Northern Middle Tennessee Workforce Board Inc.

APPROVED
AUGUST 4, 2026

Northern Middle Tennessee Workforce Board

Finance Committee

Meeting Minutes

April 30, 2026, via Zoom at 9:00 a.m.

Members Attending	Members Absent	Staff & Guests Attending
Mark Peed	David Rutledge	Ginger Fussell
Ashley Horan		Marla Rye
Dan Caldwell		Alyssa Spaulding
Kristi Spurgeon		Meagan Dobbins
Paul Webb		
Shoshana Samuels		
John Zobl		

The Northern Middle Tennessee Workforce Board Finance Committee met via Zoom on April 30, 2026, at 9:00 a.m. With a quorum confirmed, Mark Peed called the meeting to order and asked whether members had reviewed the minutes from the previous meeting. Dan Caldwell made a motion to approve the minutes and Shoshana Samuels seconded. With no further discussion, the motion passed unanimously.

25-26 Budget Progression and Spend Trend

Marla then turned the meeting over to Ginger Fussell for the financial report. Ginger reported that financial activity improved significantly during the third quarter after two conservative quarters. Utilization increased substantially in March, and she anticipated a strong finish to the program year. Third-quarter utilization totaled approximately $2.1 M, which was $483K higher than the second quarter. Formula spending increased by approximately $310K, with the remaining increase coming from non-formula funding, including $126K in apprenticeship reimbursements and increased expenditures under the Youth Employment Program (YEP) and PROWD grant. As of the end of the third quarter, 43.8% of the formula budget and 39.8% of the overall budget had been utilized. Ginger noted that several non-formula grants extend beyond the current fiscal year, including PROWD, which continues three months into the following fiscal year. Cumulative utilization through the third quarter was approximately $5.1 M, compared with $6.6 M during the same period in the prior year.

MPCR

Ginger reminded the committee that it had previously authorized management to request the transfer of up to $250K from administrative funds to program funds and reported that the request had been submitted to the state. Although the transfer could negatively affect the Minimum Participant Cost Rate, the region's overall MPCR increased from 38.19% at the end of the previous quarter to 45.57% as of the end of March. Formula-funded activity had not yet independently reached the required MPCR, but strong expenditures under YEP, apprenticeship, and other discretionary grants allowed the region to meet the standard overall. Marla noted that the Department of Labor and the State Workforce

Development Board had revised the MPCR policy to include discretionary grants, making the 45.57% rate compliant with the state requirement. She also reported that state fiscal staff had complimented the region for being the only local workforce area in Tennessee with administrative funds available to transfer into program services and credited Ginger and the fiscal team for the efficiencies that made the transfer possible.

CSP Trends

Ginger reviewed Career Service Provider (CSP) spending as a major driver of the improved formula-funded MPCR. The Adult program's CSP MPCR increased from 57% to 76% in March, while direct Adult expenditures rose from $94K in the previous quarter to $218K in the third quarter. She said the increase reflected a return to a more typical level of participant activity and that program staff expected to sustain or improve that activity during the fourth quarter. Ginger explained that CSP MPCR generally must reach at least 50% so that, after infrastructure and overhead costs are added, the region can meet the state's overall 40% requirement. For the Adult and Dislocated Worker programs combined, CSP MPCR was 65% for March, 55% for the third quarter, and 43% cumulatively. Youth expenditures also increased in both percentage and dollar volume. Ginger noted that WIOA Youth formula funding competes with the separate YEP grant because some participants qualify for both. The region was not yet meeting the cumulative work experience expenditure goal under WIOA Youth but was meeting the in-school youth goal, which remained under review despite carrying less significance than in prior years. Ginger reported no concerns with One-Stop Operator spending. The operator had billed approximately 68% of its contract with 75% of the contract period completed, which she considered a positive result.

26-27 Initial Budget

Ginger then presented a preliminary Program Year 2026-2027 budget to authorize operations until the committee met again in August. She projected approximately $5.1 M in carryover from grants expiring June 30, 2027. Because new formula allocations had not been received, she followed state guidance and estimated a 10% reduction, resulting in approximately $6.5 M in projected new formula funding. She also reserved approximately 25% for carryover into the following year to support operations until subsequent allocations were received. The revenue budget included approximately $750K in anticipated TYEP funding, $250K in Rural Healthcare funding, and approximately $700K in additional non-formula funding such as the existing PROWD grant through 2027, and apprenticeship funding continuing into the next program year. Total projected revenue was approximately $12.7 M.

Ginger reported that the proposed expense budget also totaled approximately $12.7 M, with the CSP budget serving as the primary adjustable line item. Non-formula grant expenses aligned with projected revenues. Marla reported that the federal Training and Employment Guidance Letter appeared to reduce Tennessee's Dislocated Worker funding by approximately 10%, increase Adult funding by nearly 10%, and leave Youth funding relatively flat. She said the overall effect could be close to the 10% reduction used in the preliminary budget. Tennessee must distribute its allocation among nine local workforce areas using a formula based partly on economic conditions, so Northern Middle could receive more or less than projected. Stronger economic conditions in Middle Tennessee could reduce the region's share compared with more rural areas. Ginger said carryover would provide stability if the reduction exceeded 10%. By August, staff expected to know the final allocation and exact carryover amount and could revise the budget as needed. The preliminary budget would allow operations to begin July 1.

Shoshana Samuels asked whether staff had modeled a larger reduction, such as 12%. Marla said a greater reduction would require corresponding budget adjustments but did not anticipate staff

reductions because of open positions and flexibility in direct participant service line items. Ginger added that the CSP line item would be the primary adjustment and that current operations were more efficient than budgeted, providing a buffer.

Mark Peed asked when the state might begin recapturing carryover funds. Marla explained that formula funding generally has a two-year expenditure period and that staff expected to spend all program funds expiring June 30, 2026. Ginger also expected 100% utilization, although state fiscal staff had recently raised a possible limitation on how transferred administrative funds could be repurposed. Ginger and Marla had not previously been advised of the restriction, but Ginger still expected all expiring funds to be used. For funds expiring June 30, 2027, the region generally would not be at risk if at least 80% was obligated, and approval of the budget would help establish those obligations. Mark confirmed that no current-year funding appeared at risk. Marla said success in Program Year 2026-2027 would depend on maintaining the expenditure momentum achieved in March. The primary risk would be another first-quarter lag, but she believed the CSP operation was now established.

Ginger explained that the first-quarter delay resulted from a cautious enrollment strategy intended to ensure appropriate participants were served. Marla said Workforce Essentials did not want to repeat the prior provider's heavy first-quarter enrollment and spending followed by service limitations later in the year. Because Workforce Essentials had not previously served as CSP, management had been conservative while evaluating staffing, structure, eligibility, and expenditure patterns. She acknowledged that the startup may have been overly cautious but said the organization completed its first year without losing money and was positioned for stronger performance. Mark observed that the system was now stable. Marla agreed and said the successful first year provided a stronger foundation. Mark also noted that economic changes, including fuel prices, could increase demand for workforce services, and Marla agreed.

Following an audit recommendation, Ginger also presented the Program Year 2026-2027 budget in a format consistent with the audited financial statements. The presentation separated program and administrative expenses and displayed line-item detail while retaining the $12.7 M total. Shoshana said the detail was helpful, demonstrated the organization's efficiency, and appropriately addressed the auditor's recommendation, although it might not require full discussion at every meeting. Marla thanked Ginger for the additional work. Ginger said future reports would likely show the detailed budget and actual expenditures on separate pages for readability.

Monitoring

Ginger reported that Northern Middle Tennessee Workforce Board staff continued internal monitoring of Workforce Essentials in its role as CSP. Monitoring included technical assistance, direct participant expenditures, quality assurance, paid work experience timesheets, and monthly fiscal desk reviews. No significant concerns were identified. Monitoring of the new One-Stop Operator also continued with no significant issues.

Ginger reviewed the quarter's external monitoring activity. State staff had advised local areas that a recent federal review found the state had issued too many observations and too few formal findings, making it more likely that future issues would be classified as findings. A previously postponed state review resulted in findings related to signage at the Nashville American Job Center, the welcome function, two Wagner-Peyser processes, and an inoperable accessible-door button at the Rutherford County location. Written responses were due May 7. Marla reported that the Nashville AJC hours had been posted and the Rutherford County door button had been repaired. Because the welcome-function

and Wagner-Peyser findings involved state-managed processes, she had asked Wagner-Peyser staff to assist with the response.

Ginger reported that another state monitoring team had completed onsite visits and staff interviews at all American Job Centers, with the final report pending. A separate review of Adult, Dislocated Worker, and Youth files found no significant issues. State YEP staff reviewed 12 case files with no concerns, and the state reentry unit completed onsite monitoring with no findings. Minor items identified during the reentry review were corrected at the time of the visit. State fiscal staff also completed a new monitoring review focused on policies and procedures. Northern Middle submitted extensive documentation before the review and seven additional items afterward, with the report still pending. Annual PAR monitoring was scheduled to begin May 4 and would cover July 2025 through February 2026.

Action Items

Ginger presented three action items. The first was acceptance of the financial report, including the unchanged Program Year 2025-2026 budget of $12.9 M and the proposed Program Year 2026-2027 budget of $12.7 M. The second was approval to extend Workforce Essentials as the CSP and Mid-Cumberland as the One-Stop Operator for 12 months, subject to state directives. Marla explained that the state had requested approximately 13 federal WIOA waivers that could significantly alter the local workforce system, including possible regional planning councils and a shift from nine local workforce areas to three regions aligned with Tennessee's grand divisions. The Commissioner had scheduled a meeting with local board chairs and chief local elected officials to discuss the state's vision. Local areas had been advised not to enter into long-term agreements with new providers and to use extensions with termination provisions. Marla said no immediate change was expected by July 1 because the waivers had not yet been approved, but implementation could occur within six to 12 months. The extensions would allow operations to continue while preserving flexibility.

The third action item authorized staff to request state approval, as needed, to transfer up to $1.25M in Dislocated Worker funding to Adult funding through June 30, 2027. Ginger said the region historically needed more Adult funding and that current allocations did not align with participant demand. Marla explained that Adult funding served a broader eligible population, while Dislocated Worker funding was limited primarily to individuals who had been laid off. Because federal law permits full transferability between the two funding streams, the authorization would allow transfers as Adult expenditures increased. Mark asked whether repeated transfers could eventually lead to reduced Dislocated Worker allocations. He agreed that transferring the funds was preferable to returning them but said the allocation formula appeared to provide too little Adult funding and excess Dislocated Worker funding. Marla agreed and said Commissioner Thomas had advocated for changes to the federal formula. Shoshana noted that current rules allow full transferability. Ginger added that the Make America Skilled Again initiative proposed reducing separate funding categories and moving toward a more flexible structure. Marla said funding could eventually be provided to states through a block grant but agreed that continued underuse of a category could raise questions about whether it remained necessary.

Shoshana asked how regional restructuring could affect Northern Middle Tennessee's budget. Marla said the answer was unknown but expected that Middle Tennessee could become one region with combined funding and a single provider. She emphasized that this was only an estimate. Mark noted that the state had considered regional consolidation previously, and Marla said the requested waivers could provide a path for implementation. Mark said a larger regional structure could work if management and governance represented the entire region. Marla agreed.

Mark requested a motion to approve the three action items. A motion was made by Shoshana Samuels and seconded by Ashley Horan. The committee approved the financial report and budgets, the 12-month provider extensions subject to state directives, and authorization to request the transfer of up to $1.1 M from Dislocated Worker funding to Adult funding through June 30, 2027. The motion passed without opposition.

AJC Closure Update

Marla provided an update on the board's February 11 decision to close eight American Job Centers. The state had been formally notified, and its response reinforced that the closures were consistent with the current administration's anticipated direction. Landlords were notified that Workforce Essentials would vacate the affected leased locations by June 30. Workforce Essentials owns buildings in Cheatham, Robertson, and Williamson counties, and Marla was exploring co-location arrangements with Mid-Cumberland Human Resource Agency, Adult Education partners, and other community organizations to keep those buildings open as Workforce Essentials offices. Although they would no longer operate as American Job Centers, staff could still meet with clients there by appointment. In Houston County, staff were considering space at the armory or 911 center, where TCAT planned to offer an LPN class. Marla explained that affected communities would lose permanent resource centers for filing unemployment claims, searching for jobs, and using WIOA-funded equipment. Services would instead shift to appointment-based delivery and community partner locations. In Humphreys County, Nashville State Community College had agreed to provide space for a staff member two or three days each week. In Williamson County, a staffing and training organization had expressed interest in leasing space and helping keep the building open as a workforce center. Staff were also planning utility cancellations, deposit recovery, equipment relocation and storage, and other transition needs.

26-27 WIOA Plan Modification

Marla then provided an update on the WIOA strategic planning process, which she described as largely a state compliance document. Guidance was received March 11, and the regional and local plans were published for public comment on April 10. A listening session was held April 20. Two partner staff attended, but no comments were received on the local plan. United Way of Greater Nashville submitted one comment on the regional plan related to alignment with programs operating in Nashville. Both plans were submitted to the state on April 24, with feedback expected May 1. Marla was scheduled to present the Northern Middle Tennessee plan to the State Workforce Development Board the following week. The plan highlighted work with Ferrol Thomas of the Tennessee Hospital Association, including a statewide healthcare grant and collaboration with a nurse's middle college charter school in Davidson County. Marla did not anticipate any issues with approval.

Worksource Summit

Marla reminded members that the WorkSource Summit would be held May 12 and 13. Approximately 70% of board members planned to attend, providing strong representation for Northern Middle Tennessee. She hoped the summit would provide additional information about the Department of Labor and Workforce Development's future direction. Because of the high attendance, the board would not hold its regular May meeting. Summit participation would serve as continuing education, and the next full board meeting would be held in August.

Adjourn

Members commented on the volume of work underway. With no further questions, Mark adjourned the meeting. Marla noted that the Executive Committee would meet to ratify the committees' work, including approval of the plan, budget, and eligible training providers.