

## MINUTES

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**Quarterly Meeting**  
**Thursday May 11, 2017**  
**Williamson County American Job Center**  
**Franklin, TN**  
**11:00 a.m.**

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### **BOARD MEMBERS PRESENT**

John Alexander  
Bobby Emery  
Rodney Good  
Jonathan Hunter  
Jimmy Johnston  
David Kirkland  
Jacqueline Lisenby  
Michael Moeller  
Dan Ryan  
David Smith  
Virginia Talley  
Randy Walker  
John Zobl  
Tanya Huff (proxy for Arrita Summers)  
Kristi Spurgeon

### **BOARD MEMBERS NOT PRESENT**

Jerry Faulkner  
Angie Hedge  
Mark Peed  
Kim Walker

### **WEI STAFF PRESENT**

Marla Rye  
Brandy Slaughter  
John Watz

### **CALL TO ORDER**

NTWB Board Chair John Zobl called the meeting to order at approximately 11:00 a.m. It was documented that a quorum was present.

### **APPROVAL OF MINUTES**

John Zobl asked for a recommendation to approve the minutes from the February 9, 2017 North Tennessee Workforce Board meeting. Rodney Good made a motion to approve the minutes as presented. Michael Moeller seconded the motion. All board members were in favor. The minutes carried unanimously.

### **ELIGIBLE TRAINING PROVIDER LIST**

John Watz reminded the Board that the Heavy Equipment College of Tennessee applied to be on the Eligible Training Providers List. He briefed the Board on the visit that him and Dr. Arrita Summers made to their facility. He explained that Dr. Arrita Summers and himself are not comfortable at this time to recommend the school due to the high cost of the school and that only two individuals have completed the program. Once the school has become more established, approval can be revisited. Jimmy Johnston motioned to not approve the Heavy Equipment College of Tennessee at this time. Jonathan Hunter seconded the motion. All were in favor. The motion passed.

### **LOCAL TRANSITIONAL PLAN**

The Local Transitional Plan was a requirement by the State. The document included information in regards to the plan, board bylaws, agreements between local elected officials, etc. It was placed on the website for 30 days for public comment. We received no public comment on it. The plan was sent to the State Department of Labor and Workforce Development. John Zobl requested a motion to approve the transitional plan. Jimmy Johnston motioned to approve the plan. Jonathan Hunter seconded the motion. All members of the Board were in favor, no one opposed. The motion passed.

### **AJC CERTIFICATION PROCESS**

Every American Job Center across the State has had to go through the process of certification. The purposed of this was to assess how individuals are served across the State and to ensure compliance of WIOA. It was a detailed process. Tomorrow at the State Workforce Development Board meeting the results of this process will be announced. We will then find out if LWDA 8 was approved. At this point, all of the feedback we have received verbally has been positive.

### **YOUTH REPORTS**

JTG and Mid Cumberland Human Resource Agency currently provide Youth Services. Both have exceeded their enrollment goals. The placement rate of the Youth for Mid Cumberland HRA is 77%. The Placement rate for JTG is 98%. JTG's average placement wage is \$10.24, which is higher than Mid Cumberland HRA's placement wage of \$9.97. JTG also has only 5 remaining youth in the program compared to Mid Cumberland HRA's 183. JTG is averaging 83 days from start to finish in the youth program, compared to Mid Cumberland's 220 days. In regards to credential attainment, JTG holds a higher percentage at 95%, compared to Mid Cumberland at 88%. JTG appears to be operating quicker and more efficient. The youth contracts are only in their first quarter at this time and are running short on funds. The Board must approve to give Mid Cumberland \$100,000 to continue serving the youth. This will allow the youth contracts to get back on track to end on a June 30<sup>th</sup> fiscal year date. Then everyone will be able to renew on July 1, 2017. John Zobl asked for a motion to approve the \$100,000 be granted to Mid Cumberland HRA to continue to operate to serve the Youth through June 30<sup>th</sup>, 2017. Michael Moeller motioned for approval. Jimmy Johnson seconded the motion. All were in favor. The motion passed.

### **BUDGET REPORT**

Marla addressed the board in regards to the funding projections. The final allocations for the 2017-2018 year have come in. There are drastic funding cuts as of July 1, 2017. There is a 15% reduction in Adult funds, 3% reduction in Dislocated Worker funds, and a 15% cut in Youth funds. The WIOA Carry-over is lower than it has ever been.

John Zobl and Sumner county Mayor Anthony Holt attended a meeting in which the Commissioner of the Department of Labor called all 13 Local Workforce Development Areas Board Chairs and Chief Local Elected Officials. They shared information about the structure and local areas. In one of the presentations they did a comparison of expenditure rates of each local workforce area. There is a new policy that states that if you are not 80% expended of your local allocations at the end of the year, then the State will deobligate that money and reallocate it to areas that are expending the money. Therefore, we wanted to ensure that we were in a position in which we have expended all of our money, so we could gain from other areas that are not doing this. Marla stated that she has been given verbal assurance from the Department of Labor and Workforce Development that we will be able to access more funds due to the fact that we are expending the funds.

Trump does have his budget proposal for the 2018 fiscal year. Under his budget, WIOA programs are due to take a 20% cut in funding. Marla said she does not expect the full 20% cut, but possibly a 10% to 12% cut.

### **LWDA COMPARISON DATA**

Marla explained to the Board that each Local Workforce Development Area is granted a certain amount of money for the areas of Youth, Adult, and Dislocated Worker. Area 13, which is Memphis receives the largest share at \$8 million dollars. We are LWDA 8, and we received \$3.8 million. LWDA 6, receives the smallest amount of money at \$1.5 million.

In regards to the Youth obligations, only Area 6, Area 8, and Area 12 have obligated all of their youth funds. The recapture amounts for the Youth program was also discussed. At this time there is a little over \$5 million dollars in youth money that would be subject to reallocation to the three areas that have expended at least 80% of the funds.

In regards to the Adult obligations, we are projecting that by the end of June LWDA 8 will be close to 90% of funds expended. Area 8 has spent 61% of the Dislocated Worker money. The only other area that has spent more was Area 10. We are on target to spend 100% of the Dislocated Worker money. As of February 2017, the recapture amount is at \$7 million dollars for Dislocated Worker money.

Marla explained to the Board the distribution of expenses. This includes how much money is being spent on salaries, benefits and indirect costs, travel, third party training, infrastructure costs, and how much is being spent directly on the participants. The state average among all 13 Workforce Areas of salaries and benefits is 51%. We are below that average at 46.69%. The other costs state average, which includes third party training and travel is 1.71%. The State average on infrastructure is 8.65%. This is the only area we are above average on. We spent 12.62% on infrastructure. The State average going directly towards participants is 36.73%. We are at 39.35% in this area

The next area Marla presented to the Board was enrollment vs. expenditures from July1, 2016- February 28, 2017. Each workforce area was presented. The expenditures include all expenses to include: operational costs, salaries, benefits indirect costs, other, infrastructure and direct participant costs. The intent of the report was to demonstrate the true costs for participants that were enrolled in the WIOA system. Marla explained to the Board that the State only considered new enrollments in this report. They didn't take into consideration the Carryover numbers.

Marla stated that she felt the Training Information report was particularly interesting because this reflects the money going directly toward participant cost. If you look across the board, we are the only workforce area that is spending money in each of the activities under the training information report. Across the board we have spent just over \$1 million dollars on direct training.

### **WIOA STRUCTURE AND FIREWALL**

Marla informed the Board that there have been some major developments within the State Department of Labor and Workforce Development. She reminded the Board that WIOA required each area to have a One Stop Operator in place by July1, 2017. There had been some discussion whether or not Workforce Essentials was going to bid on it. We did issue an RFP and decided that we would not bid on the One Stop Operator.

Marla then reviewed the current Workforce Structure to the Board. Now, the State is saying that we need to look at our firewalls and ensure that one entity is not providing all of these services. In the last meeting the Board came up with a plan that they were going to procure the One Stop Operator to put a firewall between Workforce Essentials administering the programs and the career services with the agreement that Workforce Essentials was not going to bid on it. The RFP was submitted and one party responded. The State was extremely concerned about the competitive nature that having a procurement where there was only one responding entity. There was also a concern that there would be a conflict of interest due to the fact that Jimmy Johnston serves on the North Tennessee Workforce Board. The State recommended that we go out for another RFP to see if there were any more competitive bids.

John Zobl added that himself and County Mayor Anthony Holt attended a meeting with the State on April 12<sup>th</sup>. He explained that the State went over a proposed structure. Chairman Zobl left the meeting with the understanding that the proposal that the North Tennessee Workforce Board had approved was accepted. But, since then there have been changes within the State as to what they are trying to achieve. Now the proposal that the North Tennessee Workforce Board approved at the last board meeting is no longer considered to be an acceptable solution to what the State recommends each area do. They want a separate firewall between the administration and operation of the American Job Centers.

Marla explained that under WIOA the State has an ideal structure model. Their ideal structure says that the Local Elected officials appoint the members of the North Tennessee Workforce Board and the fiscal agent and they can have staff to the board. But, they procure a One Stop Operator that will provides

services in the American Job Center. An important piece of that is that a local board procures service providers.

Under this structure we proposed two options to the State. The first option is in conjunction with the county mayors. Since the county mayors are fiscally responsible, they become through a nonprofit; The North Tennessee Workforce Consortium of Mayors, the fiscal agent for operating these programs. Workforce Essentials will be the administrative entity. They will provide services for the Board. Then there will be a One Stop Operator that is bid out. Workforce Essentials will still provide career services. This can be done because in the law it states that the county mayors can request an agreement with the governor that says you can operate above and below the firewall line

The other option is a clear designation of the North Tennessee Consortium of Mayors as being the fiscal agent and administrative entity. Workforce Essentials would then bid on being the One Stop Operator, the career services operator, the youth operator and business services.

When Marla met with Sterling Van der Spuy and Deniece Thomas they informed her that the Governor wanted all of the programs bid out. It is also not acceptable to operate above and below the firewall. Therefore, both the One Stop Operator and Career Services must be bid out.

Marla said based upon what the State told her on Monday, and discussions she has had with the County Mayors and Board of Directors, they felt like it would be beneficial for us to comply and go with option number two and not create a political fight and push option number one.

Based upon option number two, Marla requested to be excused from the meeting and resigned as the Director of the North Tennessee Workforce Board. John Zobl also informed the rest of the Board that if anyone else in the room could potentially be involved with participating in the RFP for the One Stop Operator, then they must also recuse themselves. John Watz also announced that for the record he is resigning from Workforce Essentials effective immediately. Jimmy Johnston also added that Forward Sumner does not have any interest in pursuing the One Stop Operator any longer at this point.

John Zobl informed the Board that it will be the North Tennessee Workforce Board that will issue the RFP and making the selection. He stated that the Board needs staff support, expertise, and consulting to assist in making decisions in a short period of time. John Zobl proposed that the North Tennessee Workforce Board employ John Watz as a contracted consultant to the Board from now until July 3, 2017. David Smith motioned for approval. Jimmy Johnston seconded the motion. All were in favor. No one opposed. The motion passed.

John Zobl added that the second part of this is to ensure that there is no conflict of interest with the North Tennessee Workforce Board and Workforce Essentials. He suggested there a motion to give John Watz the opportunity to employ a consultant to assist with drafting the RFP, questions and the intent to apply. Dan Ryan motioned for approval. Jimmy Johnston seconded the motion. All were in favor. No one opposed. Dan Ryan requested an amendment on the motion to set a budget of up to \$15,000 on the process. David Smith seconded the motion. The amendment passed unanimously.

John Zobl brought up the idea of a contingency. He wanted to know if the Board should make it official that anything we are approving is contingent upon the understanding that we currently have today of how the State expects the Board to move forward. John Watz suggested that with the continuous shift, that this be done. David Smith motioned for a contingency and also suggested it to be included in the RFP. Dan Ryan seconded the motion. No one opposed. The motion passed.

**ADJOURNMENT**

A motion was made by John Zobl to adjourn the meeting. Jimmy Johnston seconded the motion. All were in favor, no one opposed. The meeting was adjourned.

*Blandy Slaughter*

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Board Liaison