



## WORKFORCE DEVELOPMENT COUNCIL

317 West Main Street, Boise, Idaho 83735-0510

### Workforce Development Policy Committee Meeting Minutes

**Date:** Monday, August 20, 2018  
**Time:** 8:00 am – 5:00 pm (Mountain Time)  
**Location:** J.R. Williams Building, 1<sup>st</sup> Floor West Conference Room  
700 W. State Street  
Boise, ID 83702  
Call In: 1-720-279-0026  
Guest Passcode: 470642

**Meeting Conducted By:** BJ Swanson, Committee Chairman

**Council Members:** B.J. Swanson, Joe Maloney, John Smith, Kelly Kolb, Lori Wolff, Scott Syme, Todd Schwarz

**Committee Members:** Bert Glandon, Christi Rood, Jake Reynolds, Dotty Heberer, Roy Valdez

**Guests:** Amy Lorenzo, Dwight Johnson, Jason Hudson

**Staff:** Wendi Secrist, Paige Nielebeck, Matthew Thomsen, William Burt

**Call to Order at 8:10 am**

#### Welcome

Ms. Secrist welcomed everyone and briefly went over the agenda.

#### Introductions

Everyone introduced themselves.

**Roll call** – Quorum Met

#### Overview of Workforce Development Training Fund Programs

Employer Grants:

An employer grant is given to a specific company to meet their needs for growing or adding new employees. Another major criteria is that the company has to sell at least 50% of their product/service outside the region. Currently retail is not being funded.

There are some concerns about major industries who have brought their supply chain to the region and this policy eliminating them from eligibility. Some exceptions made as things have evolved. There is no quantitative way to confirm whether the company is selling 50% or more of the products/services outside the region and staff rely on the applicant to answer to this as a "yes/no".



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There have been concerns about money being put into call centers as well. In the past, many call centers received funding and closed their doors not too long afterwards.

If a company is using a temporary agency to source their employees from they are not able to get a grant to pay for the training while those employees are with the staffing firm. Once the employees become full-time employees they are eligible to submit for reimbursement for the training. They have to be listed on the applicant's payroll.

The companies have always had to provide social security numbers - at least since 2014 it has been a hard and fast rule. Before that social security numbers were required but were still given reimbursement if they did not provide them.

When the WDTF was originally formed it was viewed as an economic development tool. There was a group of business leaders from across the state to identify issues and figure out solutions to fix them. One of the big issues was workforce development. A proposal was created for a 3% offset of unemployment insurance to reimburse employers who needed training dollars. It was the only cash incentive that Idaho had to attract new businesses to the state. The view of this has now changed to a training tool rather than an economic development tool.

### Sector Grants:

A sector grant is available to employers, educational institutions, etc. It has to be a consortium of at least 3 businesses or more. They can apply for up to \$250,000 over two years. The employers who are part of the grant must meet the requirements of the employer grants (the 50%, etc.). The sector grant can train either existing employees of the companies or people they are attracting in to become a talent pipeline. It is not a requirement that the trainees be employed by the companies. They have been very effective in doing what is intended but have been a little more challenging from the standpoint of application development. Sector grants require a match (25% cash match, 100% in-kind, or somewhere in between).

### Micro Grants:

A micro grant can only be up to \$25,000 per award. They are a lot more flexible in the essence of what the award can be used for (the funds do not have to be directly tied to someone directly moving into a job). Requiring social security numbers for reporting has been challenging for educational institutions. It has been suggested to look at "categories" of micro grants, where social security numbers would be required, where would they not be required, etc.

### Regional Distribution of Grants:

At the end of the survey that was sent out to the Committee, it was requested that regional data of where the funds are being awarded be provided. Ms. Secrist provided a handout to the Committee of this data. Please see attached document. Is there a regional GDP figure that this data could be tied to?



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Staff will provide both GDP and population information for the regions. The data appears to show that distribution of these grants have been equitable. Depending on when some of these policies were enacted it may have affected on how these funds were distributed. This data is looking at it from the state's fiscal year.

Request from staff:

From the staff perspective, having clear policies, outcomes, and objectives is important. Once those policies, outcomes and objectives are in place, staff would prefer the latitude to develop the applications, rather than having the application be "the policy". How comfortable is the committee in letting the staff to develop the applications?

- What will the feedback loop look like between policy and application?
  - The Workforce Training Network and other interested parties would be asked to look at the application and provide feedback and it would be brought back to the committee to review.
- This committee is for oversight. The committee does not need to get into the weeds of this. The staff needs to be given direction and expectations from the Council and Committee.

### Objectives/Goals of the WDTF

- Increase the growth of the economy (prosperity) - wages
- Help people increase their economic mobility
- Give workers skills (employability)
- Create talent pipeline for business
- "Educational" transaction (employability)
- Be responsive (immediate needs)
- Provide the funding
- Share best practices
- Accountability
- Start projecting needs and direct funding
- Proof of concept
- Hard to fill vs under/unemployed

What should be measured?

- Retention
- Wage increases
- New jobs created
- Capital investment
- Impacts hard to fill jobs
- Reduces/closes skills gaps

Should certain occupations, industry sectors, or both be targeted for funds?



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- The council originally prioritized certain industries as the top industries in Idaho. They were the industries that the council would see the most return on investment on. There has never been a hard and fast rule that if you are not in one of these sectors that you do not qualify for grant funding. The Eligible Training Provider list follows a similar path.
- It is concerning that new sectors are being discriminated against and discouraging the growth of those new sectors.
- It seems like the committee would be limiting itself if they stuck to only those sectors. It could be discouraging for a company who does not fall in those sectors and they may choose to leave Idaho.
- With the job growth in Idaho no one can be ignored. A wide variety of skills is needed. Every population needs to be on the table.
- There is also a big concern because middle-age, skilled workers now do not have the skills that the increasingly more technical workplace needs. They may be a skilled programmer with a degree, but they not skilled in the newer technology.
- There is also a very high teacher shortage.
- The WDC staff has thought about having a pay-it-forward stipulation for those who receive grant funds. They have to help another community by sharing curriculum, etc.

### Sector/Occupation Approach

- Could lower burden on application if part of defined sector
- Make some funds available for proactive approaches in specific sectors
- Teacher shortage impacts all training programs
- Replicate best practices

There is not a strong recommendation from the committee to tie funds to specific sectors/occupations. Maybe find a way to allocate some funds for specific sectors. The committee is still searching for a solid strategy concerning this issue.

### Minimum Wage Threshold

- Consider approach where applicant has to justify wages
- Taxpayer dollars – should have higher expectations
- Wage index – TRI uses average county wage
- Border communities
- Wage differential instead of specific wage thresholds
- Should there be an annual index?
- Keep \$12 minimum, use index for scoring, like the TRI does?

Employers can receive more points in their grant score if they pay above \$12 an hour. In some areas \$12 an hour is not a livable wage. It is possible to create an index and change the requirement according to



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where the company is located. There is an issue with Idaho competing with other cities on the borders of Idaho and other states. People are going to Washington to work because the wages are higher.

### Break at 9:55

### Objectives/Goals of the WDTF (cont.)

Hard Skills vs. Soft Skills – does the committee need to consider supporting soft skills in the grants?

- If soft skills are included, there needs to be a quality control aspect.
  - Customer service
  - Critical thinking
  - Leadership
  - Team work
- Embedded into curriculum
- Refine definition of soft skills
- Create rubric for sector grants

### Employer & Sector

- Allow soft skills to be embedded into overall training programs

### Micro Grants

- Allow soft skill development as stand-alone

Right now, soft skills are very important to employers. This type of training seems like more of a micro grant type of training rather than a sector or employer grant. This is for adults who did not receive the soft skills training in high school. The way to approach this is integrated. This training needs to be integrated into their hard skills training (not have the soft skills stand alone in a grant). Are there measurements for this type of training? It would be very challenging to get metrics on this type of training. There is a struggle with the younger generation in learning those soft skills. This type of training needs to be provided in schools at a young age. It could be a possibility to say applicants can allocate a certain amount of the funds for soft skills. It is important to look at what percentage of the training is soft skills. Right now the funding decision are made according to the view of the Grant Review Committee.

The Grant Review Committee is wanting to focus on transferrable skills vs. what is the cost of doing businesses. They have started to question funding safety training since that could be viewed as a cost of doing business.

For the next year the Committee will continue to use the language that is being used currently and start tracking the percentage of training that is being used for soft skills. Soft skills will not be excluded from the training that grant funds can be used for.



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### Match

#### Employer Grants

It would be nice to see buy-in from the companies, but at the same time are we getting in the way of business by requiring so much from them? It is a possibility to consider capital investments into the company as their match (e.g. they invested \$3.5 million into an expansion for their company and are now asking for grant money to train new workers. The money they put into the expansion would be their match). It raises the question of why a company would want to do the training if they are not willing to invest some of their own resources into it. An employer is going to ask for a grant because they are investing in their company. They are growing and expanding.

For employer grants there could be no specific requirement for match but we could put into policy a requirement that the employer needs to provide certain information to show that they are invested in the program.

- Track their investment into the "project"
- What are they investing in training that the grant isn't paying for?

#### Sector Grants

Sector grants require 25% cash match, 100% in-kind, or a combination. This give the employer partners a lot of flexibility to choose what is best for their company. It shows that they are invested in the program and willing to commit. Why is a match required in sector grant and not for employer grants? One thing that is different is that the employer grants train their existing employees and new hires while sector grants train a pipeline of potential employees. The employer grants were the first that this program was set up to do and match was not required. When the sector and micro grants were proposed they were proposed with a match. Originally sector grants required a 25% percent cash match. That was a problem for many companies. That is why the options were added. The point of the match is to see what the employers are bringing to the table. The wages of the employee/trainee are not able to be included in the match.

Currently it does not specify that they businesses have to be the one who is providing the match. It is possible for the educational institution to say they will cover all of the match.

Does the match requirement turn applicants away from Sector grants?

- In the beginning, yes because it was only cash match, but adding the in-kind option changed it.

Who are the applicants and who are the partners?

- The applicant must be a business entity representing a consortium of at least three industry partners with a similar occupational training need. All industry partners must meet current WDTF employer grant requirements.



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Does the match correlate to the number of employees being trained?

- No – it is percentage based on the grant request. They are unable to ask for more than \$250,000.

There have been instances where a bigger company has provided the match for a smaller company.

Have any smaller companies received sector grants (50 or less employers)?

- A lot of these smaller companies are not aware of the grants available to them. They also may think they do not have the resources to fill out an application.
- Are these small companies being excluded because of the match?
- If the bigger companies jump start the programs it is still beneficial to the smaller businesses because of the sustainability.

**The Committee is comfortable with keeping the sector grant matches the same. The committee is not concerned with where the match comes from:**

- Develop a matrix for review of sector grant applications that includes match
- Keep 25% cash or 100% in-kind
- Should there be a connection between the match provided by each employer and their shared cost of the program? No – let the local partners figure that out. Some larger employers have been okay with contributing for the smaller employers.

### Micro Grants

The micro grant requires 100% in-kind match. This is a big burden for the grantees to track against a small amount of money. The purpose of the micro grant is to help solve smaller community problems. They cannot receive more than \$25,000. It is taking these companies a long time to report back to the WDC.

Could the committee look at splitting it up with either a 100% match, or show the WDC the retention of employees.

Can anyone get one of these grants?

- Originally these grants were created for rural areas. Currently there is no definition of what rural is so it is more broad and open.

Could it be changed to say, "provide us with a report on what you are investing in this program." It may be too subjective, but it still tells the WDC what they employers are investing.

Revisit the Metrics for Micro Grants:

- Satisfaction Survey
- Number trained
- Employer feedback





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- Number of employers involved
- Proposed metrics from applicants
- Focus more on outreach
- Call them Outreach Grants or something else that indicates these are more for innovation.

It is a little concerning to have three grants with three different match requirements.

It is challenging for the micro grant recipients to collect social security numbers. If they are unable to provide these then technically the WDC cannot reimburse them.

### **Sector vs. Employer Grants**

It was suggested that the Employer and Sector Grant requirements be switched and Micro Grants be changed to Outreach Grants.

Switch Employer & Sector Grants – ideas:

- Employer grants have a funding amount limit
  - \$500,000 - \$750,000 limit
- Sector grants apply for what's needed
  - No cap
  - Raise cap on admin to 10%, allow rest to be in-kind
- Add "Economic Development" category
- One program that gives more weight to multi-employer grants

One of the issues with this plan would be the possibility of discouraging companies from moving here if they are losing the incentives. Only offering \$750,000 to a company to move here might be a discouragement to them.

Instead of capping the employer grants could it be stipulated that twice as much (or a set amount) of funds will be used towards sector grants as being used for employer grants. It might be best to create a fourth category for "Economic Development." It would be best to keep this simple. It would make more sense to just remove the cap from the sector grant. Applicants could be offered more points for the amount of partners they bring with them into the grant.

It comes down to does Idaho want to be a state that funds businesses or be a state that fosters a healthy business/workforce environment. Idaho is competing with other states to bring new companies here. Most state offer incentives for companies moving to them.

The Committee would like to incentivize sector grants over employer grants. It has been recommended that the cap be removed from the Sector grants to help persuade people to apply for these grants. Employer grants do not require a match. Currently Sector grants do require a match. This could be





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discouraging to employers from applying for the Sector grants. It might be beneficial to require a match for both employer and sector grants.

**The Committee would like to take off the cap of the Sector Grants, explore the option to raise the cap on admin costs, and ask staff to put their focus on sector grants.**

### Sector Grants

2 Year Period

- The committee proposes to extend the timeline to 3 years.

Question #16: Employer requirements (partners must meet the requirements of employer grants applicants)

- There is concern with the 50% requirement
  - This was originally put in place to exclude retail
  - Could it just stipulate that retail cannot apply for these grants?
  - The Committee would like to eliminate this requirement

Question #17: MOU/Other Ideas

- Front End: all partners sign the application
- Letter of support from the partners
- Applicant creates MOU and distributes it to the partners

Question #19: What else could these grant funds be used for?

- You are not able to pay the salaries of the trainees, you can pay the salary of the trainer
- Why would outreach be included in this grant when there is going to be an outreach grant?
  - Could a company apply for an outreach grant to ensure there is going to be a market for the project and then apply for the sector grant to run the project.
  - Being able to reach out to individuals to get them to attend is important for these grants.
  - If employers want outreach they should take on that cost.
    - It was addressed in the legislation that funds could be used specifically for outreach
  - Some new language will be drafted that discusses funds being used for reasonable communication efforts.
- Sector grants in some ways are being used for pre-employment training.
  - They are getting trained before they are being hired.
  - It is beneficial for the companies to bring in people for pre-employment training. Companies can then work to hire those people once the training has been completed.



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### Question 21: Labor Market Analysis

- The Committee agrees that this language be removed from the policy and allow staff to include it as a question in the application that the grant review committee considers in their recommendation.
  - They will still need to demonstrate a need.

### Micro Grants

#### Question #22: \$25,000 for one-year period

- The committee has agreed to keep the \$25,000 cap over a one-year period.

#### Question #23 & #24: Multiple Micro Grant to serve multiple cities/regions for the same project.

- There are other mechanisms to help facilitate training statewide
- This could be a heavy load for the WDC staff to handle. It is important to keep the process streamlined.
- Could the committee steer these people towards applying for a sector grant?
- Maybe create a reserve or set aside for unique projects.
- Change application to be specific (can request \$25,000 per region/city)
  - This could cause an issue if the committee does not limit on how much money each applicant can receive
- Maybe allow them to apply for more than one grant, but they have to prove that the project will be effective before they can apply for the next grant
- The Committee has agreed to allow them multiple micro grants to serve multiple cities/regions and allow the staff to work on the application. It will still be up to the discretion of the Grant Review Committee to recommend the grants.

#### Question #26: Change language for partners

- It has been expressed that it is important to ensure that education is always a partner of these applicants.
  - The issue with this is what if the grant does not need an education partner?
- The Committee has expressed that they would like to change the statement to the wording in the survey.

#### Question #27: Match

- The Committee has agreed to keep the 100% match

#### Question #28: Social Security Numbers

- If the project warrants SSN's ask for them, but if it does not warrant SSN's then don't ask for them.
- The Committee has agreed to require SSN's on a case-by-case basis



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### Employer Grants

#### Question #2: Health Benefits

- What counts as a health benefit?
  - The Council has been approached about telemedicine.
  - Telemedicine can be included as part of the benefits, but it cannot be the stand alone benefit.
- Do employers who provide stipends for employees to buy their own insurance count?
- The Committee would like to keep the current requirements.

#### Question #4: In-demand Occupations

- The Committee agreed not to have any specific limited sectors currently and take the next year to look at data on this issue.
  - Don't limit and keep flexibility

#### Question #5: Register with Secretary of State

- The Committee agreed to this requirement
- Is there a "bad company" list that the council keeps (do not give them grants)?
  - There is a claw back provision in the grants in case the funds need to be taken back
  - Should this be in policy?
  - Criteria for award

#### Question #6: Call Centers

- There is a concern with call centers coming in, taking the grant funds, and then leaving or going out of business because they run out of money.
- Call centers are a good resource for workers who do not have any experience or skills. Call centers are able to offer flexible hours, good wages, and soft skills. The third party is hard, but there are a lot of companies that use third parties. This provides those people with some job experience and skills. If the call center disappears the people are then able to move on to another call center or customer service center because they have experience.
- We have criteria of health benefits and \$12 an hour minimum (with a proposal to index to county average wages). This will allow certain businesses to weed themselves out. If there was a call center that is willing to give benefits and pay the county average wage, why not give them a grant? This also applies to retail.
- The committee would like to remove the call center clause.

#### Question #7: Temporary or Contract Employees

- The Committee is comfortable with this requirement the same.



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### Question #8: Unemployment Insurance Tax Records/"Idaho" Employee

- The WDC staff will do more research on this issue and report back to the Committee.
  - What is the definition of a full-time employee? Many organizations consider different amounts of hours as full-time (maybe have the company define what an FTE is).
  - How does this work on the backend?

### Question #9: Quantitative Funding Model

- There is an issue that the Unemployment Insurance Experience is protected information. The WDC cannot see the numbers for this metric.
  - Could they report a scale?
  - This metric carries very little weight to the applicant, so does it actually matter that the WDC cannot see this information?
  - Could the committee move the weight of this metric to another metric or create a new metric to replace this one?
- Look at how Commerce does this to determine a multiplier.
- The WDC staff will look to determine if there is something else that can be used to determine stability that is not protected information.

### Question #10: Training Plan

- The training plan asks for a lot of detail that is hard for companies to provide. They may not know what providers they are going to use 2 years in advance.
  - This can depend on company size.
- Is the committee using the name of the vendor to determine the quality of training? Are we using the information we are requesting? It is important to ask for the information we will utilize and then simplify the rest. The WDC staff is not qualified to say if this vendor is good or not.
- Use vendor or another approved training provider
  - This is where they could do modifications
- Does the committee want to offer a small pre-grant for small employers to be able to hire someone to help them create their plan. They do not have the resources to complete this part of the grant.
- If they do not have the time to work on a training plan up front, are they really invested?
- There are Workforce Training Centers available to help with this process.
- It is useful to offer employers who are applying to have an example grant that gives them some guidelines.
  - The WDC staff does already give this out (confidential information has been redacted).
- Could they include it into their training plan that they will hire someone to help them create their plan?
  - Pre-application for scoring
  - Micro grants could be used for this purpose
- The WDC staff will explore all of the options above and report back to the Committee.



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### Question #12: Match

- The WDC will collect information on what the employers are investing and report back on it.
  - A minimum percentage will be adopted after a year of data is collected

### Question #13: What Can Employer Grants be Used for?

- The Grant Review Committee is concerned with employers asking for the grants to pay for safety training. They see this as a cost of doing business. Are these transferrable skills?
  - Industry sees these as transferrable skills
  - There is a difference between onboarding training and safety training
  - There is concern that Idaho has so many employers and by funding one employer for safety training, all of the other employers need to receive funding for safety training.
  - If the trainee is not able to move up from their position if they move to another company (they just stay at the same level of employment) why are these skills being funded?
- There is nothing in the policy that says that funds cannot be used for improvements to the company (e.g. building a new training center, building up an empty room to be a training center).
- There is extra weight in the scoring matrix to having training that results in credentials
- The Committee will think this over and how we can balance directing funding. Either look at historical or future data and then revisit.

### Question #14: How often can they apply for grants/have open at one time?

- The Committee does not want to allow employers to have more than one grant open at a time but will work with them on modifications to existing grants if they need.
- It is important to ensure that if an employer is going to apply for multiple grants that they are meeting the projections from their previous grants.

There is some discomfort with voting for a grant that is for a member of the council. It would be a good idea to explore creating a policy on this issue. This is something that the whole council should be surveyed on and brought back to the Policy Committee. This would only apply to Employer grants.

**Adjourned at 4:40 pm**