



SPECIAL PLANNING COMMITTEE MEETING

Friday, February 11, 2011

7:30 a.m.

Merrimack Valley Workforce Investment Board
Lawrence, MA 01843

Members Present: Peter Matthews, Fred Carberry, Michael Munday, Kevin Page, Juan Yepez, Joseph J. Bevilacqua, Ron Contrado, Rosemary Chandler

Members Absent: Atty. Robert Leblanc

Staff Present: Rafael Abislaiman, Corina Ruiz, Ruth Marrero, Deborah Andrews

Guests Present: Arthur Chilingirian

I. High Performing WIB Budget

A quorum being present, Peter Matthews called the meeting to order at 7:35 a.m. Joe Bevilacqua welcomed Rosemary Chandler from the Division of Career Services who is a new Planning Committee member. Rosemary is the DCS Regional Director replacing Mike Lynch.

Rafael Abislaiman gave a background of the High Performing WIB Budget. Rafael said that Peter, Cal and Joe accompanied Lisa Coy and himself to the NAWB conference. He said that one of the most positive remarks heard at the conference was that there were only four people looking to fill every job opening; the worse had that number at eight. He said that the U.S. Under-Secretary of Education stated that 93 million people in the United States are functionally illiterate. About 23 million cannot read, write, or do any kind of arithmetic. Another 70 million have difficulty understanding a simple pamphlet.

Rafael said that though most people admit that there need to be budget cuts, others still hold to the proposition that everyone should attend college. It is difficult to reconcile those two things and it would be more reasonable to propose making everyone in the country literate.

He continued by saying that here in microcosm, we are faced with something similar. There is great need for STEM-related workforce development but we must simultaneously deal with academic remediation. He asked for everyone's patience.

Joseph Bevilacqua said it was good that Rafael and the committee chairs were together at the conference. Together they were able to discuss the implications of what they heard from Washington. There was a great deal of discussion about the limited funding and that people are finally recognizing that there is no more money.

He said that they are trying to refine who should be workforce development program beneficiaries. If individuals who are not motivated to go forward are not reached with either training or educational program; perhaps those programs should be redesigned for better use of the funding. There are people out there who are motivated to move forward. Perhaps that's where our training dollars should go because we want people who can connect and be retained in a job.

Lack of literacy and the cuts that are coming are a concern in Washington. Joe ended by saying that as Rafael pointed out, we have some real challenges and this is something that we have discussed in depth with the Youth Council. It was interesting to hear from the business employers who do want to hire people but who say that they cannot find people with the skills they need.

Peter Matthews said that Dr. Paul Harrington, a prominent economist, stated that there is still deflationary pressure, housing is weak, and the second stimulus is about four hundred billion which includes the extension of the Bush tax cut and the payroll tax deduction that is going on right now. He believes gross domestic product (GDP) will be strong in the first half of 2011 but not so much in the second half. Dr. Harrington does not know whether deflation or inflation will occur but he did say that the consumer price index (CPI) points toward 3-5%, and that leads him to believe that inflation is more likely.

Peter quoted Dr. Harrington as saying that threats to the recovery include the following: payroll tax reduction ends at the end of 2011; there will be a reduction in state government outlays; federal hawks are going to decrease spending; there will be no third round of stimulus money. Peter continued by saying that long term rates will go up; there is a looming student loan debt problem because as students increase their debts, when they get out of college they are either not finding a job or not finding a job at the wages they thought.

Although we are nominally in the second year of the recovery, that has coincided with a slight decline in the number of jobs in the United States. We will see an increase in temporary health jobs and in IT. The employment of high school dropouts will not increase.

In December we had 9% unemployment and that number does not include five hundred thousand people who quit looking for jobs. The hidden unemployed labor force will increase as the unemployment rate goes down. High unemployment is here and it will be permanent for the foreseeable future. We need two hundred and sixty thousand jobs a month for the next five years to return to pre-recession unemployment

percentages. Long term unemployment before the recession was about 16.6 weeks, now it averages about 34 weeks. Only 27% of all youth 16-19 years old worked in 2010; 45% were working in 2000. In the poverty/low-income group, 29% are employed, 12% are unemployed, and 57% are on welfare or not in the workforce.

Peter continued by talking about Chuck Stewart's presentation. He said that Board members only need to know three things: who is in training, who is working, and at what wage. You need legislators to visit the one-stop career centers; they should know your stories of success and will be your biggest supporters. We should take those success stories and get them into newspapers and newsletters. People should be able to see return on investment (ROI) of the dollars we spend.

Peter said that there was a panel talking about reauthorization and how Boards may come out being a third business member, a third workforce people, and a third government. But others said that boards will be smaller and that private businesses will continue to be more than 50% of the board members. He was a bit confused about the math but it sounds like the Board will be smaller yet with a lot of business involvement.

Joe said there is an expectation that WIA will be reauthorized this year. One of the things that will come out of it is recognition that when WIA was first authorized it was during a period of full employment and now it is being looked at as a program where in essence the economy has completely changed and there is high unemployment. Peter said that two other minor points he found interesting is that they recommended that we set up a business relations sub-committee to focus on building relationships with employers and we should regularly have legislative breakfasts to have related, general discussions.

Rafael said that in the last meeting he had proposed the following uses for the HPWB incentive award: \$15K for a board retreat and other development activities, and for the executive committee's travel and accommodations for the Washington, DC NAWB conference; \$25K more for the Resource Development Manager's salary for additional grant writing time in support of a variety of HPW action item; \$20K for Health employer assistance and employee training projects; \$20K for Manufacturing employer assistance and employee training projects; and \$20K for Green employer assistance and employee training projects.

Rafael said that Bob LeBlanc had proposed that we more specifically outline our intent and that we focus on something that produces a product and that Fred Carberry had suggested a summer youth pilot with changed regulatory parameters so that the Board could study any resultant outcomes changes and better gauge the effectiveness of changes from the current regulatory norm.

Fred said we should look for youth who are truly invested in improving their ability to enter the workforce. Joe said that Jane Oats is bringing back On the Job Training programs. Fred said he was in an ITA meeting last week where they talked about that

precise subject. He said that they are trying to encourage training providers to add OJT as part of their training program so that when the participant goes through the training program they have a higher chance of finding a job. The problem the employers are facing is that their margins are small and they cannot afford to hire employees that may not be productive. OJTs can help reduce that uncertainty.

Mike Munday said that the current machine shop training programs don't match with industry needs. He has one person doing an OJT in his company. He had a lead person to train that person who began with no skills. He then assigned someone to shadow him for the first couple of months and now the participant is doing great. OJT definitely helps reduce the risk factor and it's a great way to provide employment opportunities to the right people.

The fact that someone consistently shows up to work is extremely important; that is everything to an employer. Kevin Page said he would take drive and attendance over training. Joe said that hopefully in the future we can allocate training money towards OJTs.

Mike said he would like to take every dollar needed to do that program even if we had to reduce the unemployment insurance fund to do it and get people working.

Joe said employers are the ones with the jobs and that is why we need to listen to them. Rafael said that the counter-argument against OJTs is that certain employers will cycle trainees through to do work and postpone or avoid paying a full salary to increase profits. In essence the government is subsidizing their business personnel costs.

Rafael recited the three elements they had now discussed in the context of a HPW budget: OJTs; a study that results in a product; focusing on other more effective employer services; or focusing more resources on different types of clients that will be more quickly ready to work and pay taxes.

He again asked how the board thinks we should fit these items into a HPWB budget. He reminded members that the \$100,000 is primarily intended to make our Board better able to allocate resources to improve workforce development and then gauge progress towards that end. Joe said he likes the fact that the budget includes resources to reach out to the employer community and for grant writing so we can go after private foundations.

Rosemary Chandler said that other WIBs are discussing the same thing we are. Many of the other WIBs are interested in doing some sort of study to find out what exactly is happening in their local area. She said that we talking about the right things and that there is nothing wrong with allocating money towards a grant writer. She suggested we pay attention to what we want to work on and stick with that. We need to position ourselves to chase other money both locally and regionally.

Arthur Chilingirian said that the U.S. Department of Labor's Training and Employment Services budget would be cut by roughly \$202 million. Locally we also lost \$15 million in the state for DTA. Chili is working on a ten year funding stream analysis that Rafael requested for the years from 2000 to 2010. In 2010 we had the lowest funding ever, servicing the most people. Last year, 2009, was the highest because of ARRA but in 2000 we probably served 8,000 people and had double the money we have now.

Mike Munday said that because there are funding cuts coming, we need to be more effective with the funds that we do get. He proposed taking some money out of each of the proposed HPW budget categories and having either MIT or Harvard put together a questionnaire to sort out who the people are that are most motivated and driven versus what now sometimes comes through Chili's office. Juan Yopez said he doesn't think this community would often fill out a survey. Chili said they would.

Chili said that the Career Center does an assessment on every customer to ensure that the person will be able to complete the training and get a job. It's not like we take the lowest level person and give them training money. They are all motivated when they begin but when they go through the process they lose motivation.

Mike said that he is not trying to be hard on the Career Center but he believes most people go because it's a requirement to collect unemployment. He said there are questionnaires out there that can help sort the motivated people out. Joe said that Washington is talking about speeding up the assessment period because we need to connect people to a job quicker.

Peter asked Rafael if we are under a time constraint to submit our budget. Rafael said yes; we need to submit a budget within the next month or so and amendments can be made later if necessary.

Fred said we have the study that was put together for the HPWB submission. The problem he sees with studies is that they become static. We should do something more dynamic where we can analyze where in Health, Manufacturing and Green Jobs the openings exist, their demands, and the type of trainings needed.

Chili said that CommCorp just put out a regional profile study on all the areas where it talks about the emerging population (youth) and transitional people (older people). He said it's a valuable study that Jean White produced that will help this committee understand where we are and where we are going.

Kevin Page said that if we are looking at budget cuts, we need to know what 3-5 things we want to do this year and set them as our goals. Some of the most important items are: sustaining a grant writer, keeping Chili running and partnering with employers. We should be aligning our funds based on what we identified as our goals so that we can continue down the same path and then put together ROI. Joe said that if the budget includes items that help us reach out to employers and find out what their needs are, that will be key to us.

Peter said it may be a matter of setting goals as 1, 1(a), 1(b), etc. Goal number 1 would be determining current and future employer needs. Goal 1(a) would fall under that and so forth. This would fit perfectly into what the state is saying, which is to use this incentive money to help us get there.

Peter explained how his agency is trying to get efficient to the point where operation expenses are good to then grow and hire again. They will be doing so in a variety of ways; hiring full time people, part-time and bilingual people. The need to hire more people is going to happen but we just don't know when. All he needs is people with good attitudes who will show up to work and have some integrity.

Rafael said that North Shore created an excellent blueprint which they presented at the NAWB conference. Peter said there are some questions in that blueprint that would be great to ask our employers. Joe suggested that Rafael could take those questions and put them in our own terms and then ask the Chambers to send it to their members to have it in preparation to the Board retreat.

Rosemary said that the employer piece that Joe framed was great and we will be able to do a lot with that information. We can use some of that money as a marketing tool for the youth.

Juan Yopez said that in the last meeting Chili had mentioned a great concern with regards to the IT. He suggested giving \$45K for employer assistance rather than \$60K in order to give \$15K to Chili. Rafael answered that we had accrued enough lag due to an opening at the MVWIB to allocate for IT. Chili added that now he might have a bigger problem because the Career Center has a year to get off the state's system.

Chili said that a year ago, VWCC and the WIB put together a machinist/manufacturing survey and through that survey employers were asked what they were looking for. Most of the employers addressed the soft skills issue. We took those surveys and ran our group programs based on the information compiled. We were able to get a new vendor for the machinist training and in the first cycle 14 participants were enrolled and 13 got jobs.

Chili said surveys have more power if the Chambers put them out. The responses can then be given to Joe Eid, VWCC IT Director, who can do a snap report and break it down by occupations. Rafael said we can do a survey with \$3,000 dollars and also do a campaign within the high schools kids to expose them to workforce system. He has a theory that the more an individual has contact with federal and state support systems, the harder they are to place. Maybe a survey addressing these types of issues might be good.

Deborah said that while talking to principals at the high schools about the teacher externship program, they often asked what work they should be preparing high school kids for in the job market.

She said that the culinary arts program is experiencing problems with attendance. They initially needed to enroll 15 participants and only enrolled 7. Out of those 7 participants only 4 are attending. Rafael said it is amazing how in a major recession training programs can't be filled. Chili said in the future they will ask the youth first what kind of programs they want. We funded programs that have jobs at the time of completion but we failed to ask the kids what interested them. Juan Yepez said we should work with seniors in our local high schools to see what they want and shouldn't only worry about what the employers want.

Rafael agreed that is valuable to consult with people but here we are with a table full of employers and it almost seems like we are shirking our responsibility if we expect youth to direct us; we should be asking how we can create coherence for them.

We have programs now that, when it is time to place training participants into jobs, the participants consider whether they will lose their housing subsidy or how their unemployment be affected and not how to succeed at a new job. Mike said that is why we need to sort the people who want to succeed and those who want to continue depending on the current system.

Ruth said she monitors the group programs and these people start the program very motivated. The problem comes when they have to choose between subsidized housing and a low paying job. These people would rather keep their shelter, especially if they have kids. The way the economy is today they have to take that into consideration.

She said that, for example, the Green Handyman training program was fully enrolled. Everyone was motivated throughout the training but now they cannot find a job because most of them live in shelters. Some of these people also have a transportation issue.

Mike Munday asked why these people were put into training if they had these barriers and were not going to be able to transport themselves to a job. Ruth said it was customer choice and they were all motivated. Rafael asked what happens if the company addresses the transportation issue. Ruth said that they still may or may not find a job.

Rosemary said that we need to be realistic and that no employer is going to hire someone they have to provide transportation to versus someone who can provide their own transportation. Rafael said he is familiar with this program because he wrote the proposal prior to joining the MVWIB. The proposal states that the participants will be hired by the training vendor for 30 days if they cannot be job placed but now they are concerned about losing their housing if employed.

He said that the YMCA, where most of them live, is a half a block away from the training site and the vendor is in the process of hiring them. But the people who were selected for training often did not match stated requirements. Juan Yepez said that we

should go back to something that has been discussed previously which is accountability. Some of these training vendors and customers should be held accountable.

Rafael suggested the budget be treated not programmatically but categorically. We can allocate \$25K for the Resource Development Manager, \$15K for Board activities & half-day sessions for ongoing events and \$60K for contractors and staff to carry out a study with a written product that better connects us to employers in our HPW focus areas. That study can endeavor to carry out pilot OJT training for in-school youth or some such activity.

Fred said that earlier Juan mentioned working with high school seniors asking them what they want to do. He said that based on his experience with high school kids the ones that are not going to college don't have a clue on what they are going to do. These kids don't know how to transition from being a student to a member of the workforce. We need to develop something to outreach high school seniors and expose them to the types of career opportunities. We can work with school administrators to find out what programs these kids can attend. Fred said it can be a combination of videos, tours of facilities, field trips, etc.

Rafael said that is an excellent idea. They can add a line item that includes transportation to bring high school students to different job sites so they can have first hand exposure to those jobs. Mike Munday said he did that about 10 years ago with North Shore Community College and the kids were absolutely fascinated because they had no idea what machine shop looked like.

Chili said we can contract a consultant to do an update on our blueprint and find out what employers are looking for in the future and what is coming up in the future. Deborah suggested we do it through the internet or website so it can be updated periodically. Mike asked if the state or federal government has an ongoing survey we can tap into versus doing our own.

Rosemary said she agrees with what Kevin said earlier. We need to get back to our HPWB goals and see where we are now and does what we budgeted fit into those goals. Rafael explained that the proposed budget now includes \$5K for youth transportation to a variety of work sites and \$20K for youth subsidized work experience and \$30K for a related study. Juan asked what transportation entailed. Rafael explained that it would be busing kids to different worksites as job exploration.

Rosemary said the transportation piece is great but was a bit concerned about the client stipend. Chili said that it will be helpful to use some subsidy money; we won't call it a stipend, so that when a youth completes training they can be put into work in a facility for three or four weeks to create a resume bullet. Rafael added that the idea of this subsidy is to help generate a case study to create some meaningful blueprint.

Fred suggested only allocating \$30K for the blueprint type study and \$5K towards staff administration. Rafael thought that a good idea and repeated the proposed budget with that adjustment.

Chairman Peter Matthews asked the members if they felt comfortable with what they have. Fred Carberry said yes. Kevin Page said he didn't have a problem voting now as long as they can amend later if needed. Mr. Matthews then asked for a motion to approve what was discussed as the final HPWB budget.

Motion by Fred Carberry seconded by Ron Contrado to approve the HPWB budget as follow:

\$5,000: MVWIB/DGA Administration

\$15,000: Board-focused continuous improvement training which may include event accommodations, facilitator fees, travel etc

\$25,000: MVWIB Resource Development Manager salary/fringe

\$30,000: A youth job pipeline regional blueprint type study and publication related to our region's HPW employment sectors; where they will work closely with employers

\$5,000: School-based job path information and subsequent youth job exploration (transportation to various HPW targeted sector employer sites, encounter facilitation and other related costs)

\$20,000: Youth work experience subsidies within the HPW selected employment sectors (not OJT or support services) with some connection to the blueprint style study

Motion passed.

II. Other Business

No further business.

III. Adjourn

Having no further business Kevin Page made a motion to adjourn the meeting seconded by Fred Carberry. Motion passed and the meeting adjourned.

Respectfully submitted,

Corina Ruiz

Recorder