they should look at the spending on each function and the results achieved.

Mr. Perkins suggested that requirements be given to SWIC members regarding major functions and administration. Dr. DelSanto stated that as they move forward definitions should give us the ability to compare Indiana to other states. Texas has done assessment and evaluation to match up functions and funding. She will look at budget input and output and try to give detail at the next Executive Committee meeting.

The meeting was adjourned at 4:12PM.

STATE WORKFORCE INNOVATION COUNCIL

Paul Perkins, Chair

6/9/09

Date

ATTEST:

Gina DelSanto, Deputy Commissioner of Policy and Performance
Indiana Department of Workforce Development

6-10-09

Date