

State Council on Workforce Services

Department of Workforce Services

140 East 300 South – Room 101

January 9, 2009

Council members in attendance: Kevin Crandall, Stephen Goodrich, Darris Howe, Shawn Potter, Don Salazar, Richard Thorn, Bill Crim, Mary Schumway for Patti Harrington, Gary Wixom for William Sederburg, Don Uchida, Jeff Lindstrom, Sandy Phillips, Joe Christopher, John Hill, Thom Smith, Tammie Lucero, Lou Sansevro, Kristen Cox, Jason Perry, Stanley Ellington ... Paul Otto, Randy Welsh, Shelly Ivie

Others in attendance: James Robson, Juan Pelaez-Gary, Jan Thompson, James Whitaker, Helen Thatcher, Randy Hopkins, Dawn Lay, Connie Laws, JoLyn Bevan, Susan Wright, Karen Silver, Melissa Smith, Jacob Smith, Phil Jeffrey, Juliette Tennert, Leslie Foster, Julie Anderson, Scott Williams, George Angerbauer, Peggy Killian, Bob Gilbert, Lorri Economy, Ann Barnson, Diane Lovell, Liz Lobato, Julie Lay, Cassy Hahn, Bill Greer, Stephanie Smith, Anna Larson, Jon Pierpont, Kyle Walker, Steve Maas, Melissa Freigang, Jane Broadhead, Mike Medley, Greg Gardner, and Chris Love

Special Presentation

Mary Gehman-Smith was recognized for her service to the State Council by providing the administrative support to the Council for the last several years. Kevin Crandall thanked Mary on behalf of Council and the Department of Workforce Services.

Approval of Minutes

The minutes of the October 10, 2008 State Council meeting were presented for approval. John Hill made a motion that the minutes be approved as written. The motion was seconded by Richard Thorn and the motion carried by unanimous vote.

Committee Reports

Shawn Potter, Chair of the Operations and Performance Committee, requested a one-year extension of the five-year WIA plan, including the existing waivers that are currently in place. He noted that plan requirements are determined by the federal government and with the change in administration, it is anticipated that plan requirement modifications may be forthcoming over the next couple of years. Approving a one-year extension to the current plan would prevent the department from having to develop a new five-year plan that may have to be modified as a result of changes in federal policies or procedures under the new administration. Shawn presented the request for a one-year extension, including the existing waivers, in the form of a motion. The motion was seconded by Joe Christopher and the motion carried by unanimous vote.

Paul Otto of the State Youth Council requested approval for the Department of Workforce Services North Region to continue as the WIA youth provider through June 2009 when a new contractor will be selected. He reminded Council members of the discussion during the last State Council meeting when it was reported that DWS had to take over as the youth provider in the North Region due to the fact that the contracted entity was not meeting all the monitoring criteria. A subsequent review has been conducted and it has been determined that DWS is meeting all the monitoring requirements. Joe Christopher made a motion that the DWS continue operation of the WIA youth program in the North Region through June. The motion was seconded by Sandy Phillips and the motion carried by unanimous vote.

State of the Economy

Mark Knold, DWS Chief Economist, provided an overview of the economic situation for the State of Utah (see attached PowerPoint document). Highlights of the presentation included: 1) year-over percentage change in non-farm jobs; 2) a comparison of Utah's unemployment rate from 1973 through 2008; 3) trends in unemployment insurance claims; 4) changes in employment numbers; 5) GDP growth as compared to UI rates; 6) monthly employment percentage changes from 1998 and forecasted through 2010; and 7) housing price appreciation and mortgage debt statistics. Based on the information presented, Mark stated that it is anticipated that the current recession may be one of the longest recessions experienced in the history of our nation and can be attributed to a self-advancement system that has been overtaken by greed. Because of the inability to apply the necessary self-constraints, the solution will require stronger correction over a longer period of time. President-elect Obama's plan to pump unprecedented sums from Washington into the U.S. economy should prove to be a positive first step.

Governor's Budget & Kick Start Strategy

Phil Jeffries of the Governor's Office of Planning and Budget provided information regarding Governor Huntsman's budget proposal on behalf of John Nixon who was unable to attend. Phil reported that GOBP works very closely with the Legislative Fiscal Analyst's Office and the Tax Commission to review monthly revenues and assumptions to forecast the state's revenue projections for 2009 and 2010. He stated that the November 2010 revenue projections are currently 700 million dollars less than expected based on budget projections made at this time last year. He stated that some of this shortfall was addressed during the Legislative Special Session but that additional cuts would likely be necessary for 2009 and 2010 in order to balance the state's budget. He also outlined proposals to address some of the 2010 shortfall by cutting transportation funds, bonding for roads and state building projects, and requesting an additional seven percent reduction in state agency budgets. Phil reported that plans are to backfill some of the cuts in education and to address each agency on a case by case basis depending on individual agency needs, taking into account those agencies that provide critical

human services and that deal with programs and services that peak in times of an economic downturn.

Phil noted that while there are significant differences of opinion about how to address budget shortfalls between the Governor and the Legislature, it is hoped that some of these issues will be resolved over the next several weeks. The strategy has always been for the Governor to present his plan in December so that the Legislature has time to react and then they work together to come to more common ground. He noted, however, if there is no bonding or use of the Rainy Day Fund, budget cuts could go as deep as 12 to 15 percent in 2010. This would mean terminating a large number of state workers and eliminating contracts with counties, cities and other providers and these measures would have a dramatic impact on state services. Phil also noted that the state is required to maintain a balanced budget and that the timing of legislative decisions and the federal stimulus package are critical. In response to questions about DWS programs and services, Phil noted that GOBP and the Legislative Fiscal Analyst's Office will continue to work closely with the department in addressing increasing caseloads in food stamps, UI, etc. Kristen noted that she was supportive of the Governor's proposed budget and appreciated the efforts to address increasing caseloads.

Juliette Tennert, also from GOBP, discussed the Governor's economic kick start strategy that was developed to address specific problems with the construction and housing industries. One focus is to preserve jobs by moving forward with road construction projects and it is anticipated that by doing so, the state will retain over 20,000 jobs in a number of industries. Richard Thorn noted that in order to retain these jobs it is critical that decisions are made prior to mid-March in order to preserve the road construction season. Another focus is the housing industry and Juliette noted that the Governor is working with the Utah Housing Financing Corporation to get people into homes at affordable interest rates with affordable down payments without using state dollars. An additional consideration would be to develop some type of incentive to clear the very large inventory of unsold properties in the Utah market.

Darris Howe suggested that another point of consideration should be the numbers of individuals that are pursuing additional education and training while they are unemployed. Rising costs in tuition and funding for higher education may become a problem as well.

How the Workforce Development System is Responding

Mike Richardson stated that the next portion of the agenda would be devoted to a series of reports about how the workforce development system is responding to the economic downturn. The information provided included the following:

Unemployment Insurance. Bill Starks, UI Director, reported that unemployment claims have skyrocketed over the last quarter. He noted that at this time last year, 56 people were devoted to claims processing and due to increasing workload, there were currently 100 people employed in the UI call center. Call wait times are still very high and the department is increasing phone line capacity and taking other measures in trying to address the problem. Workload increases are attributed to the increased numbers of people out of work, the 20 week federal emergency unemployment extension, and the fact that claimants are drawing unemployment benefits for longer periods of time. Bill reported that the good news with this situation is that Utah is one of only a handful of states with a solvent unemployment trust fund. It is anticipated that approximately 30 states will have insolvent trust funds or will be in serious jeopardy of going insolvent in 2009. Utah continues to have one of the healthiest trust funds in the nation and has been able to maintain trust fund balances without making significant increases in employer tax rates.

Economic Development. Jason Perry, Director of the Governor's Office of Economic Development, reported that while Utah's economy is suffering, there is still a great deal to be positive about. There continues to be a number of companies that are locating or plan to locate in Utah. These companies bring thousands of jobs to the state and millions of dollars in wages. He noted that December was the 28th straight month of major company announcements and that the State of Utah is considered to have the most dynamic economy in the United States. The focus of GOED will continue to be working with those industries where we can find and build the jobs of tomorrow.

Higher Education. Gary Wixom, Assistant Commissioner, State Board of Regents, noted that in times of an economic downturn, the need for people to be well trained so they can compete in the workforce becomes clearer and there is a real impact on higher education. Balancing budget cuts for 2009 and 2010 will be a real challenge, especially in light of discussions at the legislature that include cuts of 15 to 19 percent. He referenced problems at Utah State University and the reduction of over 600 faculty members. He stated that with cuts of this size there is no question that programs will have to be eliminated; especially specialized programs and training with low enrollment rates like technical education. He also suggested that increased tuition fees may also be an area that will need to be considered. Current funding levels provide a 50/50 split with state funds paying for half of tuition costs and the student paying for the other half of the costs.

Food Stamps. Kathy Link of DWS reported that food stamp and Medicaid caseloads were up significantly with over 67,000 food stamp cases – up 30 percent from December 2007. Medicaid caseloads are up 9 percent over last year. The department has addressed some of this workload increase by streamlining the application process and allowing individuals to apply for benefits by phone and on-line.

Public Education. Mary Schumway, Office of Public Education, stated that while the K-12 system hasn't experienced the same level of budget cuts as some of the other agencies, public education funding is still critical. A 7 or 10 percent cut to budgets would have a huge impact on students. As Gary reported, low enrollment classes are difficult to hold on to and funding cuts would impact the work that has been done at the Regional Council level in developing education pipelines for critical training pathways – most of the CTE programs are the first to be eliminated.

Rehabilitation Services. Kyle Walker, Vocational Rehabilitation, explained his agency's work in providing employment and education opportunities for people with disabilities. He noted that oftentimes disabled workers are the last to be hired and the first to be let go in times of economic uncertainty. Rehabilitation caseloads have increased by approximately 30 percent. Kyle stated that the majority of vocational rehabilitation funding comes from the federal government and requires a state match. He noted that it will be very difficult to meet the needs of increasing caseloads within the constraints of a 10 to 15 percent budget cut.

What More Can We Do?

James Whitaker facilitated a discussion to identify any additional action(s) that could be taken by the State Council that might have a positive impact on the state and economy. For example, are there additional public/public partnerships that could be pursued, can we develop a common stance or understanding of what the critical programs and services are, etc. The following is a listing of action items/recommendations that the Council agreed to consider:

- Some type of additional media campaign about buying locally within Utah. Tie into "Utah's Own" program
- Confidence building message – ensuring that the general public is aware of the information about companies relocating in Utah and the increased number of jobs and wages.
- Provide incentives for our own tax base.
- Encourage the legislature to move to the bonding options which would send a message to the public that "Utah is still in business" – Council support of the Governor's budget proposal.
- Better messaging about where the jobs are and the types of training required, including critical input from the private sector. Create efficiencies in asset mapping and training needs to better match budget decisions.
- Are we best coordinating our efforts in the pathways identified during the 21st Century Workforce?
- Look at the access and availability of services – the status quo may no longer fit the manner in which we provide services. Streamlining, simplifying and updating processes and procedures.
- Provide information to DWS customers (while they are standing in line or are on hold on the telephone) about the career opportunities where there is job growth

and better match the workforce with the demand, apprenticeships, training opportunities, etc.

- Incorporate industry into the educational process and build a workforce for Utah by ensuring that industry is involved in the education process.
 - Encourage the banking industry to start making loans and providing financing opportunities.
 - Involve the State Council in the development of an emergency grant extension to FEP.
 - Address additional training needs based on potential future job demands.
 - Look at new target sectors, for example – green collar jobs.
 - Prepare messaging of Utah's CTE and educational feeder systems.
 - Positive public relations effort about the groups that are engaged in efforts to strengthen Utah's economy – building confidence (George Angerbauer to coordinate this message with the private sector).
-
- Providing more information about the State Council as the public/private partnership.
 - Developing a better process or method of reporting program and services success and how the State Council partnerships meet outcomes and workforce development needs – better messaging of how we are doing and how the dollars are spent
 - Role of apprenticeship as a viable training mechanism.
 - All public entities need to collectively look at access to services.
 - Develop a mechanism to ensure that the State Council maintains involvement with critical issues outside the quarterly State Council meetings.
 - Draft a letter to the Legislature and the Governor (and possibility State Council partners) about the pitfalls of not bonding and the potential impact of a 15-20 percent budget cut and ensuring that the letter outlines the breadth and depth of the membership of the Council.
 - Possibly scheduling a meeting with the Governor to raise some of the State Council's concerns.
 - Using a bulletin board system for communicating information to State Council members as the means for keeping the conversation going between State Council meetings – including developing a consensus on the proposed letter to be sent to the Legislature and the Governor

Of all the items identified, it was determined that the most critical issue to address at this time was the letter to the Governor and the Legislature. The recommendation was made that George Angerbauer draft the letter and that the letter be posted on the internet through DWS's Basecamp software program. This would allow Council members the opportunity to submit comments and approve the content of the letter before it is sent. It was also recommended that the Basecamp software be used as the method for continuing Council involvement in these issues. Sandy Phillips made a motion that this discussion continue through a messaging board over the internet and include the drafting of a letter to the Governor and the Legislature. The motion was seconded by Steve Goodrich and the motion carried by unanimous vote.

Regional Council Chairs Reports

Due to the lack of time, Stanley Ellington suggested that the committee reports be included with the minutes of the State Council meeting. It was agreed that the minutes of the committee meetings will be disseminated to all Council members.

Public Comment

Karen Silver, Salt Lake Community Action Program, stated that she appreciates the opportunity for the public to participate in the State Council process.

Adjourn

With no additional business to discuss, Kevin asked for a motion to adjourn. The motion was made by Sandy Phillips and seconded by Joe Christopher. The motion carried by unanimous vote and the meeting adjourned at 3:15 p.m. The next meeting of the State Council will be held on Thursday, April 9th.