



**APPROVED
MAY 2, 2024**

Northern Middle Tennessee Workforce Board

Finance Committee

Meeting Minutes

February 8, 2024, via Zoom at 9:00 a.m.

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

The Finance Committee of the Northern Middle Tennessee Workforce Board met virtually on February 8, 2024 at 9 a.m.

With a quorum present, the meeting was called to order by acting chair, Dan Caldwell. Paul Webb moved to approve the minutes, and Sho Samuels seconded. The minutes passed unanimously. Mark Peed joined the meeting a few minutes late and took over as Chair.

2023-2024 Budget Update

Ginger Fussell reviewed the budget. She told the committee that Quarter 2 expenditures were \$2.9M, approximately \$477k lower than last quarter. This is approximately \$1.4M lower than the 4th quarter of the prior year. With budget reductions, and even without budget reductions, we could not maintain the pace of grant utilization we had at the end of last year. The current quarter reduction was primarily related to the slowdown after the Summer Youth program. There was only a \$4k reduction in our formula spending. Fiscal year-to-date expenditures were \$6.4M, approximately 43% of our 23-24 budget. We are midway through the year. Youth fund stream expenditures are outpacing the contract period. Northern Middle staff continue conversations with EDSI, our largest provider, to pace themselves according to their remaining budget. EDSI was informed that Youth can continue to be served with work experience opportunities funded by the Summer Youth program, which does not end until August 2024. Aggressive spending by EDSI in the prior year has resulted in a tighter budget this current fiscal year. It should be noted that they have budgets remaining to serve participants, just not at the previous per-participant level.

New grants have increased our 23-24 budget by \$411k. The budget was reduced by \$41k to reflect the actual RESEA amount. A new apprenticeship grant was received with a budget of \$156k. A consolidated business grant of \$266k was received. And a national apprenticeship grant of \$30k was received. These

changes amount to an increase of \$411k in our total budget. In previous meetings, the Board granted staff the flexibility of requesting Dislocated Worker (DW) to Adult repurposing. We have requested and were granted by the state the full \$1.5M dating back to the prior year. We've used 62.4% of this repurposed funding, while we have only used 28.1% of DW funding. Looking forward, we are requesting an action item for flexibility to request an additional \$1M repurposing (shifting) from DW to Adult through September 30, 2024. This amount should last through the end of this year and into the start of the next year. Shoshana Samuels asked for clarification of the additional \$1M. Ginger explained that it would be in addition to the \$1.5M already requested and spent in the prior year. Shoshana then asked about the youth budget and if it had 28% left when the year was only 50% complete. Ginger explained that phase 1 is complete and over. It was a quick turnaround. Phase 2 began July 1, 2023, and will continue until August 31, 2024. We are reserving part of these funds to kick off the summer youth program in 2024. No summer youth money will be shifted. Shoshana asked about the differences between the two youth funds. Andrea explained that only wages can be paid with summer youth money. Support services can be paid with the regular youth fund.

MPCR decreased from 49.82% last quarter to 46.82%, which remains strong compared to the 40% required. We are not surprised at the decrease because four counties are participating in the Labor Force Participation Rate (LFPR) project aimed at putting people directly to work. EDSI's remaining participant cost budget is lower due to overspending during the first quarter.

Ginger then updated the Board regarding billing trends of the Contract Service Providers (CSPs). Their billing decreased by \$632k compared to the last quarter. It's been determined that combined contractor billing needs to average \$1.8M per remaining quarters to fully utilize base contracts. The seasonal Summer Youth contract has approximately \$1M (total) remaining to be spent by an end date of 8/31/24 and is a separate grant from their regular billing. With time progression at 86%, EDSI spent 86% of their base contract budget. MAC spent 80% of their base contract budget. Full utilization of CSP contracts is a favorable outcome. The One-Stop-Operator, Mid-Cumberland HRA spent 42% of its 12-month contract budget, with 50% of the contract period elapsed. As MCHRA's contract represents an overhead expense, lower utilization is a favorable outcome.

Contract-to-date (36 months) EDSI has met or exceeded all dollar-driven goals except In-School Youth. For Adult/DW combined, their minimum participant cost rate (MPCR) is 56%, which has exceeded their goal. The fiscal year MPCR is 51%. Their Youth MPCR is 51%, and their fiscal year youth MPCR is 55%. They met their work experience goal at 26%, but their fiscal year work experience MPCR is 23%, which does not meet their goal. In-school youth is 29%, which does not meet their goal, but the fiscal year in-school youth MPCR is 30%, which does meet their goal. Both contractors have been told that we are relaxing the in-school youth requirement.

Contract-to-date (36 months) MAC met or exceeded all dollar-driven goals. They met their Youth MPCR at 50% and the fiscal year goal at 53%. They exceeded their Work Experience goal at 42% and their fiscal year work experience goal at 51%. They met their In-School Youth goal at 39% and fiscal year in-school youth goal 42%.

CSP Provider/Monitoring

Ginger went on to talk about monitoring. EDSI is not fully staffed at this time. They have eliminated five full-time positions, resulting in three layoffs. MAC has two open positions, but their caseloads are still being managed by staff who have transferred. There has been no interruption of services. There have been similar ongoing monitoring activities of our CSPs and OSO as last quarter, with a new item noted specifically related to EDSI. Because of EDSI's aggressive participant spending, a limited budget for participant support remains in this fiscal year 23-24. This has caused a shift toward a direct placement model in counties that were not part of the LFPR project. This has also caused them to be behind in their enrollment goals. They still have funding to spend on participants; it can't be at the same level as the beginning of the fiscal year but they must continue to serve clients. The OSO contract continues to operate efficiently.

Audit & PAR Review

The Northern Middle has undergone multiple audits and reviews from July 2023 through December 2023. Northern Middle's June 30, 2023 financial audit was issued with no findings, all unmodified (clean) opinions, and low-risk auditee qualification. Ginger expressed appreciation to the Thurman Campbell Group, PLC, for their years of audit services. A new audit firm will be procured for the year ending 6/30/24 as Thurman Campbell indicated they may be limiting governmental audit services. The Tennessee Department of Labor's PAR Unit completed its annual monitoring and issued its report with no findings. The Tennessee Department of Labor's Program Integrity Unit completed an on-site monitoring visit; the report is pending. The Program Integrity Unit also continues to complete desk reviews periodically.

CSP Procurement

Marla updated the committee regarding the CSP procurement process. Marla has been working with Thomas P. Miller to get a professional procurement written. The original intent was to release the procurement by February 14, 2024. The state has engaged KPMG to study the American Job Centers, which will report to the state workforce board and commissioner and make recommendations about centers that may need to close and restructuring that needs to occur. It's difficult to release an RFP when it isn't clear what the program requirements will be. Marla said it would be beneficial to hear the results of the study before releasing the RFP and wait until the Summer Youth Program ends on August 30, 2024, to make changes if a new provider is selected.

Marla proposed releasing the RFP on April 1 and having a contract ready on July 1, then having a transition period with the new contractor taking over on October 1, 2024. Mark Peed expressed concern about paying two and funding both of them. Marla explained that they envisioned that the new contractor would not require full staffing, but one or two management positions would be added to familiarize themselves with operations and conduct training. The staff will be retained during the transition process. Mark also expressed concerns about employees being concerned about losing their job after the transition period and feeling they would look for other jobs. Marla said while that is true, she wanted to work into the contract that their jobs are secure through the end of the year for an evaluation period. Shoshana asked if the new contractors could evaluate the staff during the transition period and let them know by October 1 if they would be retained. Marla and Andrea both felt that would be a workable solution. Mark also suggested there should be a clause allowing the new contractors to terminate an employee if normal work standards weren't upheld.

Action Items

Ginger reviewed the requested action items. The first item is to accept the 2023-2024 budget revision to include the addition of \$4114k, bringing the budget total to \$14.8M. The second item is the flexibility to request the state's permission to repurpose an additional \$1M of dislocated worker funding to adult (admin or program) through September 30, 2024. The third item is the flexibility to extend CSP contracts, if needed, up to an additional 90 days (through September 30, 2024) at a pro-rated budget for efficiency in CSP procurement and a transition that would better align with the Summer Youth program end date of August 31, 2024. Shoshana Samuels moved to approve the action items as listed. Dan Caldwell seconded the motion. With no further discussion, the committee approved the action items.

WIOA Plan

Marla told the committee that the Northern Middle staff are in the middle of regional and local planning under the Workforce Innovative Opportunity Act. The state plan was just released. The Northern Middle Plan will be released for comment in March. Marla welcomed the board members to read and review the plan. The plan will be presented to the Board at the May meeting.

Adjourn

With no further questions, Mark Peed adjourned the meeting.