



PLANNING COMMITTEE MEETING

Tuesday, March 10, 2015

7:30 a.m.

Merrimack Valley Workforce Investment Board

Lawrence, MA 01843

Members Present: Juan Yopez, Chairman
Rosalin Acosta, Dennis DiZoglio, Andrew Herlihy,
Mike Munday, Abel Vargas

Members Absent: Ron Contrado

Staff Present: Rafael Abislaiman, Susan Almono, Mary Kivell

Others: Arthur Chilingirian, Amy Weatherbee

I. Approval of Minutes of January 20, 2015

A quorum being present, Juan Yopez called the meeting to order at 7:35 AM. Chairman Yopez then called for a motion on the minutes of the January 20, 2015 meeting.

Motion by Dennis DiZoglio, seconded by Abel Vargas, to approve the minutes of the January 20, 2015 Planning Committee meeting as submitted. Motion passed.

II. WIOA Changes

Executive Director Rafael Abislaiman talked about the number of WIA regions in Massachusetts and that changes through WIOA may reduce their number. He noted that New Hampshire has only in region and Massachusetts has sixteen.

In Massachusetts, Metro North in Cambridge with two or three career centers serves the most populated region outside of Boston. One scenario would join our region with Lowell. In another it would be Lowell, North Shore and us. In yet another it would be the mentioned three areas plus Metro North.

Any reconfiguration that may occur will probably take a couple of years to implement. The City of Lawrence is our host city and Mr. Rivera and the Board would be consulted. The City has fiscal liability and it may or may not be able to continue in that role if

Workforce Investment Areas are consolidated. The City has retirement cost liability because regional staff are city employees.

The City of Lawrence would be picking up a lot of additional financial liability if consolidation occurs with Lawrence as the host city. The City Budget Director believes that we are currently not meeting retirement liability costs with the 20% contribution that we make. (Individuals contribute 11% of their salary and the organization picks up 9%). The Budget Director insists that the City's actuarial liability is closer to 40%. Rafael said that he's discussed the possibility of gradually moving staff to become 501C3 employees with Mayors Rivera and Lantigua. But we remain municipal employees for the foreseeable future. That may change when we RFP for, and charter, a new career center.

Dennis DiZoglio said that there is an annuity portion in municipal retirements and there is talk of doing an actuarial study of regional planning agencies to set a pro-rated share of what the retirement contribution should be. He said that this would put a serious strain on his agency and on their ability to compete for grant funds. He said that his agency would have taken a more conservative approach on personnel and fringe benefit decisions if they'd anticipated this. Dennis stated that public sector benefits issue is a nationwide problem.

Mike Munday noted that the federal government has gone to social security and matching contributions to 401k plans for its new hires. Ron Contrado reported that AT&T had recently posted a \$7.5 billion write off to pensions as people are living longer. It was also noted that Social Security and Medicare are underfunded. Rafael said that Social Security contribution currently go into the general fund and that the 'lock box' never happened. He asked Rosalin what her experience is in the private sector.

Rosalin Acosta said that most companies in the private sector do not offer pensions and instead have 401k plans. But she added that Canada has a generous pension system that was not impacted by the 2008 recession. Ron Contrado also said that Canada has a high income tax rate.

Rafael continued with the maps of the workforce regions and said that, if WIA consolidation must occur, to him it makes most sense to align them with Community College regions because there are fifteen of them. Dennis said that it also makes sense in light of the president's free tuition proposal for community college students.

Dennis asked if there is a due diligence plan for the regions and whether the new Secretary of Labor will have a say in WIOA implementation. Rafael said that the Governor has the greatest authority and he will likely delegate it to the Secretary.

The executive branch is charged with consulting with the WIBs and CEOs or Mayors to decide on regional configuration. Juan said then that means that the Governor has the ultimate say because consultation likely means asking for advice that may or may not be taken.

Rafael said that Republicans want cost savings but they also want the advice of private sector employers. Dennis said that goes back to what he was saying that the Governor would rely on DOL and the Secretary and would not make a decision in a vacuum. Rafael said the MA DOL staff will undoubtedly weigh and that they have their own agenda and want to protect their own funding. In the past, DOL was getting 15% of the WIA allocation but it was cut down to from 5% to 8.75%. Now Chili said it is going back up to 15%. Ralph said it may be 12.5% and that, in any case, if they get more the regions get less. We need regional WIB private sector employers to give voice to their regions' workforce development needs.

Chili said that the Governor has appointed a lot of Democrats and the Secretary of Labor and Workforce Development has wonderful credentials but doesn't have experience in the workforce system. He is likely to depend on MA DOL staff with more experience. Rafael said that we will have to wait and see how things progress.

III. Performance Summary as of 12/31/14

Rafael said that this fiscal year is noteworthy because Chili and his staff are quickly placing people into training. Most training referrals previously occurred in the third and fourth quarter. This FY, state ValleyWorks staff are no longer the only ones able to clear someone for training. Staff integration and cross-training now enables municipal staff to refer them. Before only State staff were authorized to do so. Previously there were referral delays because State workers get a positive outcome for employment and not for referrals to training.

Some planning committee members mentioned that they remembered career center training time discussions on cross training state and municipal staff. Integration was postponed because a State union member filed a grievance against it. The union argued that a larger job description required a larger salary. As a result, full integration did not occur but ValleyWorks municipal staff were cross trained to do State jobs. Because municipal staff were cross trained they are able to refer customers to training.

Rafael also said that it also helped that the Planning Committee and WIB lowered the academic threshold for training from 7.9 to 6.9 more people are eligible. We had raised it to 7.9 about three years ago but it made recruitment too difficult.

Dennis DiZoglio wondered if this report as of 12/31/14 is the half year mark and whether we are on track with some categories at 20%. Rafael said that some categories lend themselves to higher numbers at the end of the year.

Abel Vargas asked what the difference is between WIA Adult and WIA Dislocated Worker categories. Chili said that WIA Adult funds services and training for low income people who often have little or no work histories. Dislocated Worker are folks who were laid off and are collecting unemployment.

Chili stated that the report does not have real time data. We don't get employment results until clients are exited from the state WIA data base. They are not counted as employed for a minimum of three months after a job start date and the three month clock restarts each time a client is recorded as receiving Career Center services.

There were questions as to whether the Committee should receive info with inaccurate information. Rafael said that he formerly provided the report each quarter but he decided to provide it monthly to keep everyone as informed as possible. He said that, next month, the Committee will receive another sort of data iteration that provides timelier information. That timelier version may require updating at individuals' 90-day and 270-day employment points.

Rafael said that Massachusetts doesn't have wage matching as other states do. Wage matching immediately tracks employment using UI contributions and contributions the State's Department of Revenue. It was stopped in Massachusetts because of confidentiality concerns.

Juan Yopez asked if we review what training courses are effective and Rafael said that we do. We track vendor's student employment and certificate achievement records. Most training dollars go to entry level health care jobs because that field has the most job openings. We also track whether more expensive and longer term courses have better outcomes than shorter and less expensive ones.

Chili mentioned that the President will report how good the economy is but wage gains are not keeping pace. Folks in higher level courses expect to get \$20 per hour and are only getting \$14. Most WIA Adult participants go into health care. Abel said he expects that wages are tied to UI and Mike Munday said that employed population percentage numbers are at their worst since the 40's. He feels that UI numbers do not describe the situation correctly. Chili said that Massachusetts is reporting 149,000 job openings and that is a lot of jobs. He did say that he is now seeing some folks coming in to look for work after their 26 weeks of UI.

Rafael agreed with Mike and said that employed numbers provide a better indicator than unemployed numbers. In some area wages paid are still lower than those in 2007. In Northeast Massachusetts the average hourly wage is \$16.50 per hour. He mentioned a recent conference where it was stated that a family of four earning \$100,000 cannot live in Boston without subsidy. He said that if two parents each working 40 hours per week and earning an average of \$24 per hour cannot live in Boston without public support, maybe they should move to cities like Lawrence. Abel

replied that most service staff cannot afford to commute to Boston at their income level so subsidy is sometimes necessary.

IV. Budget Update

Rafael Abislaiman said that Rosalin asked for an income and expense report and one is now included in the Planning Committee package. The City does not track its budget on an accrual basis so the provided budget is on a cash basis.

Some of the line items are underspent as of November 30th. The salary lag is greater than it appears because the listed amount includes Youth Wages that mostly occur in the summer. Also Valleyworks and the WIB had open staff slots and there are sufficient funds to put money into training. Mike Munday noticed that Overhead seems to be underspent and Rafael said that is a flexible account and funds can be carried over.

Rosalin then mentioned that the total Job Seekers served is 12,000 and wondered if we are meeting the demand in the city. Chili explained that we have a \$6,000 cap on training but will work to try to access other funding. Juan said that we will assist anyone to help them find a job and at some point if there are no funds for training we will continue to work with them to try to help them find a job. Chili said that we try to place anyone who is eligible and qualified. If they are limited English speaking and don't meet the levels for training, we try to refer them to get ESOL training. We have a DESE staff person three days a week to assist with connecting them to ESOL training.

Rosalin said that she sees the numbers we are serving and wonders who we are not serving that may contribute to UI and issues in the city. She wondered is it even a social problem and are we doing everything we can? Chili said that we have hired a bilingual workshop specialist to explain services and help folks get a resume. We also regularly offer seminars in Spanish at the center.

Rafael said that the need is greater than available funding. If we had unlimited funding we could do more. The WIB has made decisions related to priorities as we want to help people who met thresholds and not help kids to dropout and come to us for help. The K-12 has more resources and parents need to encourage kids to use them. Title I is for workforce training and Title II for learning English and remediation. We work with youth with either a High School diploma or GED. Historically we used funds for remediation for dropouts and single mothers. Chili said that under WIOA Title II may be a partner.

Dennis DiZoglio then said that there was discussion at a recent Mayors and Managers meeting regarding tax breaks for businesses and whether it may be possible to get more money for training into the system. Dennis said the idea is to create a direct connection with workforce training.

Discussion followed on TIF and what they are used for. Abel Vargas said a TIF is a baseline schedule like a tax abatement and referenced Washington Mill as an example. Juan Yopez said that it is not for low income but for business expansion and becoming a bigger part of the tax base. He said that he is not a fan of tying TIFs to employees as all TIFs are different. One company may save \$3,000 in real estate tax and another \$50,000. What percentage and how many can you train. Companies are making significant investments to communities by moving in or expanding. Mike Munday said that is a 2 to 3 year benefit and if they subsidize worker training and then the employee leaves, what have they gained. Dennis said that perhaps a better awareness of the tie to workforce development programs could be useful. Rafael said that any reduction in taxes creates a mutual obligation. Massachusetts has gotten into trouble offering tax funds to companies that go elsewhere. Discussion followed on asking for local hires and also creating jobs.

Juan then said asked, if based on this budget and his calculations, would we be able to stay within the budget. Rafael said that some categories are spent faster than others but we don't expect going over budget.

V. Adjourn

Having no further business Mike Munday made a motion to adjourn the meeting. Dennis DiZoglio seconded the motion and the meeting was adjourned.

Respectfully submitted,

Mary Kivell,

Recorder