



APPROVED
November 3, 2022

Northern Middle Tennessee Workforce Board

Finance Committee

Meeting Minutes

August 5, 2022, via Zoom 9:00 a.m.

Members Attending	Members Absent	Staff & Guests Attending
Mark Peed	Keith Carnahan	Marla Rye
Dan Caldwell	David Rutledge	Ginger Fussell
Paul Webb		Andrea Dillard
Kristi Spurgeon		Meagan Dobbins
John Alexander		
Shoshana Samuels		

The Finance Committee of the Northern Middle Tennessee Workforce Board met virtually on August 5, 2022, at 9 a.m. via Zoom.

With a quorum present, the meeting was called to order by Chairman Mark Peed. Dan Ryan moved to approve the minutes and was seconded by Paul Webb. The minutes passed unanimously.

Welcome

Marla started the meeting by introducing Shoshana Samuels, a new committee member, and board member. Shoshana is the director of US Sales at Dell Technologies in Nashville. Shoshana gave a brief introduction of herself.

Career Service Provider-Performance Review

Marla continued with an update on the career service providers. By June 30 EDSI reached their Adult and Dislocated Worker enrollment goal, but they were at about 85% of their goal for the Youth program. Cumulatively they did reach 96% of their goal. To reduce caseloads, they exited 104 Adult and Dislocated Workers, but only 50 of those went to work, giving them a 48.1% placement rate. Cumulatively they exited 1010 individuals, and 874 went to work, so they are at 86.5%. For the Youth program, to reduce caseloads, they exited 32 youth, and 21 of them went to work. This gives them an 81.7% placement rate, and they should be at 85%. Cumulative placement wages are \$21 for Adult and Dislocated Workers and \$15.55 for Youth.

Next, Marla updated the committee regarding MAC's performance. MAC has a current goal of serving 100 Out of School Youth. They have served 103. Cumulatively they had a goal of serving 240 Youth, and they served 245. They have good placement rates as well as a placement wage of \$15.24. Their work experience requirements have been good as well. They have made significant improvements over the course of this year.

Chairman Mark Peed asked about EDSI's performance and Marla's thoughts regarding continuing the discussion with the Board about the future of their contract. Marla replied that she felt a continuation should be recommended to give stability, avoid more staff turnover, and potentially keep the staff with experience on board. Their performance will continue to be monitored, allowing contractors to rebid in the spring of 2023.

Sho Samuels asked if there was something that MAC did differently that EDSI could learn from. Marla stated that MAC was specialized and worked in only one county with just the youth population. EDSI worked in 13 counties with three different populations, which made their task more difficult. Sho then asked if having smaller, more specialized companies would be a benefit. Marla responded, saying that three more specialized companies have been contracted with, so that could be an option, but having more administration to deal with could be a hindrance.

When we ask for bids in the spring, Dan asked if we would have many applicants. Marla stated in the past, there had not been many applicants wanting to perform this type of work and that national companies are more likely to apply.

2021-2022 Financial & Monitoring Report

Ginger Fussell reported that quarter four spending was significantly higher at \$3.7M in expenditures and an increase of \$1.4M compared to the prior quarter. \$7.3M was spent in the first three quarters, then \$3.7M was added to the fourth quarter bringing the total to \$11M, which is 69% of available funding. Core WIOA activities increased over the last year by about \$1.5M.

\$922K of the increase in formula grant utilization took place in quarter four, driven primarily by our contractors working hard to get funds spent and expenses processed by year-end. Quarter 4 also had a \$344K increase in other grant activities focused on state-wide initiatives and special populations such as apprenticeships, layoff aversion, re-entry, and career exploration. The Board approved the repurposing of \$.5M Dislocated Worker funding for Adult program services effective May 1. The funding has not been used yet; however, we would like to go ahead and get approval for another \$500,000 should we need to request additional state approval before our next board meeting in November.

Ginger went on to report that last quarter, the volume of fund utilization was not at preferred levels. Contractor utilization took a positive turn in quarter four and was paired with several Q4 activities administered by the Board. Despite challenges in previous quarters, Northern Middle was able to fully utilize the expiring WIOA funding and most of the other expiring funding. Note

that we did have \$1M remaining of the National Dislocated Worker funding for COVID-19. That funding will be extended for another year under a new grant.

Northern Middle achieved a healthy MPCR at 49.68%, met the work experience requirement, and narrowly met the in-school youth requirement on the two-year Youth grant that is expiring. Quarter 4 contract billing was \$2.3M, up \$749K compared to last quarter. This quarter was a billing peak compared to the past two years. With 100% of the initial contract period elapsed, EDSI has spent 88% of its contract, and MAC has spent 87%. MCHRA, as the One Stop Operator, has spent 85% of its contract. OSO expenses are considered overhead costs, so less than budget expenditures are positive for Northern Middle.

Ginger reported that both contractors have a goal of spending at least 50% of their funds on participants. For this fiscal year, EDSI has exceeded the 50% goal at 52% for Youth and 56% for Adult/DW. Contract-to-date, EDSI finished at 49% for Youth and 51% for Adult/DW. MAC is 46% for Davidson County Youth for the fiscal year and 43% for contract-to-date. The contractors' Youth spending is tracked in two additional categories: qualifying work experience activities with a goal of 25% and In-School Youth activities with a goal of 40%. EDSI fell slightly short of the work experience goal at 22% FYTD and increased to 18% contract-to-date. EDSI's In-School Youth jumped two quarters consecutively to 31% in quarter 3 and 43% in quarter four and is at 25% FYTD and 20% contract-to-date. MAC exceeded the work experience goal at 41% FYTD and 36% contract-to-date. MAC exceeded the in-school youth goal at 44% FYTD and 39% contract-to-date.

Ginger went on to present the budget and requested adjustments. The initial budget presented in May was \$13.4M based on projections. With the fiscal year complete, and updated allocations notices from the state, the budget has been updated and adjusted downward by about \$100K to \$13.3M. The difference is the net of less carryover into the new year, more allocation than initially expected, and slightly more National DW COVID funds than expected. One change made on the expense side is that with the finalized guidance related to the National DW funding, we will be requesting permission to pass-through \$950K of National DW funding to EDSI to serve Fort Campbell soldiers.

Next, Ginger updated the committee about monitoring. She stated that the biggest concern among the two existing career service providers is EDSI's continuing churn of field staff. Bi-weekly contractor meetings continue. EDSI provides staffing updates at those meetings. Northern Middle continues desk reviews of EDSI and MAC monthly, analyzing contract progress and performance. Northern Middle program staff reviewed EDSI and MAC direct participant expenditures and performed an additional desktop review of EDSI's enrollments. Even though the state's platform was down at the end of the fiscal year, Northern Middle worked hard to provide technical assistance. Northern Middle fiscal and program staff conducted WIOA Youth training for the three new Youth providers. All financial viability proofs were received as requested by the Board. Each provider is limited to \$25K per quarter to manage risk further. There are no areas of concern with the One Stop Operator, but they were challenged to continue to promote enhanced oversight of partner accountability in supporting KPI goals.

PAR conducted an on-site review, and there were no findings. TDLWD's Program Integrity Unit performed fiscal monitoring and issued a report stating there were no findings. The report acknowledged 21 observed or potential best practices, and the monitoring team noted areas where we requested further guidance and made them aware of concerns they will be reviewing. The team made five observations, two specific to an existing fiscal policy about Record Retention. As a result of their recommendation, a proposed update of that policy to address their points has been included.

The action items requested are to approve the 21-22 Q4 Financial Report, approve the 22-23 Budget Revision at \$13.3M, and approve the 22-23 Flexibility to repurpose the additional \$500K Dislocated Worker funding to Adult (pending the TN DOL approval), extend EDSI and MAC's contracts an additional six months to June 30, 2023, add another six-month pro-ration of the 18-month contract, approve the pass-through program portion of the National DW grant at \$950K, and approve the Fiscal Policy Update.

Ginger was asked for clarification regarding the \$500K. She assured them that this was repurposed money and they were not requesting additional money. Board staff are asking for Northern Middle Board approval before going to the state for formal approval.

Paul Webb made a motion to approve all five of the recommended actions. Dan Caldwell seconded the motion. With no further discussion, the committee approved all five action items.

Adjourn

With no further questions, Mark Peed adjourned the meeting.