

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

The meeting was called to order by Chairperson Lana Gordon at 3:30 P.M. on January 26, 2006 in Room 526-S of the Capitol.

All members were present except:

Tom Burroughs- Absent  
Annie Kuether- excused

Committee staff present:

Kathie Sparks, Kansas Legislative Research Department  
Renae Jefferies, Revisor of Statutes  
Helen Pedigo, Revisor of Statutes  
Carlene Maag, Committee Secretary

Conferees appearing before the committee:

Keith Lawing, Executive Director, Workforce Alliance Board, South Central Kansas  
Dr. Mary Sarah Fasenmyer, Former President of Local Region III WIA Board  
Scott Anglemyer, Executive Director, Local Region III WIA Board

Others attending:

See attached list.

Chairperson Gordon introduced Keith Lawing, Executive Director, Workforce Alliance of South Central Kansas.

The Workforce Investment Act of 1998 (WIA) is the Government's latest initiative to support job training and employment programs. WIA was implemented in Kansas July 1, 2000.

When planning for WIA began in South Central Kansas, local elected officials and business leaders felt it was an opportunity to make significant improvements to the public workforce system.

While the goals have changed over the years, the vision and mission of Workforce Alliance remain the same.

The vision for the future is a diversified, inclusive, highly skilled workforce functioning within a flexible, accessible system of education and economic development to advance the quality of life for our community.

The mission is to develop and lead a flexible, integrated workforce system that identifies and responds to our future community needs.

Currently four organizations operate the Workforce Centers, they include Butler County Community College, Cowley County Community College, the Kansas Department of Human Resources and the City of Wichita.

The workforce centers in El Dorado and Cowley County Community College developed a strong presence and are still recognized as effective community assets. The Wichita center struggled and maintained the stigma of being an "unemployment office".

Local Area IV did not meet performance in four of the eight measure in the Adult and Dislocated Worker programs in PY 2003. In PY 2004, six of the eight standards were met.

The Kansas 1<sup>st</sup> initiative was well received by the Workforce Alliance. Since Kansas Department of Commerce has stepped in to manage the WIA programs there has been significant improvement in the relationship between the state and local boards.

Workforce Alliance provides a more responsive workforce development system in South Central Kansas. The Workforce Alliance recently became the recognized operator of the WIA One-Stop System in Local Area IV and will now have a direct role in the management of the workforce centers in the region. (Attachment 1)

Dr. Mary Sarah Fasenmyer, former president of the Local Region III WIA Board gave a presentation on the

## CONTINUATION SHEET

MINUTES OF THE House Economic Development Committee at 3:30 P.M. on January 26, 2006 in Room 526-S of the Capitol.

challenges and problems Region III has faced. Region III is comprised of three counties; Johnson, Wyandotte and Leavenworth. Johnson is a very affluent county, Wyandotte traditionally has the highest unemployment rate and Leavenworth is a government county. Region III is the smallest of the five regions, but has the largest population.

It was thought by the Board Members that they did not fully understand the Workforce Investment Act (WIA).

Department of Labor which described problems that needed to be addressed by Region III. (Attachment 2) It was through this communication, Region III was able to correct many of the problems. It is thought Region III has accomplished a lot and is now in compliance with many of the rules and regulations specified in WIA.

Scott Anglemeyer, Executive Director, Local Area III Workforce Investment Board gave an overview of the activities in Local Area III. Local Area III has the smallest geographic area of the state's five regions and the largest allocation of funds.

Since July 1 of last year, more than 10,000 people have used services either in person or online through Kansas Job Link. The board has 31 members, with business representing the majority on the board. When WIA was implemented in Area III, the board chose the Kansas Department of Human Resources (KDHR) as the fiscal agent.

The passage of WIA in 1998 signaled a fundamental shift in the nature of federal workforce development programs. Kansas was slow to accept the change, and Local Area III was slower than most other areas.

In recent program years, Local Area III has had some difficulty meeting performance standards on a set of 17 performance measures established by the US Department of Labor. Significant changes to the composition of the board has been made and are now in full compliance with board composition requirements.

Local Area III has contracted with the Older Kansas Employment Program (OKEP) to deliver job counseling and job search assistance to older job seekers. Area III has consistently served a higher percentage of older job seekers than any other area in the state.

Area III acknowledges that it has not always performed as well as it should. However, they have undergone changes necessary to transform the workforce development system in the Kansas City area into a system that helps businesses and individuals thrive. (Attachment 3)

Area III is would like to partner with businesses in Missouri. They would like to do things similarly to their counterpart on the Missouri side so that services could be offered for the people of Kansas on the Missouri side as well as offering services to the people of Missouri on the Kansas side.

Resources in the Kansas City area can form a workforce system that can contribute positively to what Kansas is doing.

In the discussion that followed this presentation, Mr. Anglemeyer did not think "Kansas 1<sup>st</sup>" was a good label to promote regionalism.

The meeting adjourned at 5 pm. The next meeting is scheduled for Tuesday, January 31, 2006.

HOUSE ECONOMIC DEVELOPMENT COMMITTEE GUEST LIST

DATE: 1-26-06

NAME	REPRESENTING
Denise Kelly	SRS
David Cleveland	Kansas 1st, Commerce
Blake Flanders	KS 1 <sup>st</sup> ; Regents / Commerce
Scott Anglemeyer	Workforce Partnership
Lisa Kitchens	Heartland Works -
Keith Lawing	Workforce Alliance of S.C. KS.
Mary A. Fanning	VIB
D. Richards	TOPEKA NAACP
Luke Bell	Kearney and Associates
Estelle Montgomery	Hein Law Firm
Dan Korber	Kansas, Inc
Rachel Barnes	intern / Rep. Gordon

**Overview of the Implementation of the Workforce Investment Act of 1998  
in Local Area IV  
Presented to the House Committee on Economic Development  
Representative Lana Gordon, Chair  
By Keith Lawing, Executive Director, Workforce Alliance of South Central Kansas  
January 26, 2006**

Good afternoon, my name is Keith Lawing and I am the Executive Director of the Workforce Alliance of South Central Kansas, the local workforce board overseeing Workforce Investment Act programs in Local Area IV. Thank you for the invitation to appear before the Committee today and talk about the issue of workforce development.

As most of you know, the Workforce Investment Act of 1998 (WIA) is the Federal Government's latest initiative to support job training and employment programs. The implementation of WIA in Kansas began on July 1, 2000. The state is divided into five local areas for the distribution of the WIA funds, and Local Area IV includes Butler, Cowley, Harper, Kingman, Sedgwick and Sumner counties.

When planning for WIA began in South Central Kansas, the local elected officials and business leaders felt it was an opportunity to make significant improvements to the public workforce system. Under the Job Training Partnership Act (JTPA), the predecessor to WIA, the programs had become overly bureaucratic and not very responsive to the needs of employers. Understanding the basic elements of WIA to include recognition of the employer as a customer for the system as well as the job seeker, and greater local control in the design, oversight and governance of the programs, the decision was made to create a new board and not grandfather the JTPA structure in Local Area IV.

In the fall of 1999, the Regional Economic Area Partnership (REAP) was just getting organized and were asked to work with the city of Wichita to fulfill the functions of the Chief Elected Officials Board. REAP is a council of local governments in South Central Kansas working together on issues of common concern that do not respect traditional political boundaries; and workforce development is clearly one of those issues.

In cooperation with the city of Wichita and the Wichita Area Chamber of Commerce, REAP appointed the members of the local workforce board in late 1999 and early 2000. The new board met for a 2-day orientation and planning retreat in May of 2000 and established its vision, mission and goals. The primary goal for its first year of operations was to learn about the system and to develop an effective and engaged board of directors with strong private sector leadership.

While the goals have changed over the years due to economic conditions and the priorities identified by the Workforce Alliance, the vision and mission of the local board has remained the same.



*Workforce Alliance Vision: Our vision for the future is a diversified, inclusive, highly skilled workforce functioning within a flexible, accessible system of education and economic development to advance the quality of life for our community.*

*Workforce Alliance Mission: Develop and lead a flexible, integrated workforce system that identifies and responds to our future community needs.*

During its first year of operations, the Workforce Alliance developed a committee structure and oversaw the establishment of the three Workforce Centers in Local Area IV. Knowing the need for collaboration among a number of different partner organizations and agencies to implement WIA, the local board recognized a consortium of four organizations to collectively operate the Workforce Centers; Butler County Community College, Cowley County Community College, the Kansas Department of Human resources and the City of Wichita. The plan was for the community colleges to take the lead in directing operations of the centers in El Dorado (Butler County Community College) and Strother Field (Cowley County Community College); and the city of Wichita and KDHR would collaborate to operate a new center in Wichita.

However, the plans for the new center in Wichita never got off the ground as a dispute between the city and KDHR led to Wichita leaving the consortium and withdrawing its offer to invest in the construction of a new center. KDHR did operate a center at 402 E. Second street in Wichita, and remained in the consortium with Butler and Cowley colleges.

Progress was made as the three operators worked to get the centers up and running to serve job seekers and employers in Local Area IV. With the assistance of the Workforce Alliance each center applied for recognition of the Kansas Award for Excellence, a continuous improvement program based on the Malcolm Baldrige model cited in WIA as a guiding principle.

The workforce centers in El Dorado and Strother Field developed a strong presence and were recognized, and still are, effective community assets. The Wichita center struggled and while the KDHR staff in Wichita worked hard the center never got over the stigma of being an “unemployment office” and did not earn much credibility with employers.

In the summer of 2001, after its first year of operations, the Workforce Alliance was poised to initiate structural changes in the operations of the WIA programs. During the first year the Workforce Alliance had kept the same program operators for the WIA programs that managed similar JTPA programs; the city of Wichita managed the Adult and Youth programs and KDHR managed the Dislocated Worker program.

As you may recall, prior to September 11, 2001, the workforce challenge in South Central Kansas was not enough workers to fill the demand for skilled labor. The Workforce Alliance felt the time was right to overhaul the management of the WIA programs and were preparing to develop Request for Proposals with a basic goal to make

the programs more responsive and demand driven to met the needs of employers in the region.

But, at the Board meeting held on September 13, 2001, it was obvious to everyone that we were now facing a much different problem; and knowing the region was about to see thousands of laid off workers all plans for changes in the program were put on hold.

In 2003, the Workforce Alliance assigned its consultant the task of analyzing the system and recommending what changes were needed to make it more responsive and provide better service. The result of the analysis was the system needed to be decentralized; the city of Wichita served as the grant recipient and fiscal agent for WIA funds and operated two of the three WIA programs. Based on this information the Workforce Alliance requested REAP increase its role as CEOB and take over as grant recipient and identify an independent fiscal agent to oversee the disbursement of WIA funds. The Workforce Alliance also issued a Request for Proposal to select a single operator for the WIA Adult and Dislocated Worker programs.

The result was REAP developing a CEOB agreement with each of the counties in Local Area IV detailing the responsibilities for serving as the grant recipient and assigning the REAP Economic Development Committee the task of carrying out the basic CEOB duties outlined in WIA. An RFP process ended with the Workforce Alliance selecting ACS State and Local Solutions as the operator of the WIA Adult and Dislocated Worker programs. (ACS has since sold off its workforce divisions to Arbor, a company with a long history of managing workforce programs across the county, and the Workforce Alliance has transferred its contracts to Arbor.)

I must admit the transition of program operator was badly mishandled and as a result the performance in the WIA programs suffered. Local Area IV did not meet performance in 4 of the 8 measure in these programs in PY 2003. While I was not on staff at the time, I did serve as the oversight consultant for REAP and do accept a level of responsibility for the poor transition and resulting performance.

Local Area IV is back on track in terms of performance in the Adult and Dislocated Worker programs meeting 6 or the 8 standards in PY 2004, and only falling below the sanction level in one measure, the Dislocated Worker Earnings Replacement standard. I am confident at this point with the improved relationship at the staff level, and more involvement by the Board of Directors that performance in Local Area IV will continue to improve.

At the time of the changes at the local level, the state reorganized its delivery of workforce services by merging the Kansas Department of Commerce and KDHR. The Kansas 1<sup>st</sup> initiative was very well received by the Workforce Alliance as they had long felt there needed to be better coordination between workforce development and economic development programs.

It is not my intent to be overly critical, but I can say that the relationship between Local Area IV and KDHR was strained at best. The feeling at the local level was that KDHR was not responsive and seemed to resist sharing authority with the local board. Our interpretation of WIA has always been to increase the authority at the local level so the programs can be tailored to meet the unique demands of the local labor market. I am also sure that removing KDHR, as well as the city of Wichita, as the WIA program operators did little to improve relations.

Since KDOC has stepped in to manage the WIA programs and with the Kansas 1<sup>st</sup> initiative, I have seen significant improvement in the relationship between the state and the local boards. Not to say there are not some issue from time to time, but we have been able to increase the level and quality of communication which has helped to work out differences and create a better overall operating atmosphere.

In addition to the changes at the state level and within the operations of the WIA programs, there have been other activities in South Central Kansas on workforce development. A number of years ago, the largest aircraft manufactories joined with the City of Wichita, Sedgwick County and USD 259 to create the Kansas Technical Training Initiative (KTTI). Led by the aircraft industry, KTTI's goal is to increase the quality of training and improve the flexibility of training programs to better serve the industry.

The colleges in the area, Butler County Community College, Cowley County Community College, Hutchinson Community College, and the Wichita Technical College have joined together in the Kansas Institutes for Technical Education (KITE) to better meet the needs of technical training in the region and to create centers of excellence in specific training areas.

Sedgwick County recently created a technical training authority to provide better coordination as to how technical training services are delivered in Sedgwick County. The authority is working closely with KTTI, KITE and the Workforce Alliance to create a better system for technical education and training. While it may appear that we now have more competing agencies and organizations, I feel strongly the boards and respective staffs are committed to the concept of collaboration and cooperation to better serve the employers and job seekers in the region. The collective experience over the past few years clearly demonstrates the issue of workforce development is too complicated and too disperse to have a single agency or organization create and manage the region-wide system. And we also know our employers in the region expect the public workforce system to cooperate and collaborate in delivering services.

We are now getting back to the issues that existed prior to September, 11, 2001; and that is not enough skilled workers to fill the needs of employers in the region.

I believe the Workforce Alliance fits in nicely with the renewed emphasis on making a more responsive workforce development system in South Central Kansas. The Workforce Alliance recently became the recognized operator of the WIA one-stop system in Local Area IV and will now have a direct role in the management of the workforce

centers in the region. We are working closely with Butler County Community College and the Kansas Department of Commerce on operations of the centers in El Dorado and Strother Field, and are in the process of relocating the Wichita Workforce Center to 150 N. Main.

Currently the membership of the Workforce Alliance Board of Directors stands at 44, and I have attached the membership list to my printed testimony. The board meets quarterly and most of the work is done through its committees and task forces. I must compliment the members for their commitment to the tasks at hand. They take the issue of missing the WIA performance standards very seriously and we have been working to implement policies and procedures to ensure failing to meet performance will not occur again. I have been charged by the Board to make sure the Workforce Alliance is recognized as a strong and effective partner in the region and that we never cease to find better ways to serve the employers and job seekers in the region.

I know the issue of WIA and workforce development can be complicated at times and I will cease my presentation here and respond to questions from the Committee.





**Workforce Alliance of South Central Kansas  
Local Area IV  
Membership as of 01/06/06**

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**Workforce Alliance of South Central Kansas  
Local Area IV  
Membership as of 01/06/06**

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**Workforce Alliance of South Central Kansas  
Local Area IV  
Membership as of 01/06/06**

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**Workforce Alliance of South Central Kansas  
Local Area IV  
Membership as of 01/06/06**

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[jvietti@butlercc.edu](mailto:jvietti@butlercc.edu)  
316-322-3100  
*Term Expires 6/30/07*

**CHIEF ELECTED OFFICIAL/OR DESIGNEE**

Commissioner Tom Winters  
Sedgwick County  
525 N. Main, #320  
Wichita, KS 67203  
[twinters@sedgwick.gov](mailto:twinters@sedgwick.gov)  
(316) 660-9300  
*Term Expires 6/30/06*

Mayor Carlos Mayans  
City of Wichita  
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Wichita, KS 67202  
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*Term Expires 6/30/06*





Local Area III Workforce Investment Board/Chief Elected Officials Board Minutes  
Hearing Room – Johnson County Administration Building  
111 S. Cherry, Olathe, KS  
Tuesday, November 23, 2004

WIB MEMBERS PRESENT: Steve Christensen, Billey Davis; Paul Clay, Mark Elmore, Sr. Mary Sarah Fasenmyer, LaDora Jackson, Peggy Kelly, K.J. Langlais, Jerry Leonard, Wendell Maddox, Kathy Reilly, Rick Robards, Al Rolls, Bill Shipley, Lori Trumbo,

WIB MEMBERS ABSENT: Karen DeOrnellas, Brenda Jones, Judy Gifford, Sharon Jobe, Walter Lantzy, Wendell Maddox, Lynn McClure, Don Nelson, James Thompson, Bea Wake-Jasuta

WIB STAFF PRESENT: Scott Anglemyer

CEOB MEMBERS PRESENT: Carol Marinovich, Don Navinsky, Doug Wood

GUESTS PRESENT: Emily Andrade, SER Corporation; Jody Boeding, Unified Government; Steve Jack, Kansas Department of Commerce; Steve Kelly, Kansas Department of Commerce

**Call to Order**

Sr. Mary Fasenmyer called the meeting to order. A quorum was established.

**Public Agenda**

*Comments from the public*

Emily Andrade, SER Corporation, distributed information about the Senior Community Service Employment Program.

*Presentation from Department of Commerce*

Sister Mary Sarah turned the program over to Steve Kelly and Steve Jack, who presented information regarding the Kansas 1<sup>st</sup> initiative.

Mr. Kelly discussed the rationale for combining the Kansas Department of Human Resources' (KDHR's) employment and training programs with the Department of Commerce. He discussed the difficulty of linking employers with workers, the limitations of technical training in the education system, and shortcomings in assessment.

Mr. Jack discussed the evolution of Kansas 1<sup>st</sup>, Commerce's name for the merged workforce development and economic development initiative. He described how the system that has emerged has differed from earlier proposals, rumors, and fears of people around the state. He discussed the "Gap Analyses" being conducted in workforce development centers throughout the state, and that Areas II and IV were working with the Kansas 1<sup>st</sup> Executive Team and with consultants on brainstorming about business outreach.

Mr. Kelly and Mr. Jack responded to questions from board members concerning the expected content of and Commerce assistance in preparing the corrective action plan due December 6, how Commerce can facilitate more frequent reporting to the board, making data for employers more user-friendly, and removing state impediments to program collaboration.



# KANSAS

DEPARTMENT OF COMMERCE  
HOWARD R. FRICKE, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

March 7, 2005

Sister Mary Sarah Fasenmyer  
C/O Scott Anglemyer  
707 Minnesota Ave, Suite M-4  
Kansas City KS, 66101

Dear Sister Mary:

Thank you for the opportunity to meet you and other members of the Executive Committee. I enjoyed meeting with you and other members of the team to discuss the future of Area III. Thank you also for your letter of February 28. Indeed you are correct in your assessment that we are both committed to fostering a mutual spirit of collaboration to serve the clients in the Kansas City area.

I know that you and the rest of the executive team will be meeting to discuss my request to be appointed to the Area III LWIB on March 8. It is my hope that you and the board will give that request favorable consideration as an interim strategy to improve communication between Kansas Department of Commerce and the Board. Once a new Regional Director is appointed, our plan is to transition the new Director onto the board in my slot. Our objective is to do everything we can to improve communication and strengthen our working relationship as we press forward together to transform the Kansas City area into a model for the State and the nation.

Finally, I wanted to confirm that we will be completing our reply to the Area III Corrective Action Plan over the next few days and you can expect to receive a formal reply by the end of next week.

Thanks again for your hospitality and your hard work on behalf of our customers. Please contact me at (785) 296-5298 with any questions, comments or concerns.

Sincerely;



David A. Cleveland, Director  
Kansas 1<sup>st</sup> Direct Services

Cc: Howard Fricke  
Steve Kelly  
Kansas 1st Executive Team

1000 S.W. JACKSON STREET, SUITE 100, TOPEKA, KANSAS 66612-1354

Phone: (785) 296-5298 Fax: (785) 296-3490 e-mail: busdev@kansascommerce.com

# Workforce Investment Board

## Local Workforce Investment Area III

*Serving Johnson, Leavenworth and Wyandotte Counties*

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707 Minnesota Ave., Suite M-4, Kansas City, KS 66101 • Phone 913-281-9352 • Fax 913-281-9310 • kswib3@sbcglobal.net

April 19, 2005

Mr. Steve Kelly, Deputy Secretary  
Kansas Department of Commerce  
1000 SW Jackson, Suite 100  
Topeka, KS 66612

Dear Mr. Kelly:

Thank you for sharing with us a copy of the report from the U.S. Department of Labor's (DOL) recent monitoring review of Local Area III. The report identifies a number of problem areas and offers suggestions and or required actions. The Local Area III Workforce Investment Board (LWIB) views this report as an opportunity to make changes that will ultimately result in improved service to both job seekers and businesses.

Two observations about these findings guide our response. First, many of the problems highlighted in the report appear to have existed for some time, or have developed slowly over time. Therefore, we believe that it is important to recognize that they cannot be resolved overnight. While their seriousness calls for immediate action, we ask for your patience as we begin to address these issues.

Second, some of the problems cited in the report stem from local practices, while state-level practices appear to have contributed as well. Therefore, we believe that it is important that the LWIB and the Department of Commerce work together to see that these issues are resolved. The LWIB pledges that it will cooperate fully with Commerce in addressing these shortcomings and building a stronger workforce development system in our three counties. Below are specific steps that we propose to take regarding each of the findings in the DOL letter.

### 1. Local Area Performance

The DOL reviewed the most recent performance reports for Local Area III. It noted that the local area remained deficient in three performance measures: Adult Six-Month Earnings Change, Older Youth Credential Rate, and Older Youth Entered Employment Rate.

Local Area III has already implemented a number of changes designed to improve our performance. Many of these were outlined in our corrective action plan letter dated December 3, 2004. That plan proposed several changes to the operation of workforce centers, focusing primarily on improved data collection procedures; the board's oversight of the One-Stop Operator; and board initiatives supporting long-term performance. Your letter of March 18, 2005 indicated your acceptance of that plan.



After the submission of our corrective action plan, the LWIB adopted a set of policy changes that should further improve performance. All participants will be required to attend an orientation session which will outline expectations for participants, discouraging those who are not serious about completing the program. In addition, the amount and duration of vouchers will be limited, which will help reduce the amount of obligated but unspent training funds, and will encourage voucher recipients to demonstrate progress toward the completion of their training programs.

Area Administrative Office (AAO) staff are also receiving technical assistance from Social Policy Research Associates. This technical assistance is designed to address ways to improve performance on specific measures.

The DOL letter recommends the use of national emergency grant resources in the event of future large layoffs. Local Area III will do so when appropriate, and the board will work with the AAO and One-Stop Operator to ensure that the client load is managed better to put us in position to benefit from applying for national emergency grant funds.

Finally, two of the measures cited on the report relate to older youth. Reviewing Local Area III's performance measures reports over time shows that we have had repeated difficulty meeting older youth performance targets. The WIB and the Youth Council will work to explore additional ways to improve services to this segment of the population.

## 2. Local Area Expenditures

The DOL report noted that Local Area III has experienced shortages of funds in various funding streams over the last two years, and recommended action to prevent future interruptions of funds.

The policy changes adopted after submission of the corrective action plan should help to address this area, because they will reduce the gap between obligations and actual expenditures, and discourage individuals who are less likely to follow through with training plans from receiving vouchers. By reducing the amount of obligated but unexpended funds, these changes will also make service interruptions less likely. Better management of client loads by serving participants through the most appropriate funding streams will also make funding shortages less likely.

## 3. Designation of Fiscal Agent

The monitoring report said that although the State of Kansas was identified in the Five-Year Plan as the fiscal agent for Local Area III, no written funding agreement is in place.

The LWIB recognizes the need to formalize the fiscal agent relationship with Commerce. We are aware that all of our MOUs expire on June 30, 2005, which will require re-negotiation of MOUs with Commerce as well as our one-stop partners. The board will likely open the roles of fiscal agent, administrative entity, and One-Stop Operator for competitive proposals, but we have determined that there is not sufficient time to issue a request for proposals (RFP), allow time for development of and evaluation of these proposals, and negotiate new MOUs before June 30. Therefore, we will propose that we negotiate a new MOU with Commerce covering a period of between six months and two years, to allow time for the development of an RFP and appropriate administration of the competitive process. That MOU with Commerce will address the issues identified in the DOL letter, as will all future MOUs.

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**KANSAS**

DEPARTMENT OF COMMERCE  
HOWARD R. FRICKE, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

September 16, 2005

Ms. Deborah A. Galloway  
U.S. Department of Labor/ETA  
230 South Dearborn 6<sup>th</sup> Floor  
Chicago, Illinois 60604

Dear Ms. Galloway:

I am submitting a Corrective Action Plan in response to the financial management review you and Mr. Kinney conducted of the Workforce Investment Act program in Local Area III. Both State Department of Commerce and Local Area III administrative staff have been working to implement changes that we believe address the report's findings. If you have any questions, comments or suggestions related to these actions please contact me or Armand Corpolongo, WIA Administrator at (785) 296-7876.

I would like to express my appreciation to you and Mr. Kinney for your efforts in reviewing WIA programs in Kansas. Our goal is to resolve these findings and build an efficient and responsive financial management system in Kansas.

Again, please contact me if you have questions or recommendations regarding this Corrective Action Plan.

Sincerely,



Blake Flanders  
Workforce Training and Education Services Director  
Kansas Department of Commerce

Attachments

cc: Secretary Fricke  
Byron Zuidema  
Steve Kelly  
Kris Kitchen  
Kent Eckles  
Scott Anglemyer

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## Local Area 3 (Kansas City) Financial Management Review Findings

### 1. Payments Inconsistent with Contract Terms & Lack of a Competitive Procurement

**Recommendation:** We recommend that the State provide the Regional Office with information and documentation to support the reasonableness of costs being charged by this company to ensure that the process is competitive. The State must also provide a plan as how it will take an active role in the oversight and management of funds being released and managed by this company.

#### Corrective Action Plan:

The Administrative Services contract was competitively bid during Program Year 2002. Attached are copies of the Request for Proposal (RFP) that was advertised and sent out along with the bids received under the proposal. Approximately twelve firms indicated interest in bidding on the contract; however, the State only received two bids. Vendors that expressed initial interest chose not to submit bids because of the complexity of tracking WIA and Welfare to Work program expenditures, the detailed reporting requirements for the program, the State's zero cash balance requirements, and the electronic exchange of information required between the Local Area and the vendor to reconcile payments made.

The current contract is due to expire at the end of this Program Year and a joint State and Local Area workgroup has been formed to develop a new RFP. The contract will be awarded for July 1, 2006. We hope to attract a greater number of bidders, however the loss of the Welfare to Work program and a change in the Administrative Entity and Program Operator in Local Area IV (Wichita) will reduce the volume of checks the contractor will be required to process. Volume was a key factor in obtaining cost benefits in the last proposal as noted in the escalating costs per check as numbers decreased.

The Department is in the process of modifying current policy to ensure greater internal control over the request, issuance and reconciliation of federal funds by CBiz. Currently Areas prepare and submit a detailed payment voucher to the paymaster which acts as the paymaster's authorization to draw down funds. This process has been modified to include simultaneous transmittal to the State fiscal unit to ensure funds drawn down by the Paymaster are within authorized pay levels. In addition, the reconciliation of funds as well as the handling of refund checks originates at the area administrative office with the checks and information forwarded to the Paymaster for reconciliation of the Paymaster's internal accounts.

### 2. Poor Financial Reporting

**Recommendation:** We recommend that the State develop and transmit expenditure data needed to manage WIA programs at all local areas and that would assist in the generation of accurate monthly financial reports. The State should provide the Regional Office with an update for improving the tracking and reporting of accrual information at all local areas and the State level. The State and local area should provide the Regional Office with information that would promote the examination of existing contacts/accounts to ensure the timely deobligation of funds.

#### Corrective Action Plan:

There are a number of actions being taken by the Department to address this finding. A Grants Management position has been established since the review was completed in April 2005. The person temporarily assigned these duties is currently working with newly designated Area Fiscal Coordinators. Detailed Area budgets have been developed to include all federally funded programs under Area control. In addition, a detailed expenditure reporting system has been developed and put in place that allows monthly tracking of expenditures by line item, fund source and fund category. The system includes both State and local fund streams. A copy of the Local Area III detailed report is attached.

In addition a Fiscal Committee is in the process of being established. The Committee will be composed of State and Local Area fiscal staff. Its purpose will be to review budget and expenditure data and to discuss issues and problems related to the fiscal system including expenditures and deobligation practices by the Local Areas. In addition the Committee will be able to discuss common problems as well as provide Area to Area Technical Assistance. The Committee will also address the current accrual reporting system as well as develop a standardized system to accurately track and report accruals. While a number of State and Area staff attended the Department of Labor sponsored training on accruals additional technical assistance will be made available utilizing both internal and external staff resources.

The Department is currently in the process of developing a fiscal policy that will require minimum annual expenditure rates as established by the recently approved WIA waiver for expenditures. In addition, the newly formed Fiscal Committee will examine expenditure issues including recommendations on ways to increase expenditure rates consistent with the State's new policy. Included in this analysis of expenditures will be a focus on how the system is currently deobligating client and vendor contracts and how funds are being reprogrammed. Again, both internal and external technical assistance will be obtained as needed.

### **3. Lack of Budget Control:**

**Recommendation:** We recommend that the State develop and transmit expenditure data routinely needed by local WIA managers to administer the WIA program. An update should be provided to the Regional Office.

#### **Corrective Action Plan:**

Item number 2 of the Department's Corrective Action Plan speaks to the issue of developing budgets and reporting systems that track expenditures against budgets. A copy of the WIA program budgets developed for Local Area III and V are attached for reference. The corresponding monthly expenditure report was also attached to show how expenditures will be reported against the budgets. As noted earlier, the Fiscal Committee members will review this information on a monthly basis and will meet quarterly to evaluate the data and make recommendations on how to improve this system.

### **4. Lack of Written Financial & Administrative Policies at the LWIB**

**Recommendation:** We recommend that the LWIB establish written procurement, payment, travel, equipment, and inventory management policies. These policies should be consistent with federal and local practices and be applicable to all programs.

**Corrective Action Plan:**

The Area 3 Workforce Board concurs with the finding that the Board lacks written procurement, payment, travel, equipment, and inventory management policies consistent with federal and state requirements, and is in the process of developing its own written policies. The Department of Commerce acting as the fiscal agent for Area III, the Department has asked the Board to fully adopt the State's written fiscal policies for the purpose of having a system in place until Board policy is implemented.

In the near-term, the Workforce Partnership Executive Director will propose to the Workforce Partnership Executive Committee that the Board adopt these State policies as its own interim policies, until specific policies for Area III can be developed. The Executive Committee may choose to adopt these at its meeting or put the question before the full Board at its September 27<sup>th</sup> meeting.

The fiscal committee of the Board has been tasked with the responsibility to develop specific policies for the Board. The committee will continue to develop these policies and present them to the full Board for adoption. It is anticipated that this step can be accomplished by the November 2005 Board meeting.

**5. Inactive Petty Cash Fund**

**Recommendation:** We recommend that the local area provides the Regional Office with management's position on the status and usefulness of its existing petty cash account.

**Corrective Action Plan:**

The Workforce Board Executive Committee will address this issue at its September 20, 2005 meeting. Local Area III staff and the Workforce Partnership Executive Director will recommend the elimination of the petty cash fund, with all funds rolled back into program funds. This issue will be resolved by September 20<sup>th</sup>.

**6. Single Audit Report Missing Certain WIA Programs & Lack of State Monitoring**

**Recommendation:** We recommend that the State provide the Regional Office with an explanation for excluding the examination of WIA local administration, rapid response and other federally funded projects from the audit scope of work. Additionally, the State should also provide the Regional Office with the timeframe and subjects of its upcoming monitoring reviews both at the programmatic and fiscal level.

**Corrective Action Plan:**

The State did not exclude the examination of WIA local administration, rapid response and other federally funded projects from the audit scope of work. As noted, JMA Chartered conducted the audit in Local Area III; in accordance with the Single Audit Supplement for USDOL funding of all locally administered training funds. Local Area III is administered by the State of Kansas, therefore, it is our understanding these funds were included in the scope of the State's Single Audit the State of Kansas' has conducted of the Kansas Department of Commerce. In Kansas, Legislative Posit Audit is responsible for arranging



all activities associated with the State's Single Audit. In the past, all selected firms have utilized the appropriate auditing supplements. To the best of our knowledge, the State has not instructed anyone to exclude these funds from audit. Given that all audits are closed subject to USDOL's final approval, we would be happy to reopen this audit period if so directed. Please advise if USDOL desires the State do a complete audit of the funds identified.

The State concurs there was a period of time during which no state level onsite monitoring reviews were conducted. Such reviews have since resumed as necessary to satisfy the State's obligation to monitor required program areas. The State's monitoring unit, Workforce Compliance and Oversight (WCO) issued reports on local monitoring in Kansas in January and March 2005 for Local Areas I, II, IV and V. WCO Monitoring staff participated in USDOL's review of Area III. Currently, the WCO is engaged in reviewing WIA Youth Programs in Areas I, III, IV and V.

In closing, please find the attached WCO's tentative review schedule. We would be pleased to have USDOL's input.

**Board Composition Breakdown**

**As of December 12, 2005**

11-8

	<b>Business Representatives</b>	<b>Required Partners</b>		<b>Other Positions</b>
	Member	Member	Representation	Member
<b>Current Membership</b>	Christensen, Steve	Cleveland, David	One Stop Partner: WIA, Wagner-Peyser, Veterans Programs, Trade Adjustment Assistance	Bautista, Ian
	DeOrnellas, Karen	Jackson, LaDora	One Stop Partner: Community Services Block Grant	Clay, Paul
	Griffin, Karen	Leonard, Jerry	One Stop Partner: Vocational Rehabilitation	Davis, Billey
	Houglan, Steve	Maddox, Wendell	One-Stop Partner: HUD Workforce Programs (Youthbuild)	Fasenmyer, Mary
	Huston, David	Myklebust, Lonnie	One-Stop Partner: Title V Older Americans Program (SCSEP)	Fletcher, Dan
	Keenan, Mike	Stevenson, Johnny	One-Stop Partner: Carl Perkins Funded Organization	Ladd, Wade
	Lantzy, Walter	Trumbo, Lori	One-Stop Partner: Adult Basic Education, Local Education	Langlais, K.J.
	McCullough, Gina	Gifford, Judy	Labor Organization	Robards, Rick
	Nelson, Don	Jones, Brenda	Labor Organization	
	Shackelford, Kathy	Thompson, Jim	Economic Development Organization	
	Shipley, Bill	McClure, Lynn	Economic Development Organization	
		Knudson, Lin	Local Education	
		11	12	8
	<b>Prospective Members</b>	Abbott, Jeffrey	Yanez, Juan	Migrant and Seasonal Farmworker Programs
Ahner, Chuck		Day, Rose	Unemployment Insurance	
Clay, Paul				
McInnis, Ed				
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	15	14	8	

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KANSAS

DEPARTMENT OF COMMERCE  
HOWARD R. FRICKE, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

July 12, 2005

The Honorable Joe Reardon  
CEO Chair, LWIA III  
701 N. 7<sup>th</sup> Street  
Kansas City, KS 66101

RE: Local Board Chair

Dear Mayor Reardon:

On April 5, 2005, the Department of Commerce corresponded with former Mayor Marinovich, in her capacity as CEO Chair, regarding the findings of a review by the United States Department of Labor and an operational assessment of WIA program operations in Local Workforce Investment Area III done for Commerce by WipFli Young. A copy of that correspondence is enclosed. One of the items discussed was the issue of whether Chairperson Fasenmyer was legally qualified to service as chair of the Local Workforce Investment Board (LWIB). The qualification issue pertains solely to her status as an officer of a non-profit organization and in no way reflects upon her skills or commitment to the LWIB.

As indicated in that correspondence, board members who serve the LWIB as representatives of business, as defined by 29 USC 2832, are required to be owners of businesses, chief executives or operating officers of businesses, and other business executives or employers with optimum policy making or hiring authority. Both the federal review and our legal department determined that Chairperson Fasenmyer's position with a non-profit organization was not aligned closely enough with a "business" as to qualify her to serve as the chair. Approximately three months has passed since this finding was presented to Local Area III and it is our understanding Sister Mary Fasenmyer continues as chair of the LWIB. This appears to have been an adequate period of time in which to make a transition and it is now necessary that appropriate action be taken to remedy this situation no later than your July board meeting. If you have further questions regarding this matter, please let me know.

Sincerely,



Steve Kelly  
Deputy Secretary

cc: Scott Anglemyer  
Kris Kitchen  
Steve Jack  
Blake Flanders  
David Cleveland  
Robert North

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2-12



# KANSAS

DEPARTMENT OF COMMERCE  
HOWARD R. FRICKE, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

December 1, 2005

Karen M. DeOrnellas  
Area III LWIB Chair  
General Motors  
Human Resources Manager  
3201 Fairfax Trafficway  
Kansas City, KS 66115

Doug Wood  
Area III CEO Chair  
Johnson County Commissioner  
111 S. Cherry, Suite 3300  
Olathe, KS 66061

Re: Workforce Investment Act Performance and Compliance Issues – Corrective Actions

Dear Board Chairs DeOrnellas and Wood:

The purpose of this letter is to advise you of certain corrective actions which the Kansas Department of Commerce (Commerce) has determined to be necessary in Local Workforce Investment Area (LWIA) III. Commerce administers the Workforce Investment Act (WIA) in Kansas on behalf of the Governor. The recently-issued Kansas Program Year 2004 Workforce Investment Act Annual Report indicates that of the 17 performance measures which comprise the comprehensive performance accountability system mandated by the federal WIA, LWIA III exceeded negotiated levels of performance for eight performance measures, met negotiated levels of performance for six performance measures, and failed to meet negotiated levels of performance for three performance measures. The three measures which were not met in LWIA III were: Older Youth Credential Rate, Adult Earnings Change and Older Youth Entered Employment Rate. In Program Year 2003, LWIA III failed to meet negotiated levels of performance for five performance measures including Older Youth Credential Rate, Adult Earnings Change and Older Youth Entered Employment Rate. Other items requiring corrective action include the Local Workforce Investment Board's (LWIB) failure to establish a comprehensive One-Stop and improper LWIB composition.

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2-13

Karen M. DeGimellas, Area III LWIB Chair  
Doug Wood, Area III CEO Chair  
December 1, 2005  
Page 2

Unfortunately, this is the third consecutive year that LWIA III failed to meet at least one of these performance measures. After LWIA III's failure to meet performance measures in PY 2003, Commerce provided technical assistance in the form of WIA case manager training through a firm retained by Commerce and also provided training on the responsibilities of local workforce investment boards. Notwithstanding those efforts, LWIA III failed to make adequate progress in PY 2004. When a local area fails to meet levels of performance on the same performance measures for two consecutive years (this is actually the third year in a row in which the Adult Earnings Change measure has not been met), as has now occurred in LWIA III, the State is required to take corrective actions which, pursuant to 29 USC 2871(h)(2)(A), may include development of a reorganization plan through which the Governor may—

- (i) require the appointment and certification of a new local board (consistent with the criteria established under section 2832(b) of this title);
- (ii) prohibit the use of eligible providers and one-stop partners identified as achieving a poor level of performance; or
- (iii) take such other actions as the Governor determines are appropriate.

Commerce acknowledges that the State shares in the responsibility for LWIA III's failure to meet negotiated levels of performance due to the State's role in serving as the operator and provider of the WIA programs. That fact notwithstanding, Commerce has an obligation to oversee a corrective action plan to remedy these performance deficiencies. It is our understanding the LWIB for LWIA III voted on November 22, 2005, to initiate a formal Request For Proposal (RFP) process for WIA Adult, Youth and Dislocated Worker services for the Program Year beginning July 1, 2006. Commerce recognizes the LWIB's authority to make such a decision on soliciting bids for operation of these services. However, as the state agency charged with administering and regulating these activities, Commerce will require significant input into the preparation of the RFP and the bid process to ensure that standards and requirements are in place necessary for the State and LWIA III to make substantial improvement. The process of development of an RFP can begin as soon as practicable. However, from an overall timing perspective, Commerce questions whether it is feasible to issue an RFP, negotiate with and select a vendor, and complete the transition process, if one is necessary, by July 1, 2006. In the event a new service provider is selected, Commerce will require an orderly, efficient and non-disruptive transition of operations. While the transition process could begin once a provider is selected, it may need to continue for an extended time beyond July 1, 2006.

In addition to concerns over missed performance measures, other performance and compliance-related items require corrective action. Among the functions required of LWIB's, is the central and essential task of the establishment of One-Stop delivery systems, which make certain required programs, services, and activities are accessible at not less than one physical workforce center location in each local area of the State. See 29 U.S.C. 2841 and 29 U.S.C. 2864. This requires local boards to develop and enter into Memoranda of Understanding (MOU) with one-stop partners which contain provisions describing:



- 1) the services to be provided through the one-stop delivery system;
- 2) how the costs of such services and the operating costs of the system will be funded;
- 3) methods for referral of individuals between the one-stop operator and the one-stop partners, for appropriate services and activities; and
- 4) the duration of the memorandum and the procedures for amending the memorandum during the term of the memorandum; and
- 5) other provisions as the parties to the agreement determine to be appropriate.

LWIB's are also required to conduct program oversight of local employment and training activities authorized under the WIA and provided through the One-Stop delivery system in the local area. Despite the requirement for establishment of a comprehensive One-Stop in each local area having been in place since the effective date of WIA over five years ago, no such location exists to date in LWIA III. Additionally, Commerce conducted a meeting with representatives of each of the local areas on July 18, 2005, to discuss One-Stop compliance issues and at that meeting set a 60-day deadline for submission to Commerce of revised One-Stop partner MOU's and related information. LWIA III failed to comply with this September 16, 2005, deadline. As part of this corrective action plan, LWIA III One-Stop partner MOU's executed by all partners must be submitted by February 1, 2006. Additionally, LWIA III must establish within the local area at least one comprehensive physically co-located One-Stop center at which core services are provided, and access to other programs and activities carried out by the One-Stop partners are available, by the program year beginning July 1, 2006.

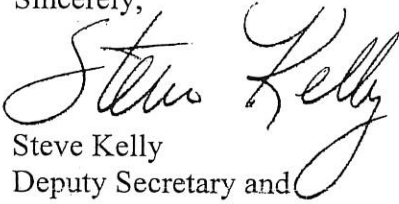
The WIA Local Board Membership Composition Report issued by the Commerce Workforce Compliance and Oversight unit transmitted to LWIA III by letter dated October 7, 2005, found that the LWIA III, LWIB did not meet composition requirements because it lacked representatives from the Migrant and Seasonal Farmworker, Vocational Education and Unemployment Insurance programs. It is also understood that the board lacks the required majority representation from the business sector. To satisfy corrective action plan requirements, and consistent with the above-referenced October 7, 2005, board certification letter, the CEOs must correct board composition issues by December 31, 2005.

In summary, as a result of performance and program failures, Commerce finds the following corrective action necessary. First, while LWIA III has determined to issue an RFP for services, in order to insure the RFP adequately addresses performance expectations, Commerce will provide policy guidance and other assistance in preparing the RFP. If Commerce is not the chosen vendor, then Commerce will require: (1) input in drafting and approval of the contract for services, and (2) a written transition plan detailing the proposed transition and including detailed provisions for minimizing any disruption of services as a result of such transition. Secondly, the LWIB must become a WIA compliant board structured to help LWIA III meet performance measures, comply with WIA requirements, and maximize services and benefits to LWIA III jobseekers and employers. Third, executed One-Stop partner MOU's must be submitted to Commerce by February 1, 2006. Finally, LWIA III must establish a comprehensive co-located

Karen M. DeOrnellas, Area III LWIB Chair  
Doug Wood, Area III CEO Chair  
December 1, 2005  
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One-Stop within the local area by July 1, 2006. Hopefully these action steps will allow LWIA III and Commerce to reach our mutual performance and program goals. We look forward to your consideration of and response to this corrective action plan.

Sincerely,



Steve Kelly  
Deputy Secretary and  
Director, Division of Business Development

cc: Honorable Governor Kathleen Sebelius  
LWIA III Chief Elected Officials  
LWIA III LWIB Members



**WORKFORCE PARTNERSHIP**  
JOHNSON • LEAVENWORTH • WYANDOTTE

December 22, 2005

Steve Kelly, Deputy Secretary  
Kansas Department of Commerce  
1000 SW Jackson, Suite 100  
Topeka, KS 66612-1354

Dear Mr. Kelly:

The Workforce Partnership has received and reviewed your letter dated December 1, 2005 listing corrective actions that the Department of Commerce (Commerce) expects of Local Workforce Investment Area (LWIA) III. The letter outlines four required actions:

1. Commerce must be given significant input into the preparation of the Request for Proposal (RFP) and administration of the bid process for WIA services.
2. The composition of the Area III Local Workforce Investment Board (LWIB) must incorporate all mandatory One-Stop partners and attain a business majority by December 31, 2005.
3. LWIA III must submit executed One-Stop partner MOUs to Commerce by February 1, 2006.
4. LWIA III must establish a comprehensive co-located One-Stop by July 1, 2006.

The Area III LWIB acknowledges that these requirements are both appropriate and reasonable, and intends to comply with each. We appreciate Commerce's continuing assistance in addressing our deficiencies and building an effective service delivery system.

Sincerely,

Karen DeOmellas  
Chair

cc: Governor Kathleen Sebelius  
LWIA Chief Elected Officials  
LWIA III LWIB Members

**Testimony before the House Committee on Economic Development  
January 26, 2006**

Scott Anglemeyer  
Executive Director, Workforce Partnership (Local Area III Workforce Investment Board)

I appreciate the opportunity to appear before the committee to give you an overview of our activities in Local Area III. Together with our partners, including the Department of Commerce's Kansas 1<sup>st</sup> initiative, our board is committed to transforming the workforce development system in our area into a demand-driven system that generates greater opportunities for job seekers by helping employers thrive. We certainly have not completed that transformation yet. In my testimony, I would like to share with you some of what we are doing to transform our system, as well as some of the challenges we are facing.

I'll begin with a brief overview of our local area, then discuss some of our current initiatives and what we see for the future of our local area.

**Background**

Local Area III (LA III) has the smallest geographic area of the state's five regions, covering only the counties of Johnson, Leavenworth, and Wyandotte. Workforce services are provided in three workforce centers: one in each county—in Leavenworth, Kansas City, and Overland Park.

Despite its geographic size, we serve the largest population of the five local areas, and have the largest allocation of Workforce Investment Act (WIA) funds. Our current WIA allocation is nearly \$5.2 million. Of that total, we have been allocated \$1.3 million in the Adult program and approximately \$1.7 million in both the Dislocated Worker and Youth programs. The remainder of our allocation, approximately \$425,000, is used for administration.

For the program year that ended June 30, 2005, our workforce centers provided services requiring eligibility determinations to 537 adults, 287 dislocated workers, and 1,081 youth. These make up only a small percentage of those who benefit from the activities of the workforce centers, however. Since July 1 of last year, more than 10,000 people have used our services either in person or online through Kansas Job Link.

Our board has 31 members, with business a business majority. Our business members represent a broad range of industries, particularly those we have identified as high-growth, including the financial services, manufacturing, transportation, construction, health care, and information sectors.

Upon its creation as a workforce investment board in July 2000, the board and our chief elected officers board selected the local office of the Kansas Department of Human Resources (KDHR) as the fiscal agent, the WIA grantee and administrative entity, and the one-stop operator. With no dedicated staff of its own, the board also relied on KDHR for board support. For a number of reasons, the board found that it could not and should not rely on KDHR for such support, and chose to incorporate as a non-profit, which it did in April 2003. In September of that year, it

hired me as its Executive Director. Those actions gave the board dedicated staff to help carry out board functions, but KDHR remained the local service provider, administrative entity, fiscal agent, and One-Stop operator. Those functions were all transferred to the Department of Commerce with the implementation of the Executive Reorganization Order. Commerce continues to carry out those roles today. This puts in the awkward position of having oversight over Commerce on the one hand, but ultimately answering to the Department of Commerce on the other.

### **Initiatives and Direction**

The passage of the Workforce Investment Act in 1998 signaled a fundamental shift in the nature of federal workforce development programs. Under WIA, workforce development is supposed to be demand-driven, representing a true partnership of employers, service providers, training institutions, and others. In my view, Kansas was slow to accept that change in perspective, and Local Area III was slower than most other areas.

However, our board now embraces the concepts embodied in WIA, and are working to build a demand-driven system that will be an asset to our area's employers and job seekers alike. Unfortunately, to catch up with the rest of the nation, we are struggling to make changes in a few months that other areas have implemented over a number of years. Some of our major initiatives are listed below.

***Compliance***—In recent program years, Local Area III has had some difficulty meeting performance standards on a set of 17 performance measures established by the U.S. Department of Labor. Working with our federal and state partners, we have come to the realization that the composition of our board and the design of our One-Stop delivery system—both once believed to be compliant with the letter, if not the spirit of WIA—were, in fact, not compliant. Our first priority is to bring Local Area III in full compliance with federal and state regulations.

We have made significant changes to the composition of our board, and we are now in full compliance with board composition requirements. We are collaborating with our One-Stop partner organizations to develop memoranda of understanding that will build a true collaborative One-Stop system. In this system, each partner will participate through physical presence, resource-sharing, and shared decision-making. We have also made a number of operational changes within the Workforce Centers. These efforts are beginning to bear fruit, but we still have work to do. For the most recent annual report, we still were below standard on three of the 17 performance measures, but that represented a marked improvement over the previous year.

***Transforming local service delivery***—One of the unfortunate effects of our awkward position with respect to the Department of Commerce has been that our board has tended to defer to Commerce on any aspect of local service delivery. As a result, we simply have not exercised the appropriate level of oversight over the One-Stop Operator.

Our new memoranda of understanding will help make our network of One-Stop partners more actively involved in the delivery of services through the Workforce Centers, as intended by WIA. Their physical presence in the workforce centers will help ensure a greater coordination of services, resulting in improved performance under WIA, as well as for other partner programs.



Most significantly, however, our board has recently decided to open up most of the local service delivery roles currently carried out by Commerce through a competitive process. We are developing a Request for Proposals which we hope to release in the next month, with the goal of having our new contract with the successful bidder(s) of that RFP take effect by July 1 of this year.

***Business outreach***—Central to our efforts to build a demand-driven system is ensuring that we reach out to employers. The board must do this by engaging in an ongoing dialogue with businesses about their needs and challenges, and how we can work collaboratively to address these issues. Equally important, however, the workforce centers must re-package their services as services that benefit businesses, and must develop new products and services that help meet employers' workforce needs. We are working with Commerce staff to develop a business services plan, and will make business services a prominent feature in our memoranda of understanding with partners, as well as in the request for proposals.

As a board, we are preparing to host a first-ever "Workforce Summit" this coming April. This event will bring employers, service providers, trainers, and board members together to initiate a dialogue about employer needs, workforce services, and addressing gaps in the system. This summit will be a means that the board and other entities in the workforce \system can learn more about business priorities, and can also be a way that businesses can learn about what services are currently available to them. The summit will help identify a set of priorities that the board will continue to work after the summit, and the board will have a process to ensure summit participants that it is working on the issues they raised in the summit.

***Older worker services***—Finally, I want to point to one thing that I believe we have been doing well, and will continue to do well. For several years, Local Area III has contracted with the Older Kansans Employment Program (OKEP) to deliver job counseling and job search assistance to older job seekers. As a result of this relationship, OKEP has helped hundreds of older workers find employment. This relationship has also been an important recruiting tool for us, to help us bring our services to older job seekers. Area III has consistently served a higher percentage of older job seekers than any other area in the state. Given the reality of an aging workforce, we believe that targeted services to older workers are a necessity.

In summary, we acknowledge that we have not always performed as well as we should. However, we are firmly convinced that we are undertaking the changes that are necessary to transform the workforce development system in the Kansas City area into a system that helps businesses and individuals thrive. We are fully aware that making these changes involves hard work, and that we face significant challenges. However, we are excited about the possibilities that the future presents, and together with the help of our many partners, we are confident that we will be successful in achieving our vision.