

Tri-County Workforce Investment Board Meeting
March 19, 2015
Penobscot County Office, 2nd floor, 97 Hammond St. Bangor, ME
8:15am-10:45am

<p>Meeting Attendees:</p> <p><i>Board Members Present –</i> Ben Sprague –Chair Candi Ewer Gordon Stitham Tracey Cooley Dick Hansen Denice Conary Julie Johnston Ed Upham Hillary Johnston Susan Farley (on telephone) Kerrie Tripp Scott Moulton Matt McLaughlin Destiny Demo Scott Cuddy Andrea Bickford (on telephone) Greg Leavitt Roxanne Jobe (on telephone)</p> <p><i>Staff-</i> Joanna Russell, TCWIB Director Angela Oechsle, Workforce Coordinator</p> <p><i>Guests –</i> Theresa Mudgett, EMDC Hook Wheeler, EMDC Elizabeth MacTaggart, Senator King’s office (on telephone) Ruby Bradbury, NMDC (on telephone)</p>	<p><i>Board Members Not Present -</i> Scott Cates (notified director) David Zelz (notified director) EJ Martin (notified director) Jon Farley (notified director) Troy Richardson (notified director) Kerry Sack (notified director) Dan Muth Jeff Morin (notified director) Chuck Ellms (notified director) Scott Welch Lori Calderone (notified director) Tom Quirk Andy Fitzpatrick Geno Murray Nikki Fletcher (notified director)</p>
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1. Welcome and Introductions - on site and phone

Chair Sprague called the meeting to order at 8:21 am. A quorum was in attendance. Introductions were made around the room and roll call was taken for those attending by phone.

Chair Sprague introduced Destiny Demo as TCWIB’s newest member, representing Cianbro.

2. December meeting minutes –

After reviewing the draft document,
MOTION:

Tracey Cooley made a motion to accept the minutes from the December 18, 2014 meeting. The motion was seconded by Gordon Stitham. Motion carried unanimously.

3. Review Financials and Revenue & Expenditures

Ruby Bradbury, NMDC Director of Operations, explained that each grant in the packet begins with a cover sheet - the "Project" page summarizes the whole grant activity and the "element" pages provide more details.

A review of the financials through the period of 2/28/2015 occurred.

Note: There is an expected shortfall with the Lincoln Paper NEG. Admin funds are only 10% of what the service provider draws. If the service provider didn't have any more draws we would have to pay back \$4,083.30

Board members asked several questions about this issue:

Q: "Where would that come from?"

A: "That would have to be determined by Joanna. We would have to write a check to pay back MDOL." -Ms. Bradbury

Q: "Does that come out of the Tri County Area or Northern Maine Development Commission?"

A: "It came in to NMDC, so it would have to come out of NMDC." -Ms. Bradbury

Q: "Have we ever been in this spot before? What has been done in the past?"

A: "The first time we ever experienced a budget gap or shortfall was with PY 13, when we started out here and there was a \$22,900+ shortfall in PY13 which NMDC bridged the gap by writing a check from their general fund." – Ms. Russell

Q: "So, it does not come from TCWIB?"

A: "You can't take funds from another contract and pay back for a separate contract. The funds have to be allocated very specifically for the project that it's been awarded to." -Ms. Russell

Q: "How serious is it to be off like that?"

A: "Whenever there is a budget shortfall, it's a serious concern. It is expected when we receive a contract, that we can manage the contract and the project accordingly. It is not new news that if we drawdown more than 10% that will be disallowed. I think there is that possibility to still address the Lincoln issue with MDOL, because we haven't overdrawn the contract. What happens with the National Emergency Grants is that when our service providers are serving the participants they are allocating funds out. The board should only be drawing down 10% of what the service provider spends, not what they are contracted with. So if EMDC does not spend down the whole contract, neither should the TCWIB admin." –Ms. Russell.

Q: "Do we know what activities...were all the activities related to the \$4,000+ overage legitimate and acceptable activities or does it just need to keep pace with the service provider?"

A: "It needs to keep pace with the service provider. We're expected to conduct a 120 day review and a midpoint review which requires time and attention from me and Angela to conduct file reviews and interviews with the participants. And then we actually meet MDOL for 120 day review. USDOL representatives come from Boston to do the midpoint review so that will be at least another two days and so there will be more funds that have to be allocated out to those activities."

Q: "What do we do from here?"

A: "We will have to wait and see how much this actually tallies up to and do some problem solving at the end of that."

Q: "Do you need support from the board as far as that goes?"

A: “I think we’ll have to talk about that as we progress through because I can’t speak to the bottom line and where this is going to end...the outcome. It depends. At this point, it’s not clear where we’ll stand.

Q:”Is this a projected shortfall?”

A: “Yes, it’s a projected shortfall. It is contingent on EMDC spending funds. There is still almost a full year left in the Lincoln NEG.”

Q: “Do we have funds left to be drawn?”

A: There are funds left to be drawn but what you have to remember is that we can only draw down a certain amount in tandem with EMDC. It is looking like EMDC may not spend that whole contract. This issue right now is that we’re almost spent down on Admin side. I can’t speak clearly to what this will look like, because we have almost a year left.

Q: “As a board can we request or require....or are there things we can do to help encourage more services?”

A: “With Lincoln, they are on the Trade Act, so this is support services. It’s contingent on the needs of the participants. It is having a conversation with EMDC and talking about what’s happening with support services. What can be done? Are we missing anything there? We can have the conversation and get feedback to see what we can do.”

Next step: Executive Director will have a conversation with Jon Farley and bring information back to the board by sending out a follow up response.

WIA Admin funds are being withheld from NMDC by MDOL. It totals over \$80,000. Currently, NMDC staff is working with MDOL to provide the required explanations/resolutions to outstanding questions. We are addressing their questions and we should have it completed tomorrow morning.

Q: “How long have they been withholding funds?”

A: “I was not aware of it; I have not received any communication from MDOL until I had asked why we weren’t getting paid. Other than the JD NEG, I knew they had some questions on that. For the TCWIB they are withholding \$36,555.81; those funds include February and March draws.

Q: “Of those TCWIB funds, could that impact people receiving services?”

A: “No, this is all administration.”

Q: “How can we make sure that Joanna and Angela get paid? Where does that come from?”

A: “Out of NMDC.”

NMDC document was referenced which depicts the breakdown of actual funds being withheld.

Chair Sprague moved in to agenda item #4 as it was related to the conversation about the withholding issue, etc.

4. TCWIB Executive Committee Report

Chair Sprague gave his executive committee report: On July 1, 2013 NMDC began serving the TCWIB as the fiscal agent. When the TCWIB received their PY14 contract we were notified that due to the AWWIB and NMDC being designated as a “high risk grantee” that meant the TCWIB is also designated as high risk grantee.

Since that time the TCWIB executive committee has noted the time and volume of communications between MDOL, AWWIB, NMDC and TCWIB related to the high risk grantee designation. Over the past few months there has been an increase in communications specifically

related to draw downs, indirect cost allocations and cost pools. The TCWIB Executive Committee decided to schedule a meeting with the CLEOS to discuss their concerns and decide on next steps.

On February 6, 2015 the TCWIB Executive Committee met with the CLEOs (Chief Local Elected Officials) to discuss concerns related to the fiscal management of the workforce funds.

Concerns included:

1. The high volume of communications between MDOL and NMDC regarding high risk designation, inaccurate reporting and draw downs.
2. TCWIB's need to identify exactly how much funding is being paid to NMDC for their services as the fiscal agent.

It was decided at this meeting to request information from Northern Maine Development Commission (NMDC) related specifically to the total cost of hiring NMDC to serve as the fiscal agent. The TCWIB sent an email with a list of items for review.

NMDC submitted the requested information on February 20, 2015. The TCWIB executive committee upon review determined that they needed additional information before they could ascertain exactly how much funding was being paid to NMDC to provide services to administer the WIA funds in Local Area 2. On March 4, 2015 the TCWIB executive committee sent email asking for additional information.

Bob Clark sent an email to the TCWIB executive committee on March 11, 2015 explaining that the information provided in February 20, 2015 email contained all the required information in order to assess the total amount paid to NMDC for their services. He explained that after reviewing the submitted information he would reorganize it in a manner that would allow the TCWIB to identify the total amount of funding paid to NMDC from each contract.

TCWIB Executive Committee and NMDC agreed to meet and discuss the submitted information and concerns on March 16, 2015.

On Monday, March 16, 2015 the TCWIB Executive Committee met with Bob Clark and Ryan Pelletier of NMDC to discuss multiple issues related to the fiscal management of WIA administrative funds for the TCWIB. After reviewing all points presented, the group agreed to postpone any further steps and decisions until a second meeting took place between MDOL Commissioner, the Deputy Commissioner and NMDC employees that same afternoon.

The TCWIB Executive Committee was not satisfied with NMDC's responses to the questions posed during their meeting and decided to wait see what the outcome of the second meeting was before moving forward. **(See TCWIB EC meeting minutes from 3/16/15 meeting)**

Since then, MDOL's Commissioner Paquette issued a letter to all five CLEOs in Local Area 1 and Local Area 2 on Wednesday. Chair Sprague was cc'd on the letter and briefed the board on its contents today. **(See Commissioner Paquette's letter to the five CLEOS)**

Specific concerns outlined in the letter (bullet points): NMDC failure to abide by contract requirements; properly document journal entries; delineate appropriate cost allocation pools; and report cash contributions in a timely manner.

The end of the letter outlined the three step process in requiring fiscal controls are in place:

1) Designating high risk status and requiring corrective actions; 2) suspension of payment if failure to meet resolution of high risk status; 3) final step is the Governor may: Impose a reorganization plan which may include decertification of local boards involved; select an alternate entity to administer the program for each local area involved; and/or merge the local area into one or more other local areas.

The Commissioner of Labor concluded her letter by urging the Commissioners to identify and appoint a new fiscal agent as soon as possible.

TCWIB executive director explained that the CLEOs will meet to discuss how to resolve it and move forward.

Q: “Do you think this board has an opportunity to advise or recommend ideas to the CLEOs?”

A: “The executive committee can come together to talk about options and make a recommendation to the CLEOs and note what all the options are and do the pros and cons.”

Q: “Is there a timeframe?”

A: “There is no timeline in this letter, but it is important to take action. The executive committee can meet and discuss options. What we can do as a board is to make recommendations to the commissioners to look at best options to serve the area.”

Q: “Is anybody aware of other boards that are in a similar situation with these sorts of issues or have they ever received a letter like this?”

A: “In the past Local Area 1 and Local Area 3 had some issues that put them on high risk. Local Area 3 has since been taken off high risk and has resolved all their issues. So did Local Area 3 ever receive this letter?-No they did not as they were able to resolve the issues.”

Q: “I would assume that they took action steps to resolve it that have not been employed by NMDC, is that accurate?”

A: “The issues and concerns in Local Area 3 were different than the issues and questions in Local Area 1. Actions taken to resolve issues have to be different as well.”

Q: “Based on the DOL letter it doesn’t give the specific action steps. It’s not exactly clear on what they have to do, other than get their fiscal house in order? Is that accurate?”

A: “There are multiple questions. The primary questions on the table right now are their indirect cost allocation and the formulas that they’re using. I believe that’s one. The other is the volume of inaccurate reporting and errors in weekly draw downs. Twice staff from NMDC have gone to Augusta to be trained. NMDC continues to submit and respond when they are given the instruction or when given next steps they follow accordingly.

NMDC’s work to date has not satisfied MDOL or USDOL in a manner that allows them to remove the “high risk designation” from the AWWIB, TCWIB and NMDC.

More Discussion

5. TCWIB Director’s Activity Report

TCWIB executive director shared some activities taking place under her purview. The report outlined activities pertaining to both local areas under the executive director and all other activities pertaining only to TCWIB (local area 2). The report can be viewed online on the TCWIB website:

http://www.tricountytwib.org/image_upload/2015%20March%20Directors%20Activity%20Report_%20TCWIB%20combined.pdf

6. TCWIB Sustainable Wage Policy

The Local Area WIB is responsible for setting a sustainable wage policy. Policy discussion regarding a first draft proposed **Sustainable Wage Policy** occurred.

Comment from Ed Upham was that as written, the proposed policy is too broad and he'd like to see it more detailed.

Suggestion of forming a small policy committee was voiced.

MOTION:

Kerrie Tripp made a motion to table this policy approval until June meeting so that more thought can be given to it. The motion was seconded by Julie Johnston.

More discussion about percentages and other criteria occurred.

Vote: Motion carried.

Volunteers for the small policy review committee are:

Ed Upham

Jon Farley

Tom Fernands

Scott Cuddy

7. PY 12 Monitoring Letter from MDOL

A letter from MDOL was included in the board materials. If there are any questions, contact Joanna Russell at jrussell@nmdc.org or 992-0770 and 951-2549.

8. Verso Update

Ed Upham gave a presentation about the current status of displaced millworkers.

He talked about setting up the Orland transition center - part of a collaborative effort with EMDC.

What has BES/CareerCenter been doing?

- Rapid Response, Trade makeup sessions. (ongoing)
- Workshop for Veterans.
- Employer presentations: DOC; shipbuilding;
- Training institution presentations: HVAC/EMCC; Beal College; RSU 25; UMA
- FASFA application workshops
- Answering & assisting w/ questions on UI, training, employment/job search; health care.
- Meeting one-on-one to develop training plans.

What are BES/CareerCenter's immediate needs?

- Algebra and English prerequisites... Adult Ed...where and when? Costs?
- Computer literacy ... lab training one on one.

What are the challenges?

- Biggest challenge is working with people to explain options and getting a decision.
- What Jobs should we be training people for?
- Short term training that leads to employment.

Types of jobs people are training for:

- Truck Driving; Woodworking; HVAC; Medical; Business; machinist; accounting.
- Employed at new jobs - 123

- ATAA – 21 (wage subsidy)
- Training – 47
- OJT – 3
- Training waivers – 11
- Relocation – 1
- Job search – 307
- Still at AIM - 58
- Much of the training will begin in the fall semester. People will work on prerequisites over summer, if possible.

A board member asked what the average age of a former Verso employee was. Ed responded with 52-53. Joanna promised to send out the demographic data to the full board.

9. EMDC WIA Program Report

Hook Wheeler gave a brief workforce programs report as Jon Farley was on vacation. He talked about current performance reports and referenced the planned versus actual numbers – they are on track.

He noted the common standards being met and the wage at placement. The average wages are good. People coming out of our Adult program are making \$11.20/hr and those from DW are getting placed at \$14.10/hr.

Hook also shared the curriculum on the fine woodworking program at EMCC which is an accelerated program with an added WorkReady™ component. Once completed, the students will end up with 14 college credits. The employer was heavily involved in the development and design to specifically meet the employer’s needs.

10. EMDC Hancock County Initiative

Theresa Mudgett talked about her involvement in the JDNEG / “Ready2Work” grant. As part of a strategy to increase sector partnerships in the healthcare sector, Theresa has created the Hancock County Healthcare Workforce Advisory Committee. It is made up of 4-5 adult education directors, 3 hospitals and 3 rehab centers as well as other interested parties. The committee works to address workforce needs of employers by discussing current needs, creating accelerated training programs, advocating for career pathways, and linking prospects to opportunities like On-The-Job trainings and apprenticeships. The “earn while you learn” piece is attractive to employers and trainees. Workforce academies and adding specialized certifications adds value.

This can be replicated with other industries in any sector.

11. TCWIB Jobs Driven NEG project update

Ryan Pelletier, NMDC was not present or on the telephone, so his update on the JDNEG project was not given.

Next steps: MOTION - Scott Cuddy made a motion to have a follow up conference call and/or meeting in 3-4 weeks. Julie Johnston seconded the motion. Motion carried.

Additional comment made by Scott Cuddy for the record: “The only reason that the executive committee got on this when we did was because Joanna brought it to our attention and she has done a fantastic job of keeping us on this and moving us forward on it. And at the same time continuing with these reports and

actually getting the work done. She and Angela have done some great work under some pretty unusual circumstances. I just wanted to make sure that was recognized in the minutes.”

Action items: Executive committee will meet in the next two weeks and Joanna will invite the CLEOs.
Follow up full board call/meeting in 4 weeks.
Joanna will send out Verso demographic information.

MOTION – Julie Johnston made a motion to adjourn, seconded by Scott Cuddy. Motion carried.
Meeting adjourned as 10:58am

~ **NEXT MEETING IS JUNE 18, 2015** ~

Respectfully Submitted,
Angela Oechsle
Workforce Coordinator