

Meeting Minutes
South Central Region 8 Workforce Board, Inc.
Executive Committee Meeting
StoneGate Arts and Education Center
March 30, 2017

Committee Members Present: Brenda Reetz, Gene McCracken, Darrell White, David St. John

Others Present: John Corcoran, Shannon Laurent, Carla Crowe, Richard Rampley, Tina Judd, Alisha Hawkins, DWD Director of Policy. Ed Michael, Greene County Commissioner

Call to Order: Brenda Reetz called the meeting to order at Noon. Each person introduced themselves.

- 1. Plan for Comprehensive/Affiliate Offices in the Region (this is a continuation of the discussion we had on January 25, 2017, draft minutes of that meeting are attached). The Plan options will be presented at the meeting.*

Shannon Laurent summarized DWD's goals of reducing the number of offices where they fund physical costs associated with the facility and reducing the number of State staff in the region. She informed the group that former State Managers Nancy Karazsia and Trudie Dillman have new job responsibilities that no longer include supervision of staff. Functional supervision duties have been shifted to Rob King with Vincennes University since they are the WIOA Service Provider. The region will be compensated for assuming these additional responsibilities pending negotiation of a budget agreement with DWD to cover the costs.

Shannon also reminded the committee that each region must have at least one comprehensive WorkOne center and the Board has the duty to select the location for the comprehensive center as described by Dennis Wimer of DWD at the last meeting. Based on previous conversations with DWD representatives, it appears they would prefer Bloomington as the comprehensive center. If the board wishes to locate the comprehensive center elsewhere, it is likely that justification would be required before DWD would give approval.

Shannon explained that there is not a significant difference in services available through affiliate offices as compared to the comprehensive office. Per WIOA regulation, the comprehensive office will have some additional requirements for direct service connections with more partner agencies. Shannon explained that affiliate offices are also allowed to partner with local agencies and customers who visit the affiliate offices will receive nearly identical services as customers who visit the comprehensive center.

Since most of the required partners already have a physical presence in Bloomington, it makes sense to locate the comprehensive center there.

Alishea Hawkins from DWD explained there will need to be negotiations between the Board and DWD. The Board will decide the number of offices in the Region and make recommendations on where State Wagner-Peyser staff will be placed. The State will determine where they will spend their funds and the degree to which those funds will be used to support the costs of maintaining offices at various locations throughout the region.

There was a discussion of the new State office building planned for Bloomington. Alishea explained the Department of Administration has determined that WorkOne staff will be in this new building. Shannon Laurent explained that office space at the new location will be very costly (\$22 per square foot) and might create a financial hardship for the local WIOA budget depending upon how many State and local staff are located there which determines how the facility costs are divided between programs.

Ed Michael stated that Lawrence and Greene counties are very rural, have poor internet access and high unemployment. Residents of these counties need to access WorkOne services without having to travel a long distance or try to do everything online. Shannon Laurent stated that all counties in the region will have an office since the Board committed to that in our Plan for WIOA. Shannon explained that based on the need to share costs with DWD, it would be financially best for the regional budget if Bloomington is the comprehensive center with as many state staff as possible based out of that location. This approach would keep the amount of rent that must be paid from the regional WIOA funds as low as it can be given the high cost of the space.

Shannon explained that it is important for the Board to come up with a plan for where the offices will be located and where staff will be assigned since DWD is waiting for this information from the region. Shannon indicated that DWD and the Board have different goals and views on these decisions and it is likely that both sides will need to compromise in order to reach an agreement that allows the process to move forward. Shannon said the Board can consider a variety of options and presented several office/staffing options for consideration. She clarified that the Board can consider additional options beyond those presented.

Shannon explained that under Option 1, all Bedford and Linton State staff would be relocated to Bloomington and would no longer provide services in Greene or Lawrence Counties. Shannon explained that this could cause a decline in services in those locations and customers who need help finding employment quickly would likely have a

longer wait for an appointment to meet with a Career Advisor. After discussion, the group agreed that this option does not meet the needs of customers in the region.

Under Option 2, all State staff would be based out of Bloomington but some State staff would be assigned to work in the Bedford and Linton offices several days each week to assist job seekers and employers. Shannon explained the advantages of this option are better customer service and a reduced negative impact on the regional budget. There was a lengthy discussion of the new Bloomington office space costs versus Bedford and Linton costs. The new Bloomington office is estimated to be \$22 per square foot as compared to the current costs of approximately \$9 for Linton and \$10 for Bedford. Shannon explained that since rent costs will be divided between DWD and the region's budget based on how many State staff and how many local staff are assigned to the Bloomington facility, it is to the region's advantage to base as many state staff as possible out of the Bloomington office which will result in DWD funding a significant share of the costs in the most expensive facility.

Alishea explained that the Bloomington office plans have been drawn up and there is no choice for a smaller office or cost. Richard stated that the Department of Administration wants one lease and one landlord in Bloomington. State agencies in the new building will include BMV, DWD, Bureau of Child Services, Vocational Rehabilitation, and Welfare TANF Food Stamps. We have no choice but to be in this building.

Gene stated that Dennis Wimer suggested that other local agencies and government organizations could provide free space to WorkOne in Bedford, Linton, and/or other locations. Gene questioned why a County or other organization would do that so that funds can be used to pay for such expensive space in Bloomington.

Option 3 would allow for 1 State staff person to be permanently based in Bedford and Linton. Shannon explained that while this would be more in line with the wishes of the Board from an operational standpoint, the financial implications would be that local funds would need to pay a larger share of the costly Bloomington rent if less State staff are based there.

Shannon explained that Option 4 involves looking at the DWD funds that are currently used to support costs (other than Employee Salary and Benefits) for State staff housed in facilities in Region 8. Under this option, the Board would request that DWD allocate a lump sum comparable to or a slightly less than what is currently being spent to support the existing facility costs in the region. This lump sum could be given to the Board and they would be allowed to utilize those funds as they wish to support a service delivery system that maintains staff and office locations in accordance with the Regional WIOA plan to effectively meet the needs of the region. Under this option, DWD could retain

the funds needed to pay their share of the rent in Bloomington and the remaining 7 office leases would be held by Vincennes University as the WIOA Service Provider for the Board. The funds given to the Board would be used to support costs (not including employee salaries and benefits) related to the overhead expenses needed to operate offices within Region 8.

Alishea agreed that the Board could present this option to DWD and negotiations would be needed to determine if this approach would be agreeable to both DWD and the Board. Alishea also explained that DWD has a goal of decreasing overhead costs for brick and mortar facilities and is suggesting instead that WorkOne staff go to various community locations throughout the region to deliver services. Alishea said in some areas consideration is being given to establishing mobile WorkOne vehicles that can park in different locations to provide services to customers closer to their homes. Shannon questioned how requiring the Bloomington WorkOne to be located in a facility with more space than is needed at a cost of \$22 per square foot meets the DWD's goal of decreasing brick and mortar costs. Alishea agreed the high costs of the Bloomington office will be a financial challenge for both DWD and the region, particularly since future funding cuts are anticipated.

Brenda Reetz said she has no problem taking services to the customers but the opportunities for this are limited in Greene County. Given the lack of resources in Greene County and the importance of the Linton WorkOne to customers and employers, Brenda questioned why funds that have previously been used to support Greene County will now be allocated to fund the Government Center in Bloomington. There was a discussion of the WorkOne current locations and that they are well known to the public. Attempting to market services provided throughout the region at many community locations rather than having a WorkOne center to visit during regular hours could be a challenge and might decrease customer awareness of how and where to access services.

Shannon stated budget information that the region requested back in December was received a few days ago. In reviewing that budget we noticed seat charges (computer connection and cost of computers/software maintenance) for State staff are approximately \$125,000 per year which is very high for a small region such as ours. We believe that if the State granted funds to the region we could cut those and other costs and use the funds more efficiently to serve customers.

Alishea discussed the infrastructure costs and stated that DWD can justify locating one full-time staff member in Bedford and one in Linton 3 days per week with 2 days being mobile. Shannon pointed out that if these staff members were based out of Linton and Bedford, the regional budget would pay a larger share of the expensive space costs in Bloomington.

There was a discussion of placing one WIOA staff member in the Bloomington WorkOne and looking at other possible locations in Monroe County where additional WorkOne staff could provide services. This would reduce the rent costs for the local budget and result in DWD bearing the majority of the expenses in the Bloomington office.

Richard Rampley stated that Dennis Wimer has told us that there will be no UI presence in any office. Richard asked if we can have BAT phones in other offices. Alishea stated that Unemployment Insurance will have separate agreements and that these decisions will be made by Kate Shelby, UI Director.

There was discussion of hybrid options, everything hinges on where staff are located and the rent costs for those staff in Bloomington. It is projected that the DWD cost for rent in Bloomington will be approximately \$280,000 per year. We could station State staff in Bloomington and then assign them to work in Bedford, Linton or other locations and move them around the region based on customer needs. Brenda asked if there would be an impact on other Affiliate offices. Shannon replied not if rent is controlled and we reduce space costs in Bedford and Linton. Brenda said at the Board meeting we should stress that there will be no impact on other offices. Alishea agreed that it is unfortunate that we have to play a numbers game when making these important decisions.

After considerable discussion, the Executive Committee agreed to recommend to the full Board that the Regional Operator should prepare and submit a plan to DWD that is a combination of Option 2 and Option 4. This will at least establish a starting point for the region to negotiate with DWD on funding, staffing, and physical location of offices in the region. The group agreed that a combination of Options 2 and 4 is the best method and should be presented to the full Board next week.

The group thanked Alishea for her knowledgeable explanations and her professional and active participation during the meeting. Everyone agreed that Alishea's perspective was very helpful and she was invited to attend future Board meetings. Brenda asked if we needed a DWD representative on the Board. Alishea said yes, a representative is required. The Board discussed requesting a different DWD representative.

- 2. By-Laws regarding the terms of Officers on the Workforce Board. Discussion of the following suggested change to Article V, Section 5.2 of the Code of By Laws of the South Central Region 8 Workforce Board, Inc.*

Section 5.2. Term of Office. Each officer shall hold office for one (1) year or until his or her successor shall have been duly designated and shall have qualified, unless earlier

removed by the Board of Directors. All officers and agents can be removed at any time by the affirmative vote of the majority of the members of the Board of Directors. ~~Officers shall be eligible for reappointment no more than two (2) consecutive years.~~

John Corcoran stated that policy establishing term limits for the Chair of the Board had been rescinded and that the current chair could serve a longer term if the By-Laws were amended to strike the last sentence.

Darrell White moved to amend the By-Laws by striking the last sentence in Section 5.2 of the By-Laws. David St. John seconded the motion and all voted in favor. The motion will be recommended to the full Board on April 5th.

3. *Potential Cuts in the Allocation for the year beginning July 1, 2017*

John Corcoran discussed the potential cuts to the WIOA allocation based on the President's budget and the recent TEGP issued by DOL. Alishea shared the memo that is to be issued on Friday providing the Regions with preliminary allocations. Region 8 will receive 10% less next year. The Region 8 allocation will be reduced by \$263,907.

Carla Crowe recommended that DWD should absorb some of these cuts. Alishea stated that DWD will retain the maximum amount.

4. *Recommendation regarding the future structure of the Region and procurement timeline. Discussion*

Shannon Laurent left the room during this discussion. John Corcoran stated that he would be retiring on June 30, 2018. John stated that Tina Judd and Richard Rampley would also be retiring on June 30, 2018. John said that he is telling the Board this so that CLJ Associates can be replaced. Shannon Laurent wants to continue working. John stated that he and Tina will not work on the RFP or have anything to do with the procurement because Shannon is our partner.

John stated that his recommendation is for Crowe Horwath to handle the procurement. Richard Rampley can assist Crowe with the procurement since neither he nor Crowe have any connection with CLJ Associates. Richard presented a proposed timeline for the procurement.

Working on a procurement now will provide for a long transition period. Gene McCracken asked if the contractor would be paid during the transition. There was disagreement as to whether this time would be paid or not. Darrell White asked if all costs proposed could be negotiated and there was agreement that these costs could be negotiated.

John distributed two organizational charts. One chart showed the current organizational structure with Crowe Horwath as Fiscal Agent, CLJ Associates LLC as Staff to the Board and One-

Stop Operator, Vincennes University as the Service Provider and Rampley Consulting as WorkOne Coordinator.

John discussed a streamlined organizational structure that retains Crowe Horwath but combines the Staff to the Board, One-Stop Operator, WorkOne Coordinator and Service Provider into one organization.

There was a general discussion of the history of the current structure. John stated that this streamlined structure would give the Board an opportunity to save some money since only one organization would be procured. Brenda Reetz asked when the VU contract ends. John replied that all the contracts end on June 30, 2018 with the exception of the Crowe Horwath contract. Only one procurement would need to be performed and would be effective for four years. Alishea Hawkins said the streamlined organization is a better alignment, with less segmentation. Alishea also stated that having a 3rd party like Crowe conduct the procurement would eliminate organizational conflicts of interest.

Darrell White moved to conduct the procurement using the streamlined organizational structure combining the functions of Staff to the Board, One-Stop Operator, WorkOne Coordinator and WIOA Service Provider into one entity. The procurement is to be conducted by Crowe Horwath, LLP with the assistance of Rampley Consulting. Brenda Reetz seconded the motion and all voted in favor.

5. *Other Business and adjourn*

John Corcoran discussed the Certification of the WorkOne offices. At the last Board meeting the Board appointed Richard Rampley and John to conduct the Certification process. John stated that he had discussed an exchange of staff with Region 5. Region 5 could conduct the certification process in Region 8. John and Richard would conduct the certification process in Region 5. John stated that the DWD policy in its final form also requires a Board member to participate in the process. John stated that this is a checklist and a staff interview process, much like compliance or audit work. John asked if any Board members would like to volunteer. There was a discussion about being a volunteer and how difficult it would be for Board members to have the time to do this work. No one volunteered. John said he would take this to full Board.

Gene McCracken mentioned the need to fund Literacy programs. Alishea stated that there was a bill in the Legislature to fund literacy programs but this was defeated. The compromise is that DWD will develop a report to the Legislature about the problem. All agreed that this is a huge issue that should be funded.

The Committee adjourned at 2:10 PM.

Prepared By: John Corcoran