



APPROVED
August 4, 2023

**Northern Middle Tennessee Workforce Board
 Finance Committee
 Meeting Minutes
 May 4, 2023, via Zoom at 9:00 a.m.**

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

The Finance Committee of the Northern Middle Tennessee Workforce Board met virtually on May 4, 2023, at 9 a.m.

With a quorum present, the meeting was called to order by John Zobl. Paul Webb moved to approve the minutes, and David Rutledge seconded. The minutes passed unanimously.

2022-2023 Budget Review

Ginger Fussell reviewed the budget for the committee. Current quarter expenditures were \$3.3M, approximately \$1M higher than last quarter, which is great. However, it should be noted that EDSI, our largest provider, changed accounting systems in the fall, which involved application migrations. They fell behind in their billing to NM through the transition, so some of quarter 2’s billing did not hit until quarter 3. Coupled with that were focused efforts on training in the current quarter on the COVID National Dislocated Worker grant and moderate increases in Adult and Youth formula grant expenditures. Fiscal year-to-date expenditures through March were \$8.2M, which puts us trending to finish near last year’s totals. Since last quarter, our \$15.0M budget has grown to \$15.2M with the addition of a \$200K Consolidated Business grant.

The TN Department of Labor has announced a Summer Youth Employment funding opportunity. Guidance related to this announcement is ongoing. We anticipate additional funding before our next board meeting, but at this time, the amount is still to be determined. It will operate in two phases, the first to begin May 1, 2023, through August 31, 2023, and the second phase to begin July 1, 2023, to August 31, 2024. We are submitting proposals next week.

Action items related to this information are a request to approve the \$200K budget increase, bringing the total to \$15.2M plus any grant awarded related to the Summer Youth initiative. In previous quarters, the Board authorized staff to request, as needed, up to \$1.5M for additional re-purposing of DW for Adult grant spending. NM requested, and TDLWD approved \$1M of that amount, with \$500K remaining

to be requested through June 30, 2023, if needed. We request an extension of this remaining \$500K authority to June 30, 2024.

John Zobl asked how long the extension would be. Ginger explained the original extension was through June 2023, and they are requesting an additional year to make it through June 2024.

Career Service Provider Review

Ginger reported that MPCR increased from 49.56% last quarter to 53.27%, which remains strong compared to the 40% required. The jump was helped this quarter by the increase in training within the National DW grants. We are glad that the state allows these expenditures to count toward MPCR, as a large percentage of that funding goes directly to participants. According to the Contractor billing trend chart, there was a significant increase in quarter 3, as previously explained, partially due to EDSI's accounting transition catchup, then additional training costs in the quarter.

MAC is 77%, and EDSI is 80% spent out of 90% time progression on contracts. Note that EDSI's contract budget includes increases at various intervals throughout the 30-month contract period, including the most recent increase of \$750K for Youth. MAC remains at its initial contract budget. Mid-Cumberland HRA, our OSO, is 64% out of 75% time progression. In quarter 3, EDSI exceeded MPCR for Adult/DW at 55% with a very high direct participants cost on the National DW grant.

EDSI raised their Youth MPCR to 50% for Youth contract to date but was a little short for the individual quarter. EDSI met Youth Work Experience during the quarter but dropped below target by 1% contract to date. ISY during the quarter was 1% below target, still meeting target FYTD, but not contract to date. MAC met MPCR for the quarter at 57%. MAC has met MPCR FYTD at 57% and has raised to 48% cumulatively. MAC met Youth Work Experience during the quarter and has met it cumulatively. MAC increased their ISY to 44% for the quarter and to 37% cumulatively.

The three smaller youth contractors each received \$100K awards. To date, the expenditures are lagging time progression. Jobs for Tennessee Graduates has spent the most with 52% of funds utilized, Monroe Harding has utilized 47%, and Liberty Station has utilized 23%. JTG is at 29% MPCR but exceeds the work experience goal at 42%. Due to the nature of JTG's program, ISY is at 100%. While Liberty Station spent the least, they had the highest MPCR at 75% and work experience at 75% serving out-of-school youth. Monroe Harding has not yet met any of the dollar-driven goals. MPCR, Work Experience, and in-school youth are at 20%, 22%, and 25%, respectively.

2023-2024 Budget Projections

Ginger presented next year's initial budget. The first allocation notice was received on Tuesday evening, with significant reductions to each fund stream. Total projected allocations before carryover is \$7.8M. We project a large carryover from this year primarily due to remaining dislocated worker funds. Based on projections, initial budgeted revenues and expenditures for FY2023-2024 are \$12.9M. Marla added that they were notified by the state of an 18% reduction of funds in the base allocations, which equals \$1.5M. The carryover will lessen the issues the reduction will cause. An additional \$400K has been requested from the National DW grant to be used before June 30, 2023. David Rutledge asked what caused the reduction. Marla explained that the USDOL dollars were down 4-5% for Adult & Youth, and 8% for Dislocated Worker. It was surprising that our local reduction was 18%. The state uses a formula for calculating allocations which considers the poverty level, plant closures, and other economic data. The state may be holding money at their level, or Northern Middle has been economically better off than other others. The budget will be modified at the August meeting after year-end numbers are

complete and the exact carryover is determined. This does not include the pending Summer Youth funding, which is expected, but the amount is to be determined and will be added to both the revenue and expense sides of the budget. The COVID grant will be closing June 30, 2023, and the flood grant will close August 2023.

Monitoring Update

The EDSI staffing situation has improved somewhat, however, case management has suffered due to staff turnover. The focus now is on reducing caseloads so better quality services can be provided. Technical assistance was provided to the new youth providers, and desk reviews were conducted. Liberty Station had a low expenditure rate. Monroe Harding had low direct participant expenditures and did not meet any expenditure-driven performance measures to date. Monroe Harding submitted their completed audit for June 30, 2022. The One-Stop-Operator continues oversight of partner accountability toward KPI goals. TDLWD conducted quarterly monitoring with no findings. Two DW spending and Work Experience concerns were addressed by NM staff, who anticipate us meeting requirements by June 30, 2023, for expiring grants. Two promising practices were brought out for us. Ginger mentioned her department was short-staffed and they continue looking for a candidate who would fit the role.

Action Items

Ginger reviewed the action items. Approval is requested for the 2022-2023 Budget Revision, which includes an additional \$200K making the budget \$15.2M plus the pending amount for the Summer Youth grant. Extend the authorization to re-purpose \$500K from DW for Adult to June 30, 2024. Extend EDSI's contract to June 30, 2024, at 95% of their 12-month contract allocation for Adult/DW, Youth, and RESA fund streams. Extend MAC's contract to June 30, 2024, at 95% of their 12-month base contract for Youth. End the three small youth contracts as of June 30, 2023, due to a reduction in the youth budget for 2023-2024. Approve the 2023-2024 preliminary budget of \$12.9M. Andrea added that the youth being served by the three smaller contractors would be shifted to EDSI and MAC so they would not lose any services. Paul Webb asked if EDSI and MAC know about the 5% reduction. Ginger stated that they are not aware yet because the news was just given a couple of days ago. Marla added that both contractors would get funding from the Summer Youth Program if it's awarded to us. This would make up the difference of the reduction or possibly increase their funding. Paul Webb then stated that he was okay if all of the action items were voted on as a group. John Zobl asked if EDSI is doing better in its performance. Marla stated they are doing some things better, but case management still needs some improvements. Andrea informed John that staffing is improving, and currently, only three positions need to be filled, but their caseloads are becoming unmanageable because they are not exiting participants as needed. John Zobl then asked for a motion to approve all the action items. David Rutledge made the motion. Dan Caldwell seconded. With no further discussion, the action items were approved.

Adjourn

Marla reminded the committee of the Board meeting on May 17 at Dell in Nashville. With no further questions, John Zobl adjourned the meeting.