

**KENTUCKIANAWORKS BOARD MEETING
GREATER LOUISVILLE WORKFORCE DEVELOPMENT BOARD**

Thursday, September 26, 2019

8:30 A.M.

Greater Louisville, Inc.

Board Members Present: John Archer; Rebel Baker-Chreste; Jackie Beard; Steve Cunanan; Ty Handy; Mike Hesketh; Jenny Lampton; Vincent James; Kent Oyler; Harold Reynolds; John Snider; Lisa Thompson (proxy for Sadiqa Reynolds); Jonathan Westbrook; Kristin Wingfield (proxy for Marty Pollio)

Welcome and Greetings – Jackie Beard

Ms. Beard mentioned that she was filling in for Tony Georges, who is out of town. She also said she was excited to welcome Josh Benton later this morning.

Welcome + Acknowledge Special Guests – Michael Gritton

Mr. Gritton wanted to introduce Ashley Janicki, who came to Louisville from Tucson. She is the new head of Adult Education for JCPS, a big partner for KentuckianaWorks. They have run the Youth Career Center since it started. They also run the Reimage program. They have been long-time partners and are now part of the Workforce Cabinet at the state level.

Vote: Review & Approve Minutes – Jackie Beard

A motion to accept the minutes was made by Mr. Snider, seconded by Mr. Archer. No opposed.

Vote: Review & Approve Consent Agenda Items – Cindy Read

Ms. Read brought everyone's attention to the green sheet. Referring to the 9/20 POC meeting, there was a quorum and Mike Hesketh was welcomed to the Committee. He is already asking questions and bringing new perspectives. Ms. Read told the Board if they are wondering what is going on with programs, check the digest (yellow sheet).

The first item on the Consent Agenda is the renewal of YouthBuild contract for SummerWorks. We come to you to make sure the Board approves our contracts. This contract runs Oct. 1-Sep. 30 due to SummerWorks' timing. The POC went through, in detail, the history of the contract, where they are in the contract, and there were no objections. We also had Mr. Rodriguez present to us and give us an update on some interesting changes taking place with Code Louisville. Some of the assumptions we had for the transition frankly did not come to pass. Mr. Rodriguez has previously contended that we needed a serious sustainability plan. Code Louisville has a great partnership with JCTC, but participants did not react the way we thought they would. There were not as many eligible for WIOA funds as we had anticipated. We had allocated \$200,000 in ITA funds, but we have a lot extra now. We have not recently had the amount of training funds that we used to have; there almost a \$1,000,000 cut a few years ago. However, we saw that we were going to have \$170,000 sitting there leftover from IT. Rather than having it sit and not be used, Rider proposed we re-allocate it for other sectors. This motion passed the POC. The third item was the actual allocation of the \$170,000; we are going to wait to discuss this later.

Ms. Read asked for a motion to approve the first two items. Ms. Beard referenced the amount of the YouthBuild contract "not to exceed \$382,000; how much did we actually use?" Mr. Locke answered \$326,000. Mr. Gritton asked for motion or discussion. Mr. Westbrook made a motion to accept the Consent Agenda, and Mr. James seconded the motion. Mr. Archer asked for more detail on Code Louisville, and Mr. Gritton said we would hear a presentation about Code Louisville in a minute. The motion passed with none opposed.

Vote: Allocation of \$170,000 in Training Funds by Sector – Cindy Read

Ms. Read presented three options to the POC. Under the policy, this will fund about 41 ITAs (Individual Training Accounts). Ms. Read said there are three different approaches that could be used. First, just divide the money by six (for each sector). We could align it with where we see more demand, more training options. We never do much with business services; there just aren't many short-term training options. Some sectors are very good at going after training money very quickly (such as trucking schools). We don't want to do that since we've got a complicated economy. We haven't given any money to healthcare for three years. So the recommendation is to propose more than half of the money to healthcare, which has a lot of in-demand, short-term training options. We spend \$500,000/year on KMCC for advanced manufacturing, but we haven't had welding ITAs. When we've had those, they're very popular." Our conversation got very rich in the POC meeting regarding zero to construction. However, "we have done so much in construction!" Ms. Read said. We have invested \$500,000 in KentuckianaBuilds, and the state is a partner on that. It is really doing very well. Ms. Read provided a quick history anecdote: in 2014 and 2016, we allocated funds for construction (\$24,000 in 2014 and \$212,000 in 2016). However, no one took advantage of those! "We feel that there are a lot of other options for people who want construction training, such as apprenticeships. We'll pay for supportive services, but they don't really need ITAs for apprenticeships," Ms. Read said. Two POC members voted against this recommendation, which is why Ms. Beard wanted to pull this item off the consent agenda and make sure the Board looked at it.

A pie chart was prepared and included in the packet. Mr. Snider asked if the chart showed ALL of KentuckianaWorks' investments, to which Ms. Read said no, only ITAs. Mr. Snider asked if there was any way to see where all of KW's funding goes: ITAs, investments, budgeting, etc. Mr. Gritton said "we can certainly try." Mr. Snider said it would be interesting to see what the focus is on, such as IT vs. healthcare, what it means, etc. Ms. Beard asked if they were looking for a year, for a trend over time, what? Mr. Snider said "you're getting past me, I haven't thought that far! 2-3 years?" Mr. Cunanan asked how the spending pie chart has changed from 2018. Ms. Read said there were no ITAs in 2017, but "we always make a commitment to finish people out." Mr. Cunanan said that was a logical approach, and mentioned combining existing funding with historic precedent. Mr. Westbrook said "speaking up for my industry (construction), it seems like the reason we left it out is because previous funds weren't utilized... we need to look at how the sectors are being supported. I don't like the optics that construction is getting zero." Ms. Read pointed out that one of the provisions of the motion is that KentuckianaWorks staff have the ability to re-allocate without coming to the Board first, and "we don't have much time to get this out now. If a Board member wanted to change this allocation in some way, you have the assurance we'd be watching." Mr. Westbrook said demand could determine funding allocation. Mr. Gritton clarified "we're dealing with a TINY amount of money compared to what we've had in the past. We won't have any trouble finding people to take this. Spalding, Sullivan, JCTC, there are lots of options for healthcare students. Truck driving and welding have rolling admissions. When these vendors find out we have money, we'll have people beating down the door for it." Mr. Cunanan thought it was unusual to have zero investment in healthcare right now. Ms. Baker-Chreste said "because this is a one-time pot of money for \$170,000 – we know this a small amount – putting so much into healthcare, making the commitment to see them through, where is the money in the next few years going to come from to support the ITAs?" Ms. Read clarified: "say we get someone who wants a two-year program. We'll hold that money for them." She said KentuckianaWorks approves based on need, and that "we're unlikely to have every ITA requiring the full amount." Mr. Oyler said this was "a long discussion over a small amount of money," and asked if the discussion should go back to POC. Mr. Gritton clarified the Board could send it back with revisions, but that the POC just had this conversation in their meeting last week.

Mr. Westbrook made a motion to accept Ms. Read's recommendation but with the "flexibility to change funding as the market demands it," which was seconded by Mr. Snider. The motion passed unanimously with no one opposed or abstaining.

Presentation & Discussion: SummerWorks – Chris Locke and Sarah Ehresman

Mr. Locke said "we're pretty happy about 2019 overall," specifically that the number of young people employed in 2019 was the highest number the program has ever had. Around 800 direct placements fell just short of last year's number, but "we are confident it was more; we had a little bit of struggle getting numbers back from employers," though "we're trying to make sure we adjust." 589 of those were private positions, 214 were public/non-profit. The number of employers was a modest increase from last year, and "that's one of the areas we want to continue to improve on." Mr. Locke mentioned his appreciation for the "lots of partners we're working with." He specifically mentioned GLI helping to recruit private employers, saying that Mr. Oyler's letter was very helpful. 38 employers were referred specifically by GLI. There were 34 different zip codes represented in SummerWorks 2019.

Mr. Locke thanked Ms. Ehresman for the report. Mr. Reynolds asked if there was information in the report about one-year and long-term employment, to which Ms. Ehresman said yes, there were positive results for both employment and for enrollment in education. Ms. Lampton said her organization (Office of Vocational Rehabilitation) collaborated with SummerWorks and had some success stories. It was a very positive experience for them and "we appreciate working with you." Mr. Oyler asked how many participants were in the "control group." Ms. Ehresman said there was a "one-to-one match with students of identical demographics." There was an equal sample size for participants and non-participants, about 5,000 participants over the course of the timeline that was looked at. Mr. Archer cited the "contingent workforce" and seasonality, asking if employers tied to that are able to be helped. Mr. Gritton said "it's interesting; Malone used to be a big partner but they've sort of dropped away; we need to renew that."

Mr. Locke moved on to some areas of improvement/changes planned for 2020, as there is continuous learning and improvements with the program. Up to this point, the SummerWorks contractor YouthBuild has been responsible for preparing the students in soft skills. This year, though, JCPS is taking on the work to prepare students in the fifteen Academy high schools and six magnet high schools. Mr. Locke said "we're excited they've taken on that aspect. YouthBuild will continue the prep work in the five alternative high schools." This year, no student who has not completed the curriculum will be referred to employers. Another change is that up until now, KentuckianaWorks has held the private sector employer interface. Next year, YouthBuild will be a much larger player with private sector employers, per their request. KentuckianaWorks will still hold the largest strategic relationship, but the day-to-day servicing will come from YouthBuild.

Ms. Beard said "maybe we could look at rebranding SummerWorks; employers want to retain" the participants for more than just a few months. Her other recommendation comes from the fact that JCPS and YouthBuild have taken on new roles: "If I'm a private sector employer, I don't really want multiple liaisons. This can be more of a hindrance, an obstacle; too much work."

Presentation & Discussion: Code Louisville – Rider Rodriguez

Skipped due to time constraints, will revisit at the next Board Meeting.

Discussion with Deputy Secretary of KY Education & Workforce Cabinet – Josh Benton

Mr. Benton said he appreciated the opportunity to join the Board today. He worked in the Cabinet for Economic Development for 14-15 years, working with chambers and companies all over the state. In the spring of last year, he was "encouraged" that he was going to be going over to the

Education & Workforce Cabinet as Deputy Secretary. He has been in that job for about a year and a half. The goal of bringing him and Secretary Ramsey into the Cabinet highlights some of the administration's priorities; they are organizational in nature. Workforce is a pretty fragmented beast, to be quite honest. At the state level, there were 5-6 different agencies involved. One of the goals is to consolidate as many of those disparate roles as possible: apprenticeship, adult education, economic development, etc. Bring it to a better level of continuity, that's step one.

Step two going forward is to bring that continuity to the operational side of things, such as personnel and resources. The "workforce system" means something different depending on who you ask. For years, different state agencies defined "workforce" by what they controlled. WIOA provides structure and funding, but does not have all the resources to address the challenges we face. Mr. Benton said he appreciates what the Board is doing to supplement all the strings attached, the various stipulations, etc. "We're operating in a system that doesn't take into account the challenges that are faced in a really strong economy," he said. "Funds have been dramatically slashed at the federal level... which creates challenges all across the board. We're doing a significant evaluation of resources. We're seeing what flexibility we have with funding streams. We'd love to have more ITAs, no doubt, but we're having to send back about \$10 million in funds that can't be used for other things" (as they can only be used in certain circumstances). The state is trying to work with the Department of Labor for more flexibility with that funding. Mr. Gritton provided clarification for the board: TAA was created with NAFTA in the 90s. A large bucket of money was provided to re-train people, but only if the state could document their job was lost due to international competition. That is the \$10m we can't spend, but also can't move over. Mr. Benton said it is extremely frustrating not to be able to move funds where needed.

The overall goal is to define workforce. From an economic development perspective, it is the number one priority in the state. However, regional disparities exist – some have labor shortages, some do not. About half the counties in the state are right around the national average, the other half are below, with some well below. The mismatch of skills is a significant barrier that is going to continue. KYStats was mentioned a minute ago; there was a report yesterday on the impact of automation over the next decade. The estimate is that 30% of the existing occupations in KY will be impacted by it. How do we set up training programs that allow for mobility, for skill enhancement? How do we bring people up to speed as quickly as possible? Change is going to continue to happen and technology will impact every sector of the economy.

Another challenge is workforce mobility. When you look at really high performing areas, it is a matter of we need more people in those areas than we currently have. The state is seeking resources from the General Assembly to enhance recruitment, like the "Live In Lou" campaign. The state has proposed financial incentives for individuals who are either relocating here or staying here, but those conversations have been non-starters in the General Assembly. They seem to have no interest in doing that. "We will continue to push," Mr. Benton said.

Another priority is enhancing the state/local relationship and better coordinate them. If you have been around long enough, Mr. Benton said, "you know that Secretary Ramsey and I inherited a generally fractured state/local relationship." Some areas are better than others, but it has often adversarial, which is mind-boggling and extremely disappointing to Mr. Benton. He said they are making an effort to improve that. Part of that is that priorities have to be aligned, generally – sectors, outcomes, etc. Three outcomes specifically are really important to him, from a workforce perspective: 1) How many people are placed in jobs? 2) How many people are trained in jobs that matter? 3) Employer engagement, which will drive the first two. The law requires reporting on other things and "we're going to follow the prescribed regulations the federal government throws at us," Mr. Benton said, but "they're not our customer." The state wants the best for Kentucky.

Mr. Benton went on to “address the elephant in the middle of every workforce conversation: KeeSuite case management system.” It is largely driven by the Kentucky Health Initiative and the Medicaid waiver, which has now been stalled. The development of that was driven by services provided for Medicaid recipients. Because Kentucky Health has stalled, “we were not completely satisfied with the vendor that was developing that technology” and “we now have the freedom to modify it to meet our business needs,” Mr. Benton said. It wasn’t designed for workforce but “We’ve made about 25 modifications last month. We’ve set it up where local areas can submit feedback... It has to work; the system that we had for 15 years didn’t work... We’re committed to working the bugs out to make sure that things are reported accurately... We also want to capture information beyond what WIOA requires, to see how workforce works. We’re working to modify and change that; you have our commitment to make that work, we have to make that work.”

Mr. Benton wanted to mention a few other things related to projects submitted by KentuckianaWorks that the state has funded. There is the Oldham County project over the next three years. There is Code Louisville, which Mr. Benton said “I’ve believed in it since its inception. It’s an area we need for economic development success. More IT talent = more success.” The state provided \$50,000 for it this year and has allocated \$250,000 for next year. There is a \$250,000 agreement for KentuckianaBuilds. With decreasing federal funds, one of the most impacted areas was youth funding, but Mr. Benton said “we’ve allocated over a million dollars statewide.” Mr. Gritton said there was around \$150,000 coming to KentuckianaWorks. Ms. Read said it was very helpful. Regarding Healthcare ITAs: “we like it,” Mr. Benton said, “it’s a matter of finding the money. We’re looking for ways to fund it. Toward the end of the program year, funds tend to become more flexible, because the federal government wants them to be used.” He added “we’re still looking for a way to get the healthcare ITAs approved.”

Mr. Benton said he was happy to take any questions or feedback. Mr. Benton said he felt this group (the KentuckianaWorks Board) views workforce the way the state as a whole wants to view workforce; “this is what we want workforce to be in our communities” and “you guys have done a good job setting that standard.” Mr. Snider said “coming from the economic development side, the unemployment rate doesn’t mean anything anymore really.” Kentucky has good and bad areas, which is a country-wide issue, not just here. He asked Mr. Benton: “with the daily reduction of people in the workforce due to retirements, have you all given some thought... of presenting to the federal government of using Kentucky as a case study for who isn’t working that could be?” Mr. Benton said a significant number of the working-age unemployed are students in college; “if they’re not employed, that works against labor participation numbers.” Another factor in those numbers could be people who choose early retirement. Another factor are stay-at-home parents. The biggest number are people on disability; Kentucky is in the top five nationally in that measure. These people are not taken out of the labor force equation, even though they are getting a supplement to stay home. Mr. Benton called the Medicaid waiver “a political football” and said it still is. “But here’s what I can tell you,” Mr. Benton said. “That is the largest number of able-bodied individuals who aren’t working. There’s nothing to captivate that group. Take out the insurance argument; look at it just from a workforce perspective. 250,000 people in that group (able-bodied, not a sole caretaker) on Medicaid but not working. Over 50% of them are males under age 44. My hope, from a workforce perspective, is that it’s going to allow us to engage with a group of people we don’t have access to. If this group – those 250,000 people – were engaged, were looking for unemployment or got a job, we would be close to the national average. I’m hopeful we can produce something that gives an analysis to that group.” Ms. Wiederwohl referenced Ms. Ehresman’s presentation a few weeks ago, saying we don’t really have that problem here; for working-age folks, we (Louisville MSA) perform very well against our peers.

Ms. Beard said “you mentioned ~30% of roles are going to be impacted due to automation; is there anything we can do to get in front of that in terms of predictive analytics? Put it in the Academies more? Once it’s here, it’s too late.” Mr. Benton said yes, we learned that in the recession; manufacturing changed dramatically and it took us three years or more to catch up. The most known predictive analytics piece for this area is logistics. “I firmly believe,” Mr. Benton said, “that the assembler and manufacturer (no degree) has become the technician (two-year degree). I believe that same thing is going to folks working in warehouses.” Mr. Snider said “they’re already doing that, quietly. They’re not announcing it. UPS started it. You’re seeing Amazon, BestBuy, everybody’s doing it, they’re just not talking about it.” Mr. Gritton said “we know that technology is coming. At the same time, the career center in West Louisville placed 200 people at Amazon in the past few months. Amazon’s \$15/hr. is completely changing the game right now, lifting up other companies’ wages. But we know the number of people in that field could change.” Mr. Benton said that with automation come more advanced jobs that pay better. A great indicator is the CVG Amazon project in Northern Kentucky. 2,500 jobs were officially announced, but “we all know it’s going to be more than that. They haven’t determined their final level of automation. That will permeate to every other center.” The facility is currently under construction and is a \$1.8 billion project. Mr. Archer said “they’re going to be flying their own packages.” Mr. Benton said Amazon has also announced \$700m in training investments there; “that’s the next wave.” Mr. Archer said “Amazon’s going to spend hundreds of millions to train people to train machines.” Mr. Benton said the state’s approach with Amazon is “we know you’ll customize it for your company a lot, but give us the foundation and it will help development across the board.” For example, look at what Toyota did to share automotive maintenance technician skill set with our community college program.

Ms. Beard said there was time for one more question and the CodeLouisville discussion will be pushed to the next Board meeting in November. Mr. Oyler cited a “need for rapid re-skill,” saying “people can’t take two years off the job to do it.” Mr. Benton said that as recently as three months ago, the federal government used to allow money used for retraining after layoffs. On the state’s most recent request, though, the federal government denied this money. “What we’re having to do as a state to get the workforce system we want,” Mr. Benton said, is “we have to identify the gaps, the things we want to do but don’t have funding for. We have allocation with WorkReady scholarship, but it has issues – it doesn’t allow for non-credential earning short-term certifications, it has to follow federal financial aid administration.” He agreed that “we need a quicker approval process for short-term credentials.”

Wrap-up – Michael Gritton

Mr. Gritton closed by saying that Mr. Benton will be available after the meeting concludes for individual conversation. Mr. Gritton said if you want to design an ideal statewide partner, Josh is it. His communications are quite direct; examples include KeeSuite issues and funding requests. Mr. Gritton said “in the previous administration, we barely got a dollar out of them... now we’re getting a lot more ‘Yes’ answers.” He concluded that Kentucky is really doing well on the economic development side, but workforce issues are a challenge sometimes. He thanked Mr. Benton again for coming to speak with the Board.

Ms. Beard adjourned the meeting at 10:01am.

Staff:

Michael Gritton
Cindy Read
Jamie Disney
Sarah Ehresman
Patrick Garvey
Christopher Locke
Brian Luerman
Joi McAtee
Regina Phillips
Rider Rodriguez
Mary Rosenthal
Alece Smith
Tobin Williamson
Angella Wilson

Guests:

Josh Benton, KY EWDC

Observers:

Melinda Breslin, ResCare
LaShala Goodwin, KCAC
Josh McKee, Louisville Forward
Jessie Schook, GLI