

STATE OF NEVADA
GOVERNOR'S WORKFORCE DEVELOPMENT BOARD

Thursday, July 17, 2018 – 10:00 a.m.

**Grant Sawyer Building
555 East Washington Avenue
Legislative Counsel Bureau – Conference Room 4412
Las Vegas, NV 89101**

Alternate Location: Some members of the board may be attending the meeting and other persons may observe the meeting and provide testimony through a simultaneous videoconference conducted at the following location:

**Legislative Counsel Bureau
401 South Carson St., Conference Room 3137
Carson City, NV 89701**

**Teleconference:
1-888-363-4735 Access Code 9319340**

MINUTES OF MEETING

- Present:** Larry Fagerhaug (Chair), Aaron West, Ann Silver, Councilman Oscar Delgado, Dave Ellis, Debbie Banko, Don Soderberg, Dr. Alan Walker, Dr. Luther Mack, Horacio Lopez, Jim New, Jo Cato, Jolene Dalluhn, Joseph Riney, Kristine Nelson, Manny Lamarre, Robert Cunningham, Ryan Cordia, Shelley Hendren, Steve Fisher, Stewart “Mac” Bybee, Vic Wowo, Hannah Pence
- Absent:** Assemblyman Tyrone Thompson, Bill Stanley, Bill Welch, Chad Hirschi, Commissioner Marilyn Kirkpatrick, Kris Wells, Larry Harvey, Senator Pat Spearman
- Also present:** Joan Finlay, (OWINN), Morgan Wilson, (National Governors Association), Grant Nielson, (DETR), Melissa Scott, (Nevada Department of Education), Beth Wicks (Nevadaworks), Milt Stewart (Nevadaworks), Brett Miller (Workforce Connections), Jim Kostecki (Workforce Connections), David Schmidt (DETR), Kitty DeSocio (DETR)

1. OPENING REMARKS

Larry Fagerhaug, Chair, called the meeting to order and welcomed participants.

2. ROLL CALL - CONFIRMATION OF A QUORUM

Per direction from Chair Fagerhaug, **Andres Fejoo** took roll call and confirmed the presence of a quorum.

3. VERIFICATION OF PUBLIC NOTICE POSTING

Andres Fejoo affirmed that the agenda and notice of the Governor’s Workforce Development Board meeting on July 17, 2018, was posted pursuant to Nevada’s Open Meeting Law, NRS 241.020.

4. FIRST PUBLIC COMMENT(S) NOTICE

Chair Fagerhaug read the notice into the record as follows: “Members of the public are invited to comment at this time; however, no action may be taken on any matters during public comment until the matter itself has been included on an agenda as an item for possible action. At my discretion, in the interest of time, public comments will be limited to three minutes per person.”

There were no comments.

5. ***APPROVAL OF MINUTES**

Chair Fagerhaug called for a motion to approve the April 19, 2018 draft minutes of the Board. Dr. Alan Walker made a correction to the attendance portion, noting that he was present in person and the minutes reflected him as attending telephonically.

It was moved by Dr. Alan Walker and seconded by Jo Cato to approve the April 19, 2018 draft minutes as amended. Motion carried.

6. **DISCUSSION/INFORMATION ONLY – Presentation of Proclamation**

Manny Lamarre stated that this agenda item is intended to recognize and thank Dr. Luther Mack for his service as Chair. Mr. Mack was presented with a certificate of recognition, which **Manny Lamarre** read into the record.

7. **DISCUSSION/INFORMATION ONLY – Introduction of New Board Members**

Manny Lamarre introduced new board member Robert Cunningham. He also introduced and acknowledged Chairman Larry Fagerhaug and Vice Chair Marilyn Kirkpatrick.

8. **DISCUSSION/INFORMATION ONLY – Federal Legislative Updates**

Morgan Wilson, National Governors Association discussed that President Trump issued an executive order on April 10th entitled “Reducing Poverty in America by Promoting Opportunity and Economic Mobility.” It directs federal agency heads to review all state waivers related to public assistance programs to determine if they are consistent with the objective of the executive order, which is primarily to expand and enforce work requirements. A report must be delivered to the President within 90 days on how states are complying with the work requirements. Agency heads were also asked to review federal workforce development programs for any duplication and potential recommendations on consolidation. Based on the executive order requirements, the cabinet secretaries should have delivered recommendations to the President in early July, however, these have not been publicly released as yet. If they have recommended that some state waivers on work requirements be discontinued, this will have a significant impact for a number of states with waivers. In addition, with the consolidation of federal workforce programs, it is unknown what recommendations may have been made. Even if the President would like to act on recommendations for consolidating programs, this is something that Congress would also have to act on.

Morgan Wilson reviewed a bill that has been approved by the House Ways and Means Committee, H.R.5861, the Jobs and Opportunity with Benefits and Services for Success Act. This bill was approved by the Committee in May along party lines. The bill would extend TANF through FY 2023 and would make significant changes to the existing TANF program. This includes requiring state work plans and other accountability measures. One of the most significant impacts would be inclusion of an outcomes based performance accountability system, which would take the place of current work participation rates for states. The plan would align with WIOA and would be negotiated on a state by state basis with the Secretary of Health and Human Services for the two-year life of the state plan period. Another significant provision is that use of TANF funds would be limited to families whose monthly income is below 200 percent of the federal poverty level. State authority to transfer TANF funds to the childcare development fund and WIOA would be capped at 50 percent. A vote on the House floor was originally expected this summer, however congressional staff indicate that a vote may take place as late as September, shortly before the September 30th expiration of the TANF program authorization, which may bring about the possibility of a short-term extension while the House considers the bill. As written, the bill is widely considered to be too conservative to pass in the Senate. The Senate Finance Committee has also begun negotiations on its own TANF reauthorization bill, which would be unlikely to move during this Congress.

In terms of funding, both the Senate and House Appropriation Committees have approved their FY 2019 bills for labor, health and human services, and education-related agencies. They have not yet been considered on the floors of either chamber and there are some discrepancies between the House and Senate recommended numbers. All three WIOA funds are set to hold at FY 2018 levels. State administration for unemployment insurance was at \$2.64 billion in FY 2018. Both bills recommend the levels for FY 2019 to be \$2.52 billion.

Shelley Hendren asked about the Individuals with Disabilities Education Act (IDEA) in terms of reauthorization. She also inquired as to the potential for combining the Department of Education and Department of Labor. **Morgan Wilson** said there has not been word on a reauthorization bill for IDEA. Given Congress's schedule, it is not anticipated they would be able to move a reauthorization through quickly enough. In terms of the Trump administration plan to combine the Department of Education and Department of Labor, there is ongoing discussion regarding how much leeway the Executive Branch has to move forward on such consolidations without congressional approval.

Steve Fisher inquired about the Farm Bill, specifically in regards to the SNAP program and the potential for additional work requirements and elimination of waivers. **Morgan Wilson** stated that the legislature is moving toward conference on the Farm Bill. However, another staff member has been following this more closely and she is uncertain as to SNAP implications. She offered to follow up with Board members on specific impacts and updates. The House bill does include work requirements which are very similar to TANF. The Senate bill did not expand work requirements.

Kristine Nelson asked about updates on the Strengthening Career and Technical Education for the 21st Century Act, which would reauthorize Perkins. **Morgan Wilson** said it is expected a bill in the Senate will potentially come to the floor before the end of the month, which would set the House and Senate to go to conference on their two respective bills soon after.

9. ***NEVADA STATE COMPLIANCE POLICY (SCP) REVISIONS (WIOA)**

Grant Nielson, DETR, stated that the policies were originally created at the beginning of the WIOA. These were one of the first two that had to get out in order to establish local workforce development board and local workforce development areas. At the time these were created, there was not guidance provided by the Department of Labor.

(A): SCP 1.0

Grant Nielson explained that this policy presents the criteria for local workforce development boards. This policy updates requirements within the regulations and the law in order to be compliant. Most of the updates involve citations and wording to align with current regulations. In the Conflict of Interest and Transparency section, staff removed a section that was not included in the final regulations. They subsequently added it back in on the advice of the Executive Committee as a state-imposed requirement.

It was moved by Ann Silver and seconded by Don Soderberg to approve to SCP 1.0. Motion carried.

(B): SCP 1.1

Grant Nielson stated that this policy establishes the criteria for creating workforce development areas. It includes an appeal section. If local elected officials have concerns with the decisions of the state, they have an appeal methodology. These are changes required by updating of the final regulations. The conflict of interest language was restored to this policy as well.

It was moved by Don Soderberg and seconded by Joseph Riney to approve SCP 1.1. Motion carried.

10. **DISCUSSION/INFORMATION ONLY – Work-based Learning – Education and Employers Engaging Students**

Melissa Scott, Nevada Department of Education stated that Work-Based Learning (WBL) is a key initiative of Life Works, Nevada's career pathway initiative to build skills for the new Nevada. This strategy in education increases the number of students who are college and career ready upon exit from high school. It equips students with the tools and experiences to make knowledgeable career decisions and be competitive in the marketplace. Senate Bill 66 was passed in the Nevada 2017 Legislature. It updates and changes WBL.

Key components of the Bill include:

- Describes WBL as a continuum of activities
- WBL application and reporting requirements
- Requires districts to designate a WBL coordinator
- Up to \$750,000 for WBL in high demand occupations in CCR grant

- Requires vetting of employers
- Experiences over 30 hours require training plan and training agreements
- Employer responsibilities for paid WBL

To assist school districts, the Department has created a WBL guide for secondary education. In terms of liability of Workers Compensation, unpaid experiences (i.e. job shadowing or unpaid internship), the district's policies, forms and permissions will apply. NAC 389.566 was amended to add that for paid experiences, the employer should pay the student the same amount they would for any other employee doing the same job. Therefore, they would be covered under the employer's liability and Workers' Compensation. Employers and agencies who have not been involved with internships, Life Works is working on a MOU with a staffing agency, Adecco, who will provide liability, Workers' Comp and payroll services for employers who want to host students, but who may want to use a third party staffing agency.

Opportunities for employers to engage include:

- Serve as a career speaker in the classroom/career fair
- Host students at jobsite for:
- Job shadowing (one or two days)
- Internships, paid or unpaid, (15 hours or more)
- CTE work experience paid, 90 hour/semester
- Sponsor/develop an apprenticeship

First steps include:

- Determine what WBL works best for the business/organization
- Take the WBL pledge on OWINN website
- Designate a point of contact
- Contact local district's WBL coordinator
- Sign up on OWINN's website

Jo Cato asked whether hourly pay for paid interns will be affected by the Adecco MOU and whether this would affect the employer, noting that rates are slightly different through employment staffing agencies.

Melissa Scott stated that she was not certain on the answer to the question, but would follow up subsequent to the meeting. It is believed that it would be negotiated between the school district and the employer seeking Adecco's services.

Ryan Cordia inquired as to whether ACT WorkKeys has been part of the discussion. **Melissa Scott** said that ACT WorkKeys is one of the options for a College and Career Ready High School Diploma, as is WBL.

Horacio Lopez asked who will be responsible for paying the fee to the staffing agency. **Melissa Scott** stated that the employer will be responsible if they wish to have a paid intern or paid CTE worker. The employer may use its own Workers' Compensation company or the staffing agency's.

Ryan Cordia asked whether programming ends at Grade 12. **Melissa Scott** stated that WBL extends to students who are out of school and in post-secondary. **Mr. Lamarre** added that the state received a grant from the National Governors Association on WBL. This covers the spectrum of WBL continuum. The age of participants is not a component of the criteria.

11. *GWDB BYLAWS CHANGES

Mr. Lamarre stated that during the January 2018 retreat, there were a variety of discussions around improvements, including changes to the bylaws. There are three main proposed changes.

- At the end of each meeting, there will be open discussion on specific topics in order to plan for the next quarter in terms of meeting location and content.
- State Board members may not call into the meetings. It is notable that the bylaws already include a suggested prohibition from allowing members to call in.
- The Board shall be updated on the activity of the sector councils.

Shelley Hendren referred to page 6, attendance, noting that there needs to be clarification on the time period in terms of missing two meetings (consecutive or two meetings total per year). **Mr. Lamarre** clarified that the provision applies to board members who miss two consecutive regular meetings. **Shelley Hendren** asked about the possibility of receiving the sector council update every six months, rather than once per year. **Mr. Lamarre** said this is not a problem at all.

It was moved by Joseph Riney and seconded by Jo Cato to approve the bylaws with changes. Motion carried.

12. DISCUSSION/INFORMATION ONLY – Changes to October Meeting Date

Mr. Lamarre stated that the original meeting date was October 18th, however this is the date of the Governor’s Business Summit, which will be attended by many members of the Board. The October meeting date was thus changed to October 23rd, 2018 at 2:00 p.m.

13. DISCUSSION/INFORMATION ONLY – Impact of Federal Budget Cuts on Local Workforce Board

Grant Nielson explained that workforce development funds are generally countercyclical. When the economy is improving or good, the funds are lower. When unemployment rates get high, the funds increase. There is a lag in the changes, as they are based on data which is typically a year behind. The statewide formula for distribution of funds is based on factors such as unemployment rate and poverty levels. This year, funding levels decreased by approximately 7.3 percent (\$1.9 million) to local areas. For Nevadaworks, the overall difference was approximately \$965,437. For Workforce Connections, it was \$943,811. The formulas are based on unemployment base respective to the north and south and other demographic factors. In order to minimize the effects, the state backed in \$1 million from DETR state funds to mitigate the cuts. The same formula for fund distribution was used in placing the funds back into local areas. There was \$246,500 for Nevadaworks and \$756,500 for Workforce Connections.

Milt Stewart (Nevadaworks) noted that the most obvious impacts are decreased Title I services, due to reduced funding. Greater impacts will be in rural areas, where populations are more difficult to serve and increased costs have greater impact. Because of the reductions, they were unable to introduce new programs this year. Funding had to be reduced on contracts that were extended. Staffing reductions at providers also took place, leading to dislocated worker rates.

Ann Silver asked whether funding cuts occurred at Nevadaworks itself among contractors. **Beth Wicks (Nevadaworks)** stated that there were no cuts at Nevadaworks this year, however they are on the table for next year.

Joseph Riney inquired as to the percentage decrease for rural Nevada. **Beth Wicks** stated that all the contracts were reduced evenly. There were no extra reductions in rural areas, however they typically have more expenses in terms of transportation.

Jim Kostecki (Workforce Connections), stated that Workforce Connections fared a little better, due to the state funding formula. The state decrease was approximately 7.3 to 7.5 percent. Contract rollouts were already in the works, so the levels were not changed. When the funding was allocated between the northern and southern boards, the shift was surprising. The northern board took a much bigger hit at about 10 percent across all streams, meaning that the unemployment rate in the north was much better than in the south. Over the three funding streams, approximately 5 percent funding was lost. As mentioned, DETR provided \$1 million to help mitigate the cuts. For the southern board, this put the budget essentially even in terms of the adult and dislocated worker funding, with a \$300,000 loss remaining for youth funding.

Don Soderberg clarified that the \$1 million identified as contributed by DETR, described by Mr. Nielson as state money and described by Mr. Kostecki as rapid response funds are both correct statements. This is money that the federal government pays every state’s department of labor (DETR) type of agency to respond to large layoffs. Over the years, a number of rules have been formulated. If the funds are not used to respond to large layoffs, the agency is able to use the fund for various workforce functions, including assignment to local boards. An amount of \$1 million in federal FY 2016 dollars were identified to be used a supplement to local boards. **Grant Nielson** added that all the funds have a three-year grant life and it made sense to distribute the FY 2016 funding which was in the last year of its life.

14. DISCUSSION/INFORMATION ONLY – INFORMATIONAL REPORTS

A. Workforce Connections: Southern LWDB's Quarterly Reports and Updates

Jim Kostecki reviewed highlights from the report. Overall, WIOA requires local boards to convene the one-stop delivery system. Southern LWDB's funding is approximately one-fifth of the entire system. Several meetings take place with the one-stop operator and the Executive Director, Jamie Cruz, as well as Strategic Initiatives Director Irene Bustamante-Adams. A main goal is to open up more meaningful access points to everyone. As such, a new initiative was begun last year with the move into approximately eight libraries. This provides meaningful access to Title I and some access to Titles II and II. The idea was to expand further this year, however funding limitations will prevent this until it is clear what the next funding cycle brings. Next steps include the possibility of moving into Job Connects more fully in partnership, as well as into TANF DHHS operations. This is the final year of a four-year procurement cycle for all Title I service providers. The contracts were vetted under a different economic reality, when the recession was in force. The new RFP cycle must incorporate the new economic reality of low unemployment and more difficult to serve clients. As part of the process, strategic conversations have been held with various community partners, including GOED and LVGEA, Nevada System of Higher Education, Nevada Department of Education, Metro Chamber of Commerce, OWINN, business and industry representative. The first meeting occurred on June 4th and an additional meeting was held on July 9th. The goal is to align where funding should go in terms of partnerships. They also participated in career fairs, including Careers in Motion (May, 2018), with a focus on career opportunities in transportation, construction, engineering and design. Another event was hosted by Commissioner Jim Gibson and the STOP Coalition in partnership with Workforce Connections at the Whitney Recreation Center Pop-Up Career Fair in May, 2018. The fair was specific to the 89122 zip code. Reporting has been put on hold statewide, convergent to the new data system, Employ NV.

Shelley Hendren referred to the performance measure for the credential rate and asked why the percentage is low. **Jim Kostecki** introduced Brett Miller, who spoke to the issue. **Brett Miller, Workforce Connections** confirmed that this is a new measure. It actually only covers approximately one-quarter's worth of data. The measures for 2018 and 2019 have been negotiated at a lower rate. In hindsight, this was negotiated at a rate much higher than was achievable.

B. Nevadaworks: Northern LWDB's Quarterly Report and Updates

Milt Stewart echoed the comments of Jim Kostecki in terms of the one-stop delivery system and the one-stop center. With regards to the comprehensive one-stop center in the north located at Reno Town Mall, the finishing touches are in the works. The businesses services have moved from the second story to the first story. The second floor is going through some remodeling and updating in order to be able to convene all the partners. Some partners not currently present should be there by mid-August. The activity at the Reno Town Mall is a community center type atmosphere with many other one-stop delivery system partners present, including Washoe County Library, New Horizons Computer Learning Center and Health and Human Services. **Beth Wicks** added that there will be a formal grand opening on October 12th.

C. DETR's Research and Analysis Bureau: Economic Updates

David Schmidt (DETR) stated that for May, total employment declined slightly (700 jobs). The two-month gain remains positive with total growth of 2,500 and 77,000 jobs higher than the previous peak. For year over year employment growth, they are toward the bottom end of the trend seen over the last two years with growth of 2.8 percent and adding 37,400 jobs. The bottom end of the recent trend remains positive with that growth of 2.8 percent compared to the 1.6 percent level for the nation as a whole. Nevada has been steadily above the nation for 70 straight months, having led the nation in private sector job creation in 2017. However, at the depths of the recession, Nevada lost more jobs than any other state in the nation. Employment was up 38,6000 from 2016, representing a growth rate of 3.4 percent. In the small business category steady growth continues, with 632,000 jobs added. By industry, construction has dropped from first to second place in terms of total jobs year-to-date. Manufacturing rose to the top, with 6,500 jobs added through May, representing a gain of 14.3 percent. Construction did add 6,300 jobs or 7.8 percent. Education, health services, trade, transportation, utilities and government added 6,000 jobs.

Within the construction industry, much of the employment comes from specialty trade contractors, including plumbers, electricians, drywallers and carpenters. For those who focus more broadly on residential versus commercial construction, in Clark County, there is a slightly higher number of commercial construction businesses compared to residential. In Washoe County, residential is slightly higher than commercial. In all

areas, residential is dominant with approximately twice as many businesses in the residential arena. As of May, 2018, Nevada's unemployment rate is 4.8 percent, which is one full percentage point above the nation, which was 3.8 percent for May. The U.S. employment rate for June is 4.0 percent. To look at unemployment rate comparisons for various Nevada counties, it is necessary to look at a slightly different measure of the unemployment rate. While there is seasonally adjusted data, county levels only provide unadjusted rates, which tend to fall over the course of the year. For May, Nevada's unemployment rate was 4.2 percent on an unadjusted basis. For comparison, Las Vegas in May had a rate of 4.4 percent, Reno was at 3.3 percent, Carson City was at 4.2 percent and Elko was at 2.9 percent.

In terms of jobless rates, teens and young adults age 16 to 24 typically have a significantly higher unemployment rate than other groups in the state. Unsurprisingly, there are a number with less than a high school diploma, some with a high school diploma and some with college or associate's degree. Few people under 24 have a bachelor's degree or higher. There is a category of involuntary part-time workers, which includes those currently working part-time who would like to be working full-time. As of the 12 months ending in May, Nevada had just slipped below 55,000. If this figure is added to other measures, there would be a total labor underutilization rate of 10.4 percent. It is notable that there has been a recent uptick in full-time employment and a recent decline of part-time employment. Average weekly wages have reached a new high of \$955 as of the fourth quarter of 2017. This is slightly higher than the previous high watermark in the third quarter of 2016.

Ann Silver stated that 75 percent of the Chamber of Commerce Reno Sparks members are small businesses. Yet, in looking at construction employment by industry, she is concerned that there is not significant on the job skills and training needed to find employment with a small business versus a very large business. She questioned to what extent there are programs beyond apprenticeships and internships that focus on the skills needed to function in a small business environment. **David Schmidt (DETR)** acknowledged that he was not readily aware of the sorts of programs available. There is some information on the requirements of the occupations and industries and he would be happy to provide this subsequent to the meeting. **Chair Fagerhaug** noted that when the state economic report is released by DETR, it will be emailed to board members, along with the slides presented today.

D. DETR's Financial Management: WIOA Analysis of Expenditures

Kitty DeSocio (DETR) reported that the analysis is a three-year picture of active program funding as of June 30, 2018. In looking at the grants, 2015 has rolled off the report, as it is in liquidation and being closed out. Funding for 2016 has been completed expended by the boards and 2017 is 55 percent expended. The Governor's reserve for 2016 is 100 percent obligated and 87 percent expended, with 2017 approximately 13 percent expended. FY 2018 came in at \$2.6 million under FY 2017 funding.

15. PUBLIC COMMENTS NOTICE (SECOND)

Chair Fagerhaug read the statement into the record: "Members of the public are invited to comment at this time; however no action may be taken on any matters during public comment until the matter itself has been included on an agenda as an item for possible action. In my discretion, in the interest of time, public comment will be limited to three minutes per person." He invited comments from Carson City, Las Vegas or on the telephone.

There were no comments.

14. ADJOURNMENT – The July 17, 2018 meeting was adjourned.

Notice of this meeting was posted on or before 9 a.m. on the third day prior to the meeting on the Internet at:

**<http://gov.nv.gov/OWINN/> and
Nevada's Public Notice website at <https://notice.nv.gov/>, as required by NRS 232.2175.**

Supporting public material provided to Committee members for this meeting is posted on OWINN's Web site at www.gov.nv.gov/OWINN, and may be requested from the Executive Director's Office at 555 E. Washington Ave, Las Vegas, Nevada or call (702) 486-8080 on or before the close of business on Friday, July 13th, 2018