

## Regional and Local Designation and Redesignation Steering Committee Meeting

February 11, 2015

2:00 PM

Capital Plaza Tower, 3<sup>rd</sup> Floor Large Conference Room

### **Attendees**

Committee Members: Nick Brake, Erik Dunnigan, Larry Ferguson, Tim Gibbs (by phone), Greg Higdon (Co-Chair), Beth Kuhn (Co-Chair), Wendell Lawrence, Malcolm Ratchford, Dana Russell, Reecie Stagnolia, Diana Taylor, Jeff Whitehead, Steve Wimsatt

Staff to Committee: Beth Brinly

Others: Melissa Aguilar, Rosemary Holbrook, Lori Collins, Elizabeth Hack, Linda Prewitt

Beth Kuhn welcomed the committee. She further stated that the purpose of the meeting was to deep dive into, and reflect on, the feedback received through the Designation/Redesignation Listening Sessions and written comments and in order to make a final recommendation to the Kentucky Workforce Investment Board (KWIB) on March 2nd. She emphasized that the framing of the designation is only one piece of the large Workforce Innovation and Opportunity Act (WIOA) effort to operate better job-seeker and employer services. There are many opportunities ahead of us to improve the workforce system transformation.

Greg Higdon stated that the crux of the problem is what the law says and how we deal with it. He further stated that there is a lot of confusion out there and businesses see that the major problem is in governance and how we are going to implement it.

Minutes from the January 23 meeting were reviewed and motion to accept was made by Lawrence and second from Wimsatt; motion passed.

Beth Brinly provided a summary of the themes heard throughout the Listening Sessions.

When asked the question if it was possible for the local areas to continue as is, Beth Brinly explained that under WIOA there is no "grandfathering." Furthermore, through a new Interlocal Agreement and a separate Memorandum of Agreement between the Local Elected Officials(LEOs) and the Board, all governance issues need to be agreed upon. The LEOs and the Board must organize themselves according to the law. Other changes include the composition of the Board and the requirement for a competitive procurement process for direct services. The LEOs should not nominate and make appointments to the Board solely based on their area, but should look at the industry sectors within the region.

The following are the discussion points presented during the meeting:

Comment (Brake): It appears the central issue is the conflict between the core county driving the economy. There is only one vote for the large population counties and an equal vote in the small counties.

Comment: If Option 1 is selected, the Bowling Green Chamber, for instance, could respond to an RFP to become the service delivery agency.

Response (Brinly): The Cabinet's Department of Workforce Investment (DWI) will oversee the RFP process to ensure an equal playing field. The Cabinet only gets involved if the Local Workforce Investment Board (LWIB) wants the Fiscal Agent to provide direct services. By federal law, the Chief Local Elected Official (CLEO) selects the Fiscal Agent.

Comment (Dunnigan): Can the Interlocal Agreement dictate how the Fiscal Agent and Service provider are selected? Can we dictate procurement for the Fiscal Agent? How do we use policy to get the best service provider?

Response (Brinly): Done through Board policy.

Comment (Brake): Policy is skewed toward minority/small areas—letting them drive outcomes.

Response (Brinly): There needs to be agreement in the Interlocal Agreement.

Comment (Brake): Research shows cities are the drivers.

Response (Kuhn): What is definition of regionally-based system. Law is clear.

Comment (Lawrence): The commenters realize who and what economic drivers are. A regional balance is needed.

Comment (Taylor): What is keeping Kentucky from going beyond federal policy?

Response (Brinly) : Planning through policy can move forward through the new requirements of the board make up. 51% business; 20% workforce; and four core partners.

Comment (Higdon): Do not believe WIBs understand what is needed in delivery systems and what their roles are and the role they play in economic growth.

Comment (Taylor): Agree. Business needs to know their role. Active participation is going to matter.

Response (Brinly): Research shows that it is a 7-10 year process to make a cultural shift.

Comment (Lawrence): Need to share with business—they need to be at the table.

Comment (Whitehead): The business community hit a roadblock—the WIA law. There is not a single mention based on business attached to it. There were no business standards. Last few years this has been evolving. WIOA has more in place to address business and can be more responsive. The old law (WIA) had a social service mentality.

The committee reviewed the feedback from the CLEO meeting of 1/30/2015.

Comment (Higdon): LEOs need to know economic dynamic changes. Not sure LEOs know what is needed.

Beth Brinly explained the System Transformation Under WIOA. At the center of the transformation is the customer. Designation is only one of four major components. Other components include Accountability, Transparency and Results, Quality Service Delivery and Governance. There will be guidance from the KWIB. Boards are currently looking at the new structure and LEOs are involved.

Comment: How will the new structure impact the local boards?

Response (from local Board representatives) (Lawrence/Whitehead): New structure will have a positive impact. Leaner. Functioning board. Movers and shakers. More reliance on committees. A few businesses will stay on the board. There will be a significant outreach to speak to Chambers and others to take nominations. Will make it a transparent process.

Comment (Taylor): How is board appointed? Do organizations in the area nominate?

Response (Brinly): Depends what is defined in the Interlocal Agreement. It varies. New requirements issued in the Local Board policy state that an individual on the board who has retired cannot remain on the board. Additionally, the Board has 90 days to fill vacancies.

Discussion followed regarding an alternative Local Area Option presented at the Frankfort Listening Session by a Bluegrass employer. The Option would divide the current seventeen-county Bluegrass Local Area into two areas as follows: Fayette, Scott, Woodford, Franklin, Madison, Bourbon, Clark and Jessamine. The second area would consist of Anderson, Mercer, Boyle, Lincoln, Garrard, Estill, Powell, Nicholas and Harrison.

Comment: Some of the LEOs were unhappy that the Option was not discussed before presenting in the public forum.

Comment (Lawrence): We do not know if other counties are in support. None of the counties stated their support. If split, other resources may be needed. If recommended, there would be a shift in funding.

Comment (Taylor): Are there any conversations going on now regarding proposed eight-county area?

Discussion regarding Local Area Option 2.

Comment (Gibbs): Does it make sense to separate Option 2 into two based on the requests from both Fayette County and the South Central KY consortium? Shouldn't they be entertained separately? How would they operate with less capital?

Comment (Lawrence): According to WIA and WIOA, burden and decision making process is solely on the back of the LEOs. Need to get all areas to the High Impact WIB status. Governance is going to be important. 115 of 120 counties have given their preference. The two areas need to work things out.

Comment (Higdon): How do we do that? Do they understand how much needs to be invested to move forward? If they stay at the same level, we are wasting money. Customers are employers and employees.

Comment (Lawrence): There is a strong awareness of the workforce—this is a big topic with the LEOs.

Comment (Ferguson): WIOA requires multiple changes. Boundaries may not affect change.

Comment (Taylor): We need to focus on business. We receive more requests from employers and we need to ensure the employer community we are serious about meeting their needs.

Comment: Fayette County is trying to work on a plan to serve their region.

Comment (Stagnolia): Has there been any dialog on discussion for BRADD counties to join the South Central KY group?

Response (Brinly): Governor's Office received a signed letter today to keep the 10 counties as they are.

Comment: We need to discuss Barren and Bluegrass separately. If some of the counties were interested in moving to other areas, could they be moved?

Comment: Do we respond to employer's request to make a change? Does the Chamber represent business in Barren River ADD?

Comment (Taylor): Barren River includes the LEOs in the request for the four counties.

Comment (Higdon): We need to exercise every option consistently as possible in what the law calls for.

Comment (Brake): South Central KY is driven by the Chamber. It is Economic Development vs. the ADD. Geography makes more sense in Option 1, but business represents economic drivers.

Comment (Whitehead): Seems a waste to divide. They don't know what they are bargaining for.

Comment (Lawrence): It's an internal issue. It is a leadership issue. If dysfunctional, fix it. Fayette talks about the ADD—they are the ADD. They need to stay together.

Comment (Stagnolia): Option 1 makes sense geographically. Is there option for mediation? If a new fiscal agent is selected, can things be resolved?

Comment: If a new fiscal agent can be selected, can support Option 1.

Comment (Ratchford): Perform similar process when not meeting standards. Process does not necessarily change with new standards. Sometimes you have to change fiscal agent.

Comment (Taylor): As members of the ADD, the four counties should have some sense of what to expect as part of BRADD. Employer community is more than mad at the ADD. It is broken and beyond repair. Seems time to be responsive to employers.

Comment (Kuhn): If we go with Option 1, we don't know if all will play well. There is an uncertainty that finding additional funding to meet needs of the system will be met. System is more than employer-driven—it is partner driven as well. Needs to be a balanced system.

Comment (Ferguson): I have not gotten any comments from employers. Higher education doesn't care about boundaries. Only received calls from economic development.

Response to "do they know what they're getting into?": Fayette County spent time with KentuckianaWorks and with the state. BRADD hired a consultant. Feel they both have done homework.

Comment (Wimsatt): Whatever it takes to get a talent pipeline and employers needs to be done.

Comment (Gibbs): Wonder what it would look like if we had a blank piece of paper.

Comment (Russell): New fiscal agents should be identified. Option 2—have done a lot of background work and preparation.

Comment (Dunnigan): We are letting situations influence our decision. We need to think about our customers. Under competitive process, choices can be made. The RFP is important. Boards are required to change. Picking board members is key.

Comment: Governance is a difficult task. Not for Option 1 or 2. Consider Option 3. Other option is to make the state one region.

Comment (Brake): Not convinced the right thing can happen with politics.

Comment: If we go with Option 1, can we make restrictions? New fiscal agent in Barren and Bluegrass?

Comment (Higdon): Employers feel they don't have input into the system. Need to look at it as an investment.

Comment (Lawrence): Is it appropriate to recommend Option 1 and require competitive services and fiscal agent procurement? Or require all areas in play to competitively procure fiscal agent?

Legal Counsel Comment: If we require one area to competitively procure a fiscal agent, we would need to make all areas competitively procure fiscal agent.

Comment: Is there a negative impact if the fiscal agent is competitively procured?

Response: May slow process down; may not be legal.

There was a motion to table the vote until more information could be found out from DOL about competitively procuring a fiscal agent. Motion was seconded.

Comment: If we considered the state as one region, the Governor would be the CLEO and the Governor would designate the fiscal agent.

Comment (Whitehead): If one region, it throws the state in chaos. WIOA states local areas will have to be recertified in two years. Much discussion can occur within the two years to make additional changes.

Committee reviewed a new proposed Regional Option that divides the state into four regions. West KY and Green River; Barren River and Cumberlands; EKCEP and TENCO; and, Bluegrass, KentuckianaWorks, Lincoln Trail, and Northern KY.

Committee will meet again to make the final recommendations.

Meeting was adjourned.