APPROVED
August 5, 2022

Northern Middle Tennessee Workforce Board
Finance Committee
Meeting Minutes
February 3, 2022, via Zoom 9:00 a.m.

Members Attending	Members Absent	Staff & Guests Attending
John Alexander	David Rutledge	Marla Rye
Mark Peed	Charles Story	Ankur Singla
Keith Carnahan		Christel Brown
Dan Caldwell		Meagan Dobbins
Paul Webb		Ginger Fussell
Kristi Spurgeon		Sherry Maynard

The Finance Committee of the Northern Middle Tennessee Workforce Board met virtually on February 3, at 9 a.m. via Zoom.

Marla Rye called roll, and a quorum was declared. The meeting was called to order by Chairman Mark Peed. Mark asked for approval of the minutes. Dan Ryan moved to approve and was seconded by Keith Carnahan. The minutes passed unanimously.

Audit Report-June 30, 2021
Marla informed the committee that the June 30, 2021 audit had been issued. She then introduced Ankur Singla from Thurman Campbell to give the report. Ankur expressed his gratitude for the help he received with the audit. Ankur shared the audit report with the committee. He explained the primary sections of the audit report. He clarified that it was a clean audit report with no findings. He informed the members that we qualify as a low-risk auditee.

Career Service Provider-Performance Review
Marla continued with an update regarding the contract service provider performance. Marla reported that the contractors have been with us for a year now. EDSI did not meet some of their goals in the fourth quarter. Cumulatively they were close to meeting their enrollment goal. They did not meet their exit goal for the quarter but did meet it cumulatively because of previous strong quarters. Marla expressed concern about their placement rates and their

effect on federal performance standards. While the contractor performance shows a current report of placements, the federal performance standards capture data from the second and fourth quarters after exit. EDSI did not meet the adult placement rate goal for the fourth quarter but did meet the goal cumulatively. They met the fourth quarter youth placement rate goal but did not meet the cumulative goal. Placement wage goals are above average. They still struggle with MPCR and are behind in the youth standards.

MAC has met its enrollment goals for in-school and out-of-school youth for the fourth quarter and cumulatively. Exits are behind, and this is concerning because this means their caseload is increasing. They met their placement rate for the fourth quarter but are behind cumulatively because of poor performance in previous quarters. MAC met its placement wage goal. They continue to struggle with MPCR. Work experience and the in-school youth ratio goals were reviewed.

2021-2022 Financial & Monitoring Report

Ginger Fussell reported that quarter two was comparable to quarter one at just under $2.5M in expenditures, putting the fiscal year expenditure total just shy of $5 million. Quarter two saw a slight increase in formula grant fund utilization and a slight decrease in other grant activity. The budget is an ebb and flow of grant availability. Northern Middle received $754K additional Dislocated Worker funding (there is already an excess of funds compared to Adult). The board previously approved the repurposing of $1.5M Dislocated Worker funding for Adult program services. We anticipate the need to potentially request $500K more. There is a new apprenticeship grant for $168K. There was approximately $93K of expired, unused funding netting a budget increase of approximately $828K, resulting in a revised budget of $15.7M for fiscal year 21-22. The career service providers have increased their expenditures slightly.

Ginger went on to update the committee regarding MPCR. Northern Middle calculates the minimum participant cost rate to be 48.16% through December, meeting the state's goal of 40%. Both contractors are shy of the MPCR goal cumulatively during the first 12 months of their 18-month contract. The state measures MPCR on the fiscal year beginning in July. For the first two quarters, EDSI exceeded 50%, and MAC was close at 46.29%. Both contractors had a strong MPCR in quarter one, and both dropped in quarter two. As a result, Northern Middle dropped from 54.1% to 48.16%.

Ginger informed the committee about the career service provider billing. This year's billing trend was compared to the prior two years. The new contracts started in quarter three of the prior year. After a slow start, contractor expenditures in quarter four of their contract have reached 92% compared to quarter two of the prior year with the previous contractor. Quarter two improved $57K from quarter one of this year. She went on to say that 66% of the contract period elapsed, EDSI spent 58% of their base contract, and MAC spent 43%. These contracts aim to serve participants, so their spending should be higher and more comparable to the 66% time elapsed. MCHRA, as the One-Stop Operator, has spent 58% of their contract of the same time period. OSO expenses, while necessary, are considered overhead costs. Therefore, expenditures less than budget are positive for Northern Middle.

Ginger confirmed Marla's earlier statements regarding the contractors' quarterly and cumulative MPCR, Work Experience, and In-School Youth. The 21-22 fiscal year trend for EDSI and MAC indicates that both contractors' MPCR dropped in quarter two compared to quarter one. EDSI has met the goal for the fiscal year cumulative on the strength of quarter one. MAC is close at 46%, with quarter one being more favorable than quarter two.

Ginger stated that Northern Middle staff continues the desk reviews of EDSI and MAC monthly, analyzing contract progress and performance. Bi-weekly contractor meetings continue. Eligibility documentation has been a key monitoring focus, as is CSP staffing and the Youth challenges mentioned earlier in the presentation. Northern Middle challenged the One-Stop Operator to provide enhanced oversight of partner co-enrollments that support KPI's.

Ginger asked for approval of the 21-22 Quarter two financial report and the 21-22 revised budget of $15.7 million (an increase of $828K). Marla asked for $500K from excess funding that is available to be allotted to EDSI for special populations. $400K would go to transitioning soldiers, and $100K be allotted for offender reentry programs. She then asked that an additional $500K be allocated for youth through the current CSP or new RFP. Mark Peed suggested the idea of leaving the allocation of money open-ended so that it could benefit a special population, even if it means awarding the money to a different provider.

Marla explained that even though they are not satisfied with the performance of the contractors, it might be beneficial to extend their contract by six months to see if they continue to trend in the right direction. Other regions that did not switch from their previous contractor are now showing improved performance. The regions that switched because they weren't satisfied with performance now all have poor performance. The concern is that if a switch to new contractors is made, that performance may suffer through employee turnover. Mark Peed expressed that somehow the contractors need to get the message that they have to perform better.

Mark asked for a motion to approve the requests mentioned previously and also to approve the flexibility to repurpose $500K additional DW funds for Adult, if needed. Paul Webb made the motion to approve all items as presented. Keith Carnahan seconded the motion. With no further discussion, the committee voted to approve all items as presented.

Adjourn
Mark Peed adjourned the meeting.