

## **Agenda Item: I**

- Approval of November 28, 2012 Meeting Minutes

**PERFORMANCE COMMITTEE  
NEBRASKA WORKFORCE INVESTMENT BOARD**

November 28, 2012

Chair Bruce Cutright called the meeting to order on November 28, 2012 at approximately 10:10 a.m. at Nebraska Department of Labor, Room 311, 550 South 16<sup>th</sup> Street, Lincoln, Nebraska. Members attending in person were: Bruce Cutright, Connie Eichhorn, Randy Kissinger, Catherine D. Lang and Carol Swigart. Members attending by conference call were: Liz Mazzotta, Mark McColley, and Becky Stitt. These people also attended in person: Phil Baker, Mary Findlay, Jan Fox, Jan Kauk, Vicki Leech, Nancy Leonard, Jason Mauseth, Joan Modrell, Jan Norlander-Jensen, and Kelley Reese.

Joan Modrell, Executive Director of the Office of Employment and Training, handed out to members a copy of the Iowa Formula Applied to Nebraska PY12 Allocations.

**I. Approval of November 7, 2012 Meeting Minutes**

Mark McColley moved to approve the minutes of the November 7, 2012 Performance Committee meeting; it was seconded by Becky Stitt and unanimously approved.

**II. State Allocation Formula**

Joan Modrell summarized the state allocation formula for the committee.

Liz Mazzotta said one of the starting points for the committee might be agreeing that discretionary funds should be targeted to places with the most need. A couple questions: How do you define the areas with most need? Does the current formula take into account the current need and are we defining need as poverty rate? If it's those individuals who have the lowest income, resources and unemployment rate, Joan indicated the current formula takes these factors under consideration. How do you define "most in need?" The Performance Committee needs to review this. The Performance Committee, when shifting dollars also needs to consider the performance of each local area to make sure funds are being invested where there is the highest likelihood of success.

Bruce Cutright asked what kind of liberty the committee has in being creative with the formula. Joan Modrell said for distribution of 100% of the funds, 70% of that 100% must be distributed: 33 $\frac{1}{3}$ % to unemployed, 33 $\frac{1}{3}$ % based on poverty and 33 $\frac{1}{3}$ % based on excessive unemployment. Thirty percent of the funds can be distributed based on factors the Governor may take under consideration to meet specific needs of the state. Bruce Cutright said then we do have the ability to be somewhat creative within that 30% piece as long as we can define it. There are cases of extreme high unemployment in certain areas of the state, certainly in Omaha. Bruce asked if the committee has the ability to say, we are all in this together; and then focus on those areas of high unemployment throughout the entire state in allocating the 30%.

Liz asked if the Department of Labor had statisticians. Is there anybody at the state that could take this on as a project to help the Performance Committee? Joan said there are Labor Market

analysts in the LMI Office but no statisticians per se. Joan stated that the state has to stay neutral.

Connie Eichhorn said this is 30% discretionary funding. It seems that as the state, we should look at those areas and use the discretionary money in that manner rather than a simple formula. This might change every couple of years depending on what is happening in various parts of the state.

Joan asked if Omaha sets aside a part of their formula funding for higher areas of unemployment in their local area. Connie said she couldn't answer regarding specific percentages but there is targeted population going on. Carol Swigart would also like to see how they target it specifically.

Randy Kissinger said he thinks we need to be careful with using census tract information. Greater Nebraska would be against anything that takes money from them. They would be glad to look at the model, not for this year, but down the road based on those needs. Census tract information, he thinks, is a tough sell.

Carol Swigart said Greater Lincoln is uncomfortable with the narrowest of what they are looking at.

Joan reviewed the Iowa Formula Applied Nebraska PY12 Allocations handout with the Performance Committee. Iowa distributes 30% of its WIA Youth funds based on a poverty rate established by using the Small Area Income and Poverty Estimates (SAIPE) census data. She explained the Youth and Adults allocation. Iowa has used this formula since the beginning of WIA and it works for them.

Connie Eichhorn asked Mary Findlay how many people across the State of Nebraska are living in poverty. Mary said she would have to check her spreadsheets, but what they did was take those county by county estimates and add up all the people that said were in poverty. Connie asked if this was households and Mary said no individuals. Joan said it's based on the definition that has been set out by census data on SAIPE.

Randy said going to his board and saying Omaha needs more money would be a hard sell because Greater Nebraska also has poverty, unemployment issues, etc.

Joan offered up a spreadsheet moving off Iowa's example. At the last committee meeting, members had asked for running numbers on a formula that wasn't exactly the formula Mayor Suttle had presented. The Department had questions and needed further guidance from the Performance Committee before they could actually run those numbers. She reviewed the spreadsheet "Analysis of Proposed WIA Local Area Allocation Changes" with the committee.

Bruce Cutright asked Joan to review Version 1 and Version 2 on the spreadsheet. The Version 1 option uses the local area unemployment statistics (LAUS) for July 2011 through June 30, 2012 as the source for the unemployment rate. The rate was rounded to 4.5% to follow procedures from the regular monthly release. Version 2 uses the LAUS data from July through June also;

however, data was unrounded to 4.5%. Tracts selected must have been within an ASU and more than three times the unrounded state unemployment rate.

Liz asked Joan to review Version 3. Version 3 uses the LAUS data from July 2011 to June 30, 2012. Mary Findlay said it actually uses 2010 to 2011 because that is what was used in the planning booklet. It was unemployment in census tracts with an unemployment rate of 8.4% which was two times the state rate or higher. We looked at unemployment in ASU. ASUs have to have a minimum population of 10,000. Population is factored in and uses those ASUs. Joan explained the “with Hold Harmless” and “without Hold Harmless” columns. States are required to implement a 90% hold harmless requirement. This means no local area can get less than 90% of the funds they received the previous year.

Liz expressed that she needed time to digest this. Liz asked who we need to weigh in on better accuracy, better leverage. What is used more commonly, what does the Department of Labor think about these two sources? Bruce agrees there is need for time to digest this information but there is a deadline. He stated, no decision is to leave it as is. If we are going to do due diligence and study this further, we need to give this committee more time to study. Bruce asked for others’ thoughts. Mark McColley agrees we need more time. Do we have to abide by the timeline that has been established? Joan said the schedule that has been set was predicated on a new formula being implemented July 1, 2013. Once Nebraska gets the allocation from the Feds, the state distributes to the local areas so they can do their planning, modify their local plans and start spending July 1 of the following year.

The Commissioner said from the perspective of the Performance Committee, she would not be willing to modify the distribution formula once funds have been distributed for a program year. It would be good to know if there is anyone in the group that would be willing to modify and distribute after the fact. Carol Swigart said they would agree with her to not make changes midstream.

If the Performance Committee wants to have something in place this year, they would need to get their recommendations to the Executive Committee by December 7, 2012. Key to this discussion is if something is going to be done, the committee needs to specifically define what it is. The question at hand is the Omaha proposal. Are there other alternative formulas like what Iowa uses? We can check on other states that have alternate formulas. Becky Stitt also agrees the Performance Committee needs more time to digest and would like to look at other alternatives.

The Performance Committee is vested with the responsibility of looking at these detailed items but there is nothing that precludes the Executive Committee from taking this up, or the state board from taking this up. They could, but the Commissioner would be surprised if they did because they have vested the Performance Committee, with the task but that doesn’t mean at the December 7<sup>th</sup> meeting this could not be directly presented to the Executive Committee by Greater Omaha. The Greater Omaha board, through Jan Kauk and the Mayor, brought a philosophical proposal and the Commissioner is curious if it is one of the six methodologies that come closest to representing the policy described by Greater Omaha.

Of the six columns on the page of the spreadsheet, which comes closest? Jan Kauk said she needs to study the spreadsheet but thinks the first three columns could be discussed.

Bruce Cutright asked Randy Kissinger if he wanted the first three columns off the table. Randy would make that recommendation. Carol Swigart said Greater Lincoln would also not be in favor of these three. They would like to keep the allocation as it is.

Bruce said there is the suggestion that the Performance Committee have more time to study. Also, that we give some thought to create our own unique Nebraska formula that would be satisfactory to all. Liz thinks this is a good idea. Joan said going on the premise that today the local areas are not serving those most in need. This presumes money is being spent today that is not reaching those most in need. She would like to visit with local areas on what kind of criteria defines those most in need.

Regarding the \$600,000 redistribution, the Commissioner asked what it costs to serve a person on average. Joan said it varies quite a bit among the local areas. Jan Norlander-Jensen also stated that when money is taken away, you also take money from administrative funds.

Bruce asked for motions for any future action on this.

Liz Mazzotta made a motion that the Performance Committee continues to study this proposal since it was submitted as a formal proposal. Based on the amount of data to review, it would be in the Performance Committee's best interest to give this more time. Mark McColley seconded the motion.

Roll Call vote follows:

**FOR: (5)**

Cutright  
Lang  
Mazzotta  
McColley  
Stitt

**AGAINST: (0)**

**None**

**ABSTAINING: (0)**

**None**

**ABSENT: (4)**

Breed  
Brown  
Ridder  
Tyndall

## Motion Carried

Bruce asked the committee to discuss a timeframe and report to the Executive Committee that they are going to study this motion further. The Commissioner said that Greater Omaha can come to the meeting and restate their proposal. Joan asked if it was the intent of the committee that this is what will be communicated back to the Mayor Suttle under Bruce's signature. He said yes. The Commissioner wants Greater Omaha to have every opportunity, if they wish to pursue the proposal in the current timeframe for the program year that starts in July, to make a request to the Executive Committee as soon as possible to get it on the agenda.

The Commissioner said there will be a letter sent from Bruce to Mayor Suttle to say what our motion was today.

Liz thinks we are saying we are going to inform the Executive Committee of our discussion and our intent to further study.

Bruce said that if we are going to study this further, what resources do we have and what do we need to pull out. What more data do we need? Joan said pulling the data can be done; it's pulling the data on "what" that is time consuming. This goes back to what is the formula. The Commissioner asked if the Performance Committee should have LMI educate the members on what they can look at, what does LAUS mean, what does ACS mean? Liz thinks the Performance Committee needs to digest all the data. The Commissioner asked what it meant when it was said Nebraska would create its own formula. Carol Swigart doesn't think we have decided on the philosophy yet. Liz said this is why we are continuing the study.

Bruce thinks the committee has come up with several items for the agenda for the next meeting.

Bruce asked how long it would take to prepare an educational session for the committee. The Commissioner asked if the state board could meet in the morning of January 25, 2013 and the Performance Committee in the afternoon to have a study session. Liz asked if another meeting could be held early next week to do the educational part. Phil Baker said this committee will have to tell them what they mean by "education". Phil needs guidelines on what the committee wants to be educated on. Bruce asked Liz what she would like the state to provide. She thinks she has everything she needs. Joan asked what about everyone else. Becky Stitt and Mark McColley think they have enough information.

At the next meeting, they will put together their collective thoughts. Are we willing to wait until the next full board meeting in January? Consensus is that they should try and meet before. DOL will coordinate the next meeting with the members.

### **III. Meeting Schedule**

The next Performance Committee Meeting is scheduled for February 13, 2013. The next full board meeting is scheduled for January 25, 2013.

**Adjournment**

A motion to adjourn was made by Becky Stitt; Catherine D. Lang seconded the motion; a voice vote was taken; the motion carried unanimously and the meeting was adjourned at 12:10 p.m.

December 11, 2012

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