

**Governor's State Workforce Development Board
June 25, 2020 Executive Committee Meeting Minutes**

MEMBERS PRESENT:

Mr. Don Tomlin
Dr. Mike Mikota
Mr. Jay Holloway
Mr. Thomas Freeland
Mr. Charles Brave, Jr.
Mr. Dan Ellzey
Mr. Nick Foong
Mr. Warren Snead
Representative Mike Forrester

DEW STAFF PRESENT:

Ms. Towanna Hicks
Ms. Nina Staggers
Mr. Scott Ferguson
Ms. Michelle Paczynski
Ms. Erica Von Nessen

EXCUSED:

Mr. Pat Michaels
Ms. Val Richardson

WELCOME AND OPENING REMARKS

Mr. Don Tomlin, Board Chair, called the meeting to order at 11:00 a.m. A quorum was present. A motion to approve the meeting agenda was made by Mr. Warren Snead, seconded by Dr. Mike Mikota, and unanimously approved by the Committee.

APPROVAL OF MINUTES

A motion to approve the June 8, 2020 meeting minutes was made by Mr. Charles Brave, Jr., seconded by Dr. Mike Mikota, and unanimously approved by the Committee. Mr. Tomlin facilitated a discussion on the minutes highlighting the status of deliverables such as productivity reports and cost of service delivery. He corrected the record by stating that instead of \$3.7 million available for innovative workforce practices, the Board will have more than \$7 million available as of July 1. Mr. Tomlin asked for an update on the status of the SC Technical College System applying for apprenticeship grant funds to which Mr. Paczynski responded that the System successfully submitted an application and is waiting to hear back on whether funds will be awarded. Mr. Tomlin asked for an update on the outcomes of the SC Works Outreach Campaign at the Committee's next meeting. He asked if DEW's Legal Department has weighed in on whether or not the functions of the SC Works system are essential and are therefore required to remain open to the public during the pandemic. Ms. Paczynski stated that the Legal Department will be asked to have a formal response in the next 2 weeks.

SC WORKS CENTER REOPENING STATUS

Ms. Michelle Paczynski referred to the document, SC Works Center Reopening Dates, and reported that of the 48 centers across the state, 30 centers are open to the public, 12 have a planned date for reopening to the public, and 6 have not determined a date. Most of the 6 that do not have a date determined are co-located with other entities such as educational institutions or libraries that are not currently open to the public.

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Ms. Paczynski stated that there has been a significant push and movement towards opening the centers and that compared to where we were two weeks ago, 10 additional centers are open and 10 fewer are without a date for reopening.

In addition, for the month of June, starting with June 1st and through Tuesday, June 23, 2020, approximately 4,800 South Carolinians visited the centers that are open and the centers took in more than 9,300 calls. The top need among visitors and callers continues to be assistance with Unemployment Insurance.

Ms. Paczynski stated that the status of centers is fluid as a result of the possibility of exposure to COVID-19, which can result in centers that were open having to close. She reported that “soft openings” have been absolutely critical and ensuring that safety standards and supply of PPE equipment is in place. Staff will continue to monitor the status of center reopenings.

Mr. Thomas Freeland mentioned that Upper Savannah stated the need for security in order to reopen and asked what type of security is needed. Ms. Paczynski stated that security is needed to deal with customers that may be frustrated or agitated or to help with crowd control and social distancing requirements. The Committee discussed the role of the Executive Committee and the Board in helping to procure security resources for SC Works centers.

Mr. Nick Foong asked how the Board will use the available \$7 million to support local areas overall and to help offset funding cuts the local areas have experienced. Mr. Tomlin asked for a meeting in 2 weeks to further define the crisis and priorities that the Board can act upon.

WIOA PRODUCTIVITY DURING COVID-19

Mr. Scott Ferguson explained and discussed the WIOA Productivity handouts stating:

- The first slide is WIA/WIOA Funding Levels from 2007 to 2020. Mr. Ferguson noted the steady decline in funding since 2008. Mr. Tomlin highlighted the split between funding, stating that the state received about \$10 million per year for each funding stream.
- The second slide is Total Number of Participants Served Program Years 2007 through the Third Quarter of 2019. Mr. Ferguson noted that the total number of participants served follows the same trend line as the amount of funding received – there has been a steady decline since 2008. He mentioned that despite COVID-19, the state has served almost as many adults this year as it did last year. Mr. Tomlin inquired about the cost per participant and stated that the cost per participant is the metric that this Committee and the Board should be concerned with.
- The third slide is Total Number of Participants Served who Received Training for the same time period of 2007 through Third Quarter 2019. Mr. Ferguson stated that this year through the third quarter the state has served almost as many adults, dislocated workers and youth as the prior year. Mr. Tomlin asked for clarification on the time period covered by the report. Mr. Ferguson explained that the report covers the last quarter of Program Year 2018 and the first three quarters of Program Year 2019. Mr. Tomlin asked for the cost per participant trained.
- Slides 4-6 show the number of new enrollments, number of individuals served, and WIOA services for the 10 weeks before the pandemic and the 14 weeks after the pandemic, compared to the same time period for 2019.

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- Slide 4 shows new enrollments per week. Mr. Ferguson explained that the trends are about the same for both years with the exception of week 13, which is when the outbreak began impacting South Carolina. He also highlighted the spikes in week 6 and week 11 of 2019, which represent new enrollments related to board funded activity. Mr. Tomlin suggested that the system needs to improve these numbers and the Board needs to consider ways in which they can help the local areas and the system improve. Mr. Dan Ellzey provided clarification about the data stating that it may not be a measure of effectiveness on the part of local boards as much as it is a measure of motivation of the individuals who need the services. He stated that when CARES Act UI benefits expire in late July, the number of new enrollees will likely increase. Mr. Tomlin noted the need to quickly respond to the increase in individuals who will need SC Works services.
- Slide 5, Statewide WIOA Individuals Served, looks at the number of individuals who received at least one WIOA service. The decline in services between 2019 and 2020 can be attributed to multiple factors including a decline in funding.
- Slide 6, Statewide WIOA Services, looks at any service that is provided by WIOA. The graph shows a drop in WIOA services from week 11 to 12 and again from week 21 to 22. There has been a sharp increase since week 22 suggesting that activity is beginning to return to pre-pandemic levels.

INITIAL ANALYSIS OF CLAIMANTS AT RISK OF LONG-TERM UNEMPLOYMENT

Ms. Erica Von Nessen provided an initial analysis on Unemployment Insurance claimants that are at risk of long-term unemployment. The analysis looks at individuals who filed a claim the week of April 11th and also filed a weekly claim for the week of May 30th. Overall, more than half the people who filed a claim the week of April 11th were still filing a weekly claim the week of May 30th. This suggested that individuals were not rapidly returning to work. The data was further analyzed by industry, length of their last job, and amount of weekly benefit from the state. Many of the people going back to work were people in health care, retail, and other service industries.

Ms. Von Nessen explained that individuals still filing a claim on May 30th were likely to be from the administrative support and waste management industries, which also include temporary staffing. This could be attributed to the connection between these industries and the manufacturing industry, which has experienced difficulty on the supply chain side. Other industries that are slower to return are transportation and warehousing and accommodation and food service.

When the weekly benefit amount was considered, the data suggested that individuals receiving a lower state benefit tended to remain on unemployment longer than those individuals receiving a higher state benefit. Another factor considered in the analysis was the length of the individual's last employment. Individuals who were employed at their last job for longer periods of time appear to be going back more quickly.

Ms. Von Nessen suggested that the analysis be repeated at a later date and especially after the Federal benefit ends in July.

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PY'20 FUNDING LEVELS

Ms. Paczynski referenced the PY'20 Allocation Summary and explained that the allocation summary shows funding levels for Program Year 2020, which starts on July 1. She said that the state has received a little more than \$35 million in Adult, Dislocated Worker, and Youth funding. The SWDB has a little more than \$3.5 million, the total available for all local areas is close to \$28 million. Compared to PY'19, the state has \$2.7 million less and local areas have around \$2.2 million less available for WIOA services. Ms. Paczynski introduced Mr. Steve Pelissier, Executive Director of the Appalachian Regional Council of Governments to discuss the impact to local areas.

Mr. Pelissier provided a few highlights on the methods of service delivery during the pandemic as well as the types of services being provided. He mentioned that local areas anticipate a surge in clients and a heightened demand for services and training when Federal pandemic assistance ends. Mr. Pelissier referenced a document in the meeting materials, LWDA Workforce System Needs, which details the impact of funding cuts to each local area. He asked the Committee to distribute \$3 million to local areas to restore funding to the PY'19 level and assist with some of the additional needs, which will alleviate the need to cut staff. Mr. Tomlin asked Mr. Pelissier if he would be willing to serve as an advisor to the SWDB Executive Committee as they consider how to distribute funding and Mr. Pelissier accepted.

OTHER BUSINESS

Mr. Ellzey stated that DEW has written a letter to our Congressional Delegation asking that Congress reconsider the WIOA funding level and the cut for PY'20. The letter is waiting on approval from the Governor's Office. He hopes to see better allocations from Congress and the use of Board funding to help restore local funding levels.

Rep. Forrester asked for an update on DEW's response to the pandemic. Mr. Ellzey provided a brief update on the UI situation and the agency's response. He stated that at the beginning of March, there were about 2,000 claims filed each week. In about 5 weeks, the number of claims rose to 88,000 per week. At the height of the recession in 2008/2009, weekly claims were about 10,000 to 11,000 per week. Right now there are about 20,000 claims filed per week and not dropping a great deal. The Trust Fund was well-funded at \$1.1 billion. The agency is running projections and if the Trust Funds becomes exhausted, the agency will borrow from the Federal government. The agency will have to rebuild the Trust Fund within 4 years which will require employers to pay higher UI taxes. There is discussion about allocating CARES Act funding to the Trust Fund to help reduce the tax burden on employers. The agency has paid \$2.5 billion in benefits; \$580,000,000 is money from the Trust Fund and the remaining amount comes from Federal programs. The agency is currently paying out \$40 million per week. Approximately 500,000 individuals have filed a UI claim; 220,000 are drawing benefits. The agency's main issue has been people not being able to get through the line. Call center capacity has increased dramatically from less than 100 to 654 call center representatives. Other aspects of the UI system are being analyzed to identify opportunities for greater efficiency and productivity. Rep. Forrester stated that the General Assembly approved \$500,000,000 of CARES Act funding for the UI Trust Fund.

No other business was discussed and the meeting adjourned at 2:42 p.m.