



APPROVED
August 7, 2025

Northern Middle Tennessee Workforce Board

Finance Committee

Meeting Minutes

May 1, 2025, via Zoom at 9:00 a.m.

Members Attending	Members Absent	Staff & Guests Attending
Mark Peed (Chairman)	David Rutledge	Marla Rye
Kelly Tyler		Andrea Dillard
Paul Webb		Ginger Fussell
Kristi Spurgeon		Meagan Dobbins
Shoshana Samuels		Alyssa Spaulding
Selina Moore		
John Zobl		
Dan Caldwell		

The Northern Middle Tennessee Workforce Board Finance Committee met via Zoom on May 1, 2025, at 9 a.m. With a quorum confirmed, Chairman Peed called the meeting to order. Paul Webb moved to approve the minutes, and Dan Caldwell seconded. With no further discussion, the minutes were unanimously approved.

2024-2025 Budget-to-Actual

Ginger Fussell reported strong improvement in Q3 performance. After a slow start to the year, Q3 saw an \$814K increase in spending, including a \$669K rise in formula grant utilization. Increased activity in apprenticeships, rural healthcare, and other initiatives contributed to higher grant spending. Year-to-date, \$7.2M of the \$13.1M budget has been used (54.7%). Additional funding included \$494K for the Tennessee Youth Program to be spent by June 30, 2025, and the new PROWD grant. Marla explained that the new PROWD (Prison Re-entry Outreach Workforce Development) grant is a federal initiative that was initially focused on Memphis, but is now expanding to Nashville, Knoxville, and Chattanooga. The grant will support one career advisor position and provide training opportunities for second-chance individuals, including CDL and vocational programs at TCAT. Running through September 2027, the budget includes an estimate of \$20K in this year's budget to launch the program, which officially began operations in April.

Ginger noted that despite improvement, no formula fund streams reached the 75% target. The adult stream led at 69.7%, and all expiring program funds have been fully used. She anticipates more carryover than expected, which may help offset next year's \$1M funding cut. However, all funds expiring July 1 have been fully used. A \$750K request to repurpose dislocated worker funds for adult services, previously authorized by the board, is still pending approval. The only action item related to this report is the \$514K budget increase, mainly for the Tennessee Youth Program funding.

MPCR

Ginger reported continued improvements in the MPCR, which had remained below the 40% target. She explained that the state recently implemented a new MPCR policy allowing programs such as TYEP, Rural Healthcare, apprenticeships, and Incumbent Worker Training grants to count toward the metric. Under the previous policy, the Q3 MPCR stood at 36.24%; with the updated policy, it increases to 42.22%. Ginger also noted that even using the older calculation method, Q3 showed a significant improvement over Q2. Marla expressed support for the policy change, stating that it more accurately reflects Northern Middle's efforts to support employers and priority populations.

Sho Samuels asked if all of the \$500K TYEP funding must be spent by June 30. Marla confirmed it does and expects at least 80% to be used, though many youth can't start until summer break. Sho then asked about the negative qualifying expenses listed in the "Other" category of the MPCR calculation. Ginger explained that the Infrastructure Funding Agreement (IFA) covers the overhead costs associated with running the AJCs. The negative \$29K are likely refunds, and the \$865K denominator represents the infrastructure costs NM is responsible for. Contractors are given a 50% MPCR goal to help offset this negative impact. Sho followed up by asking if a "big catch-up" is anticipated in Q4. Ginger responded that IFA costs should remain consistent through the end of the year and that any catch-up will come from direct participant spending in Q4.

CSP Trends

Ginger Fussell provided an update on CSP billing trends, noting a \$565K increase in billings from EDSI, MAC, and the pilots during Q3, representing a \$419K rise compared to the same period last year. To date, EDSI has billed approximately 92% of its base contract and MAC 95%, with 94% of their respective 54-month contract periods elapsed. Mid-Cumberland, the one-stop operator, has billed 60% of its contract with 75% of the contract term completed. EDSI has met contract-to-date MPCR goals for Adult and Dislocated Worker (DW) services. However, fiscal year-to-date performance remains below the 50% target. In Q3, EDSI reached 51% for Adult/DW, raising the year-to-date average to 41%. For Youth services, EDSI met the quarterly MPCR target, increasing their year-to-date performance to 45% and met Work Experience and In-School Youth goals. MAC achieved 55% for Youth in Q3, bringing its fiscal-year total to 46%, below the 50% benchmark. The Sumner and Montgomery pilot sites demonstrated improvement over the previous quarter, contributing \$126K to MPCR. Spending between the two followed a 3:1 ratio favoring Montgomery, which outperformed Sumner but still has areas for growth.

Monitoring Update

Ginger reported that EDSI exceeded enrollment goals for Adult/DW and Youth programs and met their quarterly exit and placement goals. MAC exceeded Youth enrollment goals but is slightly behind on exits and has not yet met the placement goal. NM has issued findings, observations, technical assistance, and corrective action requests to both MAC and EDSI related to MPCR performance. Monitoring of the One-Stop Operator is currently underway and is expected to be completed by the end of the next quarter. The TDLWD Office of Transformation conducted annual on-site monitoring at the four comprehensive centers; a report has not yet been released. Marla noted that she is not aware of any issues, and the exit conference is scheduled. Ginger added that a recent case file review by the state identified no findings.

2025-2026 Revenue and Expenses

Marla shared that, following the last Board meeting, she received Program Year (PY) 2025 allocation estimates. The projected allocation is \$7.2M—over \$1M (13%) less than the previous year. Compared to the \$9.4 million received in 2022, this represents a total decrease of \$2.1M (23%). Marla emphasized

that this drop signals a need for operational changes and agreed with Ginger's earlier point that increased carryover will help buffer the reduction and ease the transition into the new program year.

Ginger estimated approximately \$2.6M in carryover. When added to the projected allocation, this brings the total available funds to \$9.8M. After reserving 20% for the PY 2026–2027 carryover, the total is reduced to \$ 8.4M. With the addition of other grants awarded to NM, total projected grant revenue for PY 2025–2026 is \$11.4M. Projected expenses include \$2.7M for Board and overhead and \$8.7M in contracted grant services, bringing total anticipated expenditures for PY 2025–2026 to \$11.4M, fully aligning with available revenue.

Action Items

The floor was opened for questions. Mark Peed asked if Marla anticipated any budget increases in the event of a rise in company shutdowns. Marla explained that the state maintains discretionary WIOA funds that could be used for additional Dislocated Worker (DW) resources. For larger closures, NM can request that the state apply for funding through the National Dislocated Worker Grant program. She also noted that recent executive orders issued in April direct a federal review of workforce programs. Given the bipartisan support for workforce development, she believes there may be future funding opportunities as a result.

Mark then called for a motion to approve the amended 2024–2025 budget and the preliminary 2025–2026 budget. Sho Samuels made the motion, seconded by Dan Caldwell. With no further discussion, the motion passed unanimously.

CSP Update

Marla reminded the Committee that EDSI and MAC contracts are nearing expiration. At the February 28 meeting, the State Workforce Board passed a policy allowing local workforce boards to apply to serve as their own CSP. Marla then consulted with county mayors and economic development professionals, who expressed concern that AJCs have lost local input and community impact. As a result, the Executive Committee met on March 11 to review the situation, funding cuts, and overall performance; and they authorized Marla to request that Northern Middle serve as its own CSP. A formal request was submitted to the Commissioner on March 24. Conditional approval was received on April 2, and final approval was granted on April 11 after NM addressed the required conditions. Key concerns included establishing firewalls between program operations and financial oversight. To address this, NM will hire an independent monitor and continue contracting out the One-Stop Operator role. Another concern was separating strategic functions from operations. Natalie McLimore, Vice President at Workforce Essentials, will now oversee CSP operations, allowing Marla, Andrea, and the Board team to remain focused on Board operations.

Transition meetings have been held with all EDSI and MAC employees, and a timeline and plan have been established. Four management positions from EDSI's org chart and four additional CSP positions will be eliminated to reduce costs—saving about \$375K in salaries and benefits. Natalie has interviewed all current staff, with retention announcements scheduled for May 2. Staff transitioning from MAC/EDSI to Workforce Essentials (WEI) will retain their longevity benefits and accrue time accordingly. NM is also working to waive the 30-day insurance waiting period for these employees. Both MAC and EDSI have cooperated to ensure a smooth transition. Mark Peed asked if NM's role as CSP has a term limit. Marla replied that it is effectively indefinite, but the state can require a contracted CSP if NM fails to meet

standards. Mark commented that this change would offer staff greater stability. John Zobl commended Marla and her team, noting that he believes her relationship and respect for the state enabled NM to return to this position.

AJC Locations

Marla cautioned that as NM evaluates its new CSP structure, the state continues to strongly encourage the elimination of bricks-and-mortar costs, especially in rural areas. She took IFA expenses from July 1, 2024, to March 31, 2025, excluding OSO costs to show that \$837K has been spent on facilities across the 13-county region, projecting to \$1.1M annually, shared among partners. However, WIOA Adult, DW, and Youth programs are bearing a growing portion of these costs due to statewide staffing reductions and FTE-based allocation methods. She estimates that \$630K of infrastructure costs this year are covered by these programs. Davidson County is the most expensive, at \$276K, followed by Montgomery at \$172,600 and Sumner at \$142,700. The four smallest counties—Houston, Humphreys, Stewart, and Trousdale—total \$116K combined. Marla did not offer a recommendation at this meeting but warned that decisions will be needed soon, especially as NM brings programs in-house.

Selina Moore added that similar conversations are happening at Southern Middle, which recently closed one of its comprehensive centers and converted it into an affiliate. That region now has two comprehensive, eight specialized, and one affiliate center across 13 counties. Mark Peed suggested examining unemployment rates in the smallest counties to determine which ones are most in need. Selina said they're also reviewing labor force participation rates and foot traffic to inform their decisions, and are exploring alternative staffing locations and virtual service options. Marla noted that the Northwest region no longer maintains centers in every rural county.

Adjourn

She reminded the Committee that the Board meeting will be on May 14, 2025, at TCAT Smyrna. Then, with no further questions, the meeting was adjourned.