



Approved on
May 4, 2021

Northern Middle TN Workforce Board Finance Committee
February 2, 2021
9:00 a.m. Virtual via Zoom
Workforce Essentials
523 Madison Street, Clarksville, Tennessee

Members Attending	Members Absent	Staff & Guests Attending
Mark Peed	Kristi Spurgeon	Marla Rye
Howard Bradley	Charles Story	Ginger Fussell
John Alexander	Keith Carnahan	Andrea Dillard
Paul Webb	Dan Caldwell	John Watz
John Zobl		Renee Hollis
David Rutledge		Christel Brown
Seth Thurman		

The Finance Committee of the Northern Middle Tennessee Workforce Board met virtually on February 2, at 9 a.m. via zoom conference.

The meeting was called to order by Chairman Mark Peed. Marla Rye called roll to document attendance. Mark asked for approval of the minutes. Howard Bradley moved to approve and was seconded by John Alexander. The minutes passed unanimously.

Marla welcomed the group and informed the committee that we would begin with an update from Ginger.

2020-2021 2nd Quarter Report:

Ginger opened her report by letting the board know that grant expenditures increased by \$527,000 over quarter one. Additional funding of \$2.5 million was received in Quarter 1 from COVID-related grants such as the existing national Dislocated worker grant, an additional national Dislocated Worker grant, and CARES grants. Some of the additional grants were time-sensitive. Much of the activity associated with the COVID-related grants were administered at the Board level. Andrea Dillard, Renee Hollis and Freda Herndon worked hard to utilize this funding and help people, making this a wonderful quarter despite a slight decline in core activities.

Ginger reported we spent \$7.4 million through the first half of the year, which is now 50% complete. Grant fund utilization of the same core activities as the prior quarter is at 44.7%. Utilization is at 41.9% when factoring in the additional Quarter 2 funding. Meeting materials indicate that grant spending is at 98.5%, 95%, and 96.3% for the apprenticeship grant, CARES consolidated business grant, and CARES re-employment grant, respectively. The CARES grants were short-term. Grant funding above and beyond core activities was spent by putting dislocated workers to work and helping employers with CARES grant funding. Ginger explained that the \$2.5 million would be injected into the budget analysis, and she will request an action item to approve a revised budget of \$18.6 million (\$17.6 million + \$1 infrastructure).

Mid-Cumberland's contract ended December 31, 2020. They were allowed the month of January for their final billings, and the invoice will be received in the first week of February. Mid-Cumberland surpassed where they were last year in Quarter 2 but declined about \$88,000 compared to Quarter 1 of this year, which was their highest quarter of the contract. The year started off slow the first two months, but MCHRA had a successful September. In the six-month contract, MCHRA utilized 82.5% of the funding. The One-Stop Operator contract is at 30% expended due to unfilled positions. Enrollments were at 75% of goals. Quarter 1 had 557 enrollments, while Quarter 2 had 251. As expenditures lag enrollments, Ginger expressed concern about expenditures and MPCR in the upcoming quarter with new contractors starting.

Ginger reported that Northern Middle has spent 77.2% of the \$7.7 million Campbell Strong project. 80.8% has been spent of the direct participant goal, and enrollment is about 74% with nine months left. Marla pointed out that there is a slowdown in the number of soldiers exiting the military, which could be COVID-related.

As a workforce area, Ginger stated that we had exceeded the 40% Minimum Participant Cost Rate (MPCR) requirement achieving 44.87% even though we are still under a waiver. We are close to achieving 60% MPCR with our disaster relief grant, the cares apprenticeship, and incumbent worker activities factored in. While not included in the state's MPCR calculation, those grants expend high dollar percentages directly to participants, for example, 95.09% for disaster relief and 99.83% for CARES and incumbent workers. Marla added that Northern Middle was one of the few areas in the state of Tennessee that spent all their CARES Act money by the tight deadline.

Monitoring Update:

Ginger reported that the service provider transition made this a very busy month. Many meetings with our incoming providers were held through the quarter, with service delivery, planning, and implementation monitored. Board/staff expectations and visions were communicated. Contractor trainings were held in December and January and will continue. Monitoring focus is on the incoming provider's staffing plans, training, and ability to be ready to help participants.

Monitoring of Mid-Cumberland also continued, including desk reviews, sampling, with results and areas of concern communicated. A memo was sent with potential disallowed costs. Marla clarified that a disallowed cost might happen when a participant is certified as eligible to participate in the program, but through monitoring, the customer is deemed to be over income or ineligible for other reasons. Cost incurred on this participant would be disallowed. Technical

assistance is still being provided. Transition meetings have been held to discuss closeout accountability, deadlines, transfer of data management, asset inventory, and expenditure cut off have all been stressed as important.

Marla stated that staff turnover continues to plague the service providers. This further exasperates program errors and question costs because staff are new and inexperienced. She stated that the contractors really need consistency in operations and comprehensive staff training.

Audit Report-June 30, 2020:

Ginger reported that the audit was completed, and Marla emailed out the full audit. In summary, all audit opinions were unmodified (clean) opinions with no audit findings. Northern Middle now qualifies as a low-risk auditee. This was our third year for a full audit. Two years of clean audits will result in the low-risk category.

The firm Thurman Campbell group was selected in an earlier procurement to perform the audit. Ginger requested to extend their contract for the next year if no committee member objected. Ginger felt they conducted a quality audit. She provided a recap of the previous procurement process, audit quotes, audit timing and the need for focus in monitoring the new contractors. Paul Webb requested a representative from the firm be present at the next full board meeting to hear directly from the firm. Howard Bradley made a motion to approve extending the auditor's contract for one year. Paul Webb seconded the motion. With no discussion, all board members voted in favor of the motion.

David Rutledge made a motion to accept the additional \$2.5 million added to the 20-21 budget making the total \$18.6 million. Howard Bradley seconded the motion. The floor was opened for discussion, and Chairman Peed asked if we were on the path to consuming all funds by the end of the fiscal year. Ginger pointed out that both National Dislocated Worker grants are two-year grants and will expire in June of 2022 but are included in this year's budget so that expenditures could be made sooner than later if the need arises. Marla explained we spend old money first so that unspent money will carry over into the second year and be spent first. With no other discussion, there was a vote, and all board members voted in favor of the motion.

Career Service Provider-Transition Update:

Marla reported that she felt like training for the new provider is progressing but would do things differently in the future if we have to go through another transition. She felt like having a longer transition period between providers would be beneficial. This would allow the centers to stay open and continue enrolling and serving customers. There have been no new enrollments for January. We continue to counsel the new providers about getting their programs up and running. They are having problems with staffing open positions. They have also had workers quit after a few days. Marla feels the contractors can be successful and the future months will be better, but January did not go as well as hoped.

Mark Peed asked about One-Stop Operator positions and why some positions haven't been filled. Marla explained that Mid-Cumberland handles the particular position, and during the end of 2020, they had several vacant positions that they didn't want to fill because of the uncertain future of the contract. As soon as they got the contract, they filled all of the vacant positions.

Marla explained that EDSI chose to hire fewer employees in order to pay a more competitive rate. The intent was to hire quality employees that would remain in their position longer. Even though they are having trouble retaining people and filling open positions right now, they are sending in a management team to assist with the transition until the position can be filled.

Marla reported she felt that MAC (Metro Action Commission) had the knowledge to get the job done. She explained that the Program Director Ellen Zinkiewicz is familiar with the way Tennessee operates because of previous experience with the Nashville Career Advancement Center. However, she stated that the first month had not met expectations either. Marla went on to say that EDSI's contract was for \$8.37 million, MAC was for \$800,000, Mid-Cumberland's One-Stop Operator contract was for \$447,000, and their follow-up contract was for \$86,000. The follow-up contract is in regards to 1,150 clients that have exited the program but still need follow-up on a quarterly basis. Mid-Cumberland agreed to provide the follow-up services. Their contract will end when those clients have completed follow-up requirements no later than December 31, 2021.

Andrea Dillard reported on the Project Return pilot project. She explained that the contract started just prior to the pandemic but has not been able to move forward due to the prison in Trousdale County being closed to visitors because of COVID. Both parties have agreed to nullify the contract at the request of Project Return leadership. There haven't been expenditures spent on this project.

With no other questions, the meeting was adjourned.