

State Workforce Innovation Council

February 5, 2009, 10:00AM

Indiana Government Center South, Conference Room B
Indianapolis, Indiana

Present: Susan Brooks, Cathy Delgado, Harold Force, Mark Goldman, Kay Gordon, Leroy Jackson, Ronald Keeping, Peter Kissinger, Mark Maassel, Linda Madagame, Cathy Metcalf, Paul Perkins, John A. (Jac) Price, Derek Redelman, Terry Rodino, Robert Schaefer, Patty Shutt,
Bill Stanczykiewicz and Teresa Voors.

Absent: Rep. Randy Borrer, Brian Burton, Ed Carpenter, Jim Gislason, Jim Hemmelgarn, Al Huntington, Jim McClelland, Chip McLean, Jac Padgett, Mayor Wayne Seybold, Mark C. Smith, Noah Sodrel, Matt Ubelhor, Senator Brent Waltz, Beth Washington and Dennis Wimer.

Also present: From the Indiana Department of Workforce Development: Dr. Gina DelSanto, Senior Deputy Commissioner for Policy and Performance; Scott Sanders, Chief Financial Officer; Dustin Stohler, General Counsel; and Betty Culley, Policy.

Welcome and Opening Business – State Workforce Innovation Council Chair, Paul Perkins, called the meeting to order at 10:10 a.m. Mr. Perkins called the roll of SWIC members and a quorum was not present.

Commissioner Teresa Voors began her report by explaining that Indiana's unemployment rate for December 2008 was 8.2%. This rate is determined by surveying 1000 households. The national unemployment rate is 7.2 % and as an example of Indiana's neighboring states, Michigan's rate is 10.6%. Hardest hit in Indiana is Elkhart County due to a downturn in the recreational vehicle industry. In December 2007, Indiana had 90,000 unemployment claims; in December 2008, there were 180,000. Today, claims are at 154,000 since seasonal dislocations have ended and some persons are back to work. Congress has granted two extensions to unemployment insurance benefits and currently some 52,000 Hoosiers claim these federal benefits. She reported that the Department will continue to monitor and better manage the system, such as mandating that Regional Operators (ROs) add additional hours in the evenings and on weekends since more people need services.

The Commissioner distributed a new Indiana Department of Workforce Development organizational chart [which is attached to these minutes]. She explained that Michelle Marshel is the new Deputy Commissioner of Communications charged with better communication and with legislative matters including work on the Unemployment Insurance Trust Fund legislation. Mary Johnson, DWD's former Human Resources Director, has a new role as the Deputy Commissioner for Unemployment. She has made several process improvements to improve timeliness. Unemployment sits under the purview of the Unemployment Insurance Board. In the new structure, field operations is separated from policy. Greg Vollmer is the new Deputy Commissioner of Field Operations. Dr. DelSanto's main role and focus will be on policy and performance. She will work with the Council especially focusing on the State Plan. Also, she will work on DWD's training aspects. The Department will have a learning center model with standard workshop criteria such as resume writing and a standard curriculum. The Department has limited dollars to give occupational training, but workers' skills could be enhanced at WorkOne offices.

The Commissioner also spoke about the Unemployment Insurance Trust Fund. The Department is working with the General Assembly's chairman of the House Labor Committee and the Senate Labor Committee about new legislation regarding the Trust Fund shortfall. Last year, the Trust Fund paid out \$400 million more than brought in by taxes. The tax is based on jobs and tax amounts are down due to the economy. The problem is to fix the structural imbalance, which could be done by taxing employers, looking at the benefits employees pay, or reviewing who should be eligible for unemployment. The Department will need to pay back the monies borrowed from the federal government for the Trust Fund and replenish the fund to have a nine to twelve month reserve, which would be about \$900 million. The Commissioner explained how employers are taxed for unemployment insurance.

Mr. Maassel asked the Commissioner if she had an estimate of how high the number of unemployed could go. She said the Department had a Moody's consultant predicting that the first and second quarter of 2010 might be the highest, but the Department does not engage in forecasting. Nevertheless, the Department is monitoring closely the situation with the big three automakers.

Mr. Maassel asked how high the Department's loan from the federal government might grow before repayment could begin. The Commissioner said by June the Department will owe \$600 million, but a new state law may be passed by then. She said that Indiana is not alone in this situation and that it has become a national issue. For instance, Michigan has borrowed over one billion dollars.

Mr. Keeping asked what experience the Department has had with the thousands of persons whose benefits are ending. The Commissioner said that there are two federal extensions in place with thirteen weeks added by a July 2008 extension and a second extension that allowed thirteen more weeks. A further extension occurred for states whose unemployment rate was over six percent by adding an additional 7 weeks. A person can receive up to fifty-nine weeks of benefits. Employers pay State Unemployment Taxes (SUTA) and Federal Unemployment Taxes (FUTA) taxes for these benefits. Further discussions continued about benefits eligibility.

Mr. Perkins reported that with Harold Force joining the meeting, a quorum was present. He asked if there were any additions or corrections to the minutes of the November 13, 2008 meeting. None were noted. Mr. Perkins asked for a motion to approve the minutes. A motion was made and seconded and the minutes were approved as written. Mr. Perkins welcomed new members attending the Council, Susan Brooks, Senior Vice President and General Counsel at Ivy Tech Community College, and Ron Keeping, Regional Workforce Board Chairperson for Region 11.

Dustin Stohler, General Counsel, gave a briefing on the Economic Stimulus bill before the US Senate. He stated that what he was reporting could change dramatically. The Senate could make amendments and enter renegotiations to what was passed in the US House of Representatives. He expects that there will be significant timeframes for the expenditure of funds if monies are granted to the Department. One of the new funding amounts might be for a Youth Summer Jobs Program which has not been in operation for approximately ten years. There could be significant funds added to DWD's regular allocations for Adults and Dislocated Workers under the Workforce Investment Act. There could be several other grant opportunities for which the Department could compete. The Commissioner added that the Department is anticipating writing grants and a team is being formed for that purpose.

Mr. Stanczykiewicz asked about the stimulus sum suggested for youth and what would be the percentage for youth in school and out-of-school. Mr. Stohler stated that the funding would be

seventy percent for in-school and thirty percent for out-of-school. Mr. Stanczykiewicz asked what macro-level connections were being made with other agencies about this funding. The Commissioner reported that she was having meetings with others such as Dr. Bennett at the Department of Education. Mr. Stanczykiewicz asked about the long-lasting effect. The Commissioner responded that the Governor saw this as one time money not part of the State's regular funding. The Department is ensuring that we're ready if the stimulus is passed.

Dr. Gina DelSanto began her presentation by saying that this was her ninth day at the Department.

She reported that she had been a faithful member of the State Council, never missing a meeting and asking pertinent questions. However, she never dove into the layers and complexities of the SWIC.

She began her PowerPoint presentation on planning and evaluation. In any system there are layers, just as there was in Dr. DelSanto's previous position as Assistant Provost at Butler University. There, she used a model of layered planning and evaluation frequently and found that assessment is critical and there must be communication and collaboration among the layers. The SWIC and the DWD's job is to set the direction for the state's regional workforce system. We must be intentional, provide coherence and be reflective through assessment.

Mr. Schaefer asked if the SWIC was more than an advisory board. Dr. DelSanto said that we have to please the United States Department of Labor, state partners, employers, the Chamber, non-profits, all of whom are stakeholders. There are duties and responsibilities spelled out in U. S. Code and Code of Federal Regulations. Dr. DelSanto stated that there are levels of engagement to consider, at the beginning, during, or at the back end of the planning and evaluation processes. If we only act at the last, it is retrospective. We must exercise a level of engagement which is ongoing and not only at the back end. The next steps are to define relationships with the letter of the law translated into the spirit of the law. We must determine strategic policies, operational policies and definitions. Once we figure this out, we need to codify this so future generations understand the duties, responsibilities and permissions of the workforce system.

Mr. Stanczykiewicz stated that Regional Workforce Boards already have approved plans. Will those plans be honored or is the SWIC going to be more prescriptive since Dr. DelSanto mentioned "permissions." Dr. DelSanto responded that there needs to be more alignment. The SWIC

has not defined expectations. Through no fault of their own, the Regional Workforce Boards have had to act on their own. To build a workforce development system for Indiana, there must be more alignment for a continuum of learning. We must understand that continuum. More discussion ensued on this subject. Commissioner Rodino stated that he had first hand experience when Elkhart County needed help and nobody knew who should step in. Local government did so by going outside the box with help from faith-based organizations and libraries. The Commissioner concurred that there is not enough clarity now and the objective is to clarify the duties of Regional Boards and what the State can dictate to the boards. We need a document on who is accountable for what and make sure it is clear.

Dr. DelSanto asked that members read the current State Plan and the United States Department of Labor's December 1 guidance from the Federal Register regarding the requirements for the new State Plan. USDOL has given eight categories to think about. The SWIC must start planning for the new State Plan. The final year of the current five-year plan must be requested to the U. S. Department of Labor by April 15, 2009. That request will require a modification to the existing State Plan since there has been regional integration and the acceptance of Indiana's waiver for common measures. When the first State Plan was submitted in 2005, the United

States Department of Labor published the guidance on April 12, 2005 and the plan was due on June 30, 2005.

Mr. Keeping asked if the SWIC will suggest that the RWBs have a planning schedule, too. Dr. DelSanto responded "yes," that all plans will hang together. She said that we will plan forward and deliver backward within the layers of the regional workforce system. Mr. Keeping asked if the RWBs would have input to the State Plan. Dr. DelSanto responded affirmatively, noting that the process can't be top down. Several members responded regarding the initial State Plan process which occurred in 2005.

Dr. DelSanto stated that in the past there had not been enough engagement of the SWIC. Mr. Schaeffer concurred that the SWIC needs to give confidence to the Regional Boards that the SWIC members have knowledge and commitment. Mr. Price stated that this Council is engaged and that we care about the RWBs and want to work with them to drive the system. It is a slow process.

There was discussion about the attendance of board members. New member Susan Brooks read in the Bylaws that members could only miss one meeting a year. Dr. DelSanto said that it was more a question of what the SWIC is doing and whether members were engaged. Commissioner Voors stated that the Council needs people who are engaged and represent regional diversity. Dr. DelSanto stated that members' responsibilities must be clearly defined. Mr. Redelman said that some members were not attending, but he would encourage them to return.

Dr. DelSanto introduced her team at the meeting, Betty Culley, Nate Klinck and Michael Young. She stated that she has additional positions to be filled and that she is interviewing.

Mr. Perkins asked if there were any comments from the public. None were voiced.

The chair adjourned the meeting as 12:03 p.m.

STATE WORKFORCE INNOVATION COUNCIL

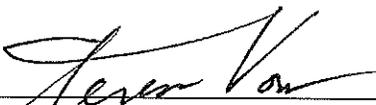


Paul Perkins, Chairman

5/14/09

Date

ATTEST:



Teresa E. Voors, Commissioner
Indiana Department of Workforce Development