



APPROVED
July 31, 2024

Northern Middle Tennessee Workforce Board

Finance Committee

Meeting Minutes

May 2, 2024, via Zoom at 9:00 a.m.

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

The Northern Middle Tennessee Workforce Board Finance Committee met via Zoom on May 2, 2024, at 9 a.m.

With a quorum present, the meeting was called to order by Dan Caldwell, acting chair. Paul Webb moved to approve the minutes, and David Rutledge seconded. With no further discussion, the minutes were unanimously approved.

2023-2024 Budget Update

Ginger Fussell reviewed the budget. Q3 expenditures were \$2.2M, a reduction of about \$747K from the prior quarter. This was expected since the \$3.4M spent in Q1 could not be maintained in the remaining quarters. Youth has spent 99.6% of their budget at only 75% of the year progression. However, youth can continue to be served with funding from the Tennessee Youth Employment Program grant. At the previous Board meeting, the members voted to request an additional \$1 million to repurpose dislocated worker funding for adult use. The state has granted that request. The Titan’s Stadium Project is a new grant of \$389K.

She then moved on to the Q3 MPCR requirements. MPCR decreased from 46.83% to 40.37%, barely meeting the 40% requirement. This is not surprising for two reasons: four counties are participating in the Labor Force Participation Rate project aimed at putting people directly to work and EDSI’s budget pacting to include participant expenses. Shoshana Samuels then asked what, if any, are the ramifications of dropping below the 40% benchmark. Marla responded that the State was told at the beginning of the project that the 40% would not be maintainable, and they still agreed to it. There is no Federal requirement to meet that 40%; it is only a State requirement.

Ginger Fussell then continued with the billing trend for the combined Career Services Providers. The average amount they could bill in Q3 would be around \$1.8M. They billed \$1.5M, leaving them with \$2.2M to bill in Q4. There was a \$612K decrease in billing this quarter due to strategic budget pacing. There is \$900K remaining to be spent on the Tennessee Youth Employment Program by September 30, 2024, the end of the contractors' contract.

She proceeded with an update on the Contractors' 42-month contract progression. The term is at 93% completed at month 39. EDSI has billed 92% of their contract and MAC has billed 90% of their base contract, meaning they are in line with time progression. Mid Cumberland, the one-stop operator, is in month 9 of 12 in their contract and has billed for 63% of their contract. Since OSO expenses are an overhead expense, it is beneficial for those expenses to be below budget.

EDSI has either met or exceeded the dollar-driven goals contract-to-date. For the fiscal year, adult/DW has met the dollar-driven goals by fund stream. For youth, they have met two out of three of their goals contract to date. For the fiscal year, they have only met the in-school youth goal. They are very close to the MPCR for youth. MAC has met all three of their dollar-driven goals contract-to-date and fiscal year to date.

CSP Provider/Monitoring

Ginger Fussell then briefly updated the Committee on the coming year's financial audit. It was discussed in the last meeting that Thurman and Campbell are leaving the governmental audit business. However, they are considering doing it for another year. It was also discussed that TOSS was making an ongoing visit. TOSS, formerly the Program Integrity Unit, is now the Training Oversight and Strategic Support Unit and is one of the state's oversight units. She noted that this group is NOT the fiscal group of annual; monitors known as PAR. TOSS primarily focuses on programmatic functions but does have some overlap on fiscal matters. They have released a report that included two findings. The first finding was that there was "paused" funding for new participants, and the second dealt with signage that should have been displayed at the Nashville AJC. They then found four observations. One was the lack of staff capacity in reference to our career service providers. Another was that there was no representation from the Title I group on the business services team in the Murfreesboro AJC. The final two were related to the display of EO posters and limited access to telephones designed for deaf and hard-of-hearing individuals. Northern Middle has responded with an in-depth corrective action plan. Marla and Chairman Zobl have also met with the CEO of EDSI to discuss performance improvement and have laid forth their expectations through year-end.

Marla then discussed enrollment KPIs stand to explain the state's concern. Andrea Dillard reminded the committee about EDSI's aggressive spending at the end of 2023 and the beginning of 2024 program year. This spending did result in a total of 301 enrollments when they only needed 210. However, after the scaled back enrollments, the TOSS team was concerned that EDSI had only enrolled 125 participants out of the 250 goal in December. At the end of March, they had only enrolled 105 of the 250 goal. Marla asked where EDSI stands currently in enrollment and Andrea Dillard replied that they were at 562 of their 1000 goal. They are at 56% and should be at 75%.

Ginger continued in her monitoring update that EDSI's quarterly incentive payments were withheld due to failure to meet quarterly enrollment KPI's. Their biweekly contractor updates have also been stepped up to weekly as a part of the corrective action plan. As a staff training update, EDSI has eliminated five full-time positions, resulting in three layoffs. They have three open positions, and MAC has two open positions. In MAC's case, however, the remaining staff successfully managed their caseloads, and no interruption of services occurred. Northern Middle has hired four temporary staff members to help EDSI with the upcoming Tennessee Youth Employment Program (TYEP) caseload so that they will have more time to focus on their enrollment KPIs.

Marla then elaborated that the TYEP is very labor-intensive program. Around 350 youths have to be assigned to work sites. She then mentioned that when Chairman Zobl met with the CEO of EDSI, he agreed to attend the upcoming board meeting to address what they are doing from an organizational standpoint. They have requested to move money from overhead line items to direct participant expenses to increase performance. Marla applauded them for this but expressed disappointment in their failure to meet their KPI goals. She then opened the floor to questions.

Dan Caldwell began by asking for clarification on whether the contractors go out and make calls to recruit or if they wait for individuals to come into the office to achieve their enrollment. Marla responded that they do a combination of both and have developed a plan to go out to several partners in educational institutions and organizations to see how they can recruit more job seekers into the program. John Zobl asked Andrea Dillard if EDSI had given a projected number they believed was achievable. She responded that they are projecting about 70%. Chairman Zobl expressed his frustrations on the matter and asked what the Workforce Essentials staff thought EDSI could realistically achieve. Marla answered that they must be careful about demanding enrollment because EDSI could decide to enroll without a career plan and hurt performance outcomes. She believes that after meeting with them weekly, they have the willpower to make it happen and that they may be able to achieve 75% of enrollments. Chairman Zobl then remarked that this would be an all-time low for the NMTWB and that this kind of performance does not indicate the type of people that belong to the organization nor the effort that the WE staff have invested with EDSI to help them make their goals. Kristi Spurgeon agreed that the entire situation was frustrating, especially with there being a market of people wanting to go to work.

Marla replied that after much consideration, a procurement for new Career Service Providers has been released. She warned this could set performance back even further during the implementation phase. David Rutledge remarked that with all of the internal issues that EDSI is currently facing, evaluating their contract is a good idea. Continuing to go with them just because they are already trained could become a sunk-cost fallacy. Shoshana Samuels agreed and applauded how much effort the board and staff put into assisting the current providers.

2024-2025 Budget Projection

Ginger Fussell reminded the Committee that the next committee meeting would be held after the beginning of the new fiscal year and that a base 2024-25 budget was needed. The base amount proposed was \$11.4M. The budget was lower due to reduced carryover resulting from last year's funding reduction, coupled with strong grant utilization of that funding.

Action Items

Ginger Fussell reviewed the requested action items. The first item was to accept the 2023-24 financial report with the \$389K increase in the current year's budget, bringing the total to \$15.2M, including the Youth Employment Program. The second item to accept was the base 2024-25 budget of \$11.4M. A motion was made by Dan Caldwell to accept the items as listed. The motion was seconded by Shoshana Samuels. With no further discussion, the committee approved the action items.

CSP Procurement Timeline

Marla reminded the committee that Thomas P. Miller was contracted to procure new Career Service Providers independently. The RFP was released on April 1, and bidders were allowed to ask questions. The answers were released on April 17. She believes that there will be four organizations that apply but has not received any official notification. After those organizations bid, Thomas P. Miller will conduct interviews and select winners. Marla suggested that the members of the Finance and Executive Committees should also review those proposals before announcing the new CSPs. There will be a transition period for the new CSPs, if any, beginning in Q3 due to EDSI administering the Youth Employment Program over the summer. She then opened the floor to questions, and Chairman Zobl agreed that a separate review of the proposals by the Committees would be wise. Marla commented that the Board would not be doing their due diligence if they did not use the Board's knowledge and skillset when making such an important selection.

NM WIOA Plan

Marla continued by discussing the NM WIOA plan. It is a compliance-driven plan that the state requires, with five identified objectives to focus on. The objectives include increasing the Labor Force Participation Rate and putting a system together to accurately track the number of participants who are going to work who may not be enrolled in the WIOA programs but have come into the AJCs. Another objective is to increase the number of youth in the Tennessee Youth Opportunity Program through the Title III Wagner Peyser Program. Additionally, increased staff training and development is needed to ensure the AJC staff can provide quality services.

Adjourn

With no further questions, John Zobl adjourned the meeting.