

Minutes of the SOUTHEAST TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD
Chattanooga State, CBIH Building |4501 Amnicola Highway, Chattanooga, TN 37406
June 11, 2025 | 11:30 a.m. ET

Board members in attendance included Marshall Graves, Chair, Carri Smith, John Proffitt, Blake Markum, Jeff Barger, Kimberly Bowen, Ethan Loyd, Chase Brett, Kimberly Steele, Michael Varnell, Keri Randolph, Scott Michiels, Leslie Travis, Corey Raburn, Jennifer Thacker, Susan Hatto, Daniel Bewley; proxy for Tucker McClendon, and Amy Graham; proxy for Wes Skinner.

SETD and board staff included Michele Holt, Chuck Hammonds, Don Kellerman, Allison Schiavo, Reece Stevens, Maty Partin, Kristin Urani, and Chaz Moats.

Guests included Sequatchie County Executive D. Keith Cartwright, Garrett Frye, Lorna Wright, Wendolyn Davis, Hannah Young, Suzanne Roach, Gwendolyn Creech, Charlotte Burger, William Saxton, Glenn Perry, Charita Allen, Autumn Derrick, Jorge Vera, Liz McLaughlin, Kevin Edwards, Randall Stephens, Tim Dempsey, Katy White, Sarah Malone, John Squires,

Chairman Marshall Graves welcomed the members and elected officials and called the meeting to order. Maty Partin called roll, and Michele Holt declared a quorum was present. As required by Tennessee law, Chair Graves called for public comments, and none were brought forth.

Approval of the Minutes

Chairman Graves called for a motion to approve the minutes of the March 12, 2025, meeting. On a motion from Carri Smith and a second from Jeff Barger, the minutes were unanimously approved.

Administrative Reports

Financial Reports

Chairman Graves called on Reece Stevens to give the April 2025 Financial Report. Reece reported the budgeted revenues, in the amount of \$7,086,154, and actual expenses for the year at \$5,027,224, or 71% of the budget. This is slightly below the expected expense rate of 83% and is due to the expenses for the NDWG program being under budget for a large portion of the year due to staff turnover. Several training programs are currently underway and should help bring expenses in line over the next few months.

Over budget line items and variance explanations were reported as follows:

- Telephone and fax – Unexpected expenses that were outside of the normal budgeted expenses.
- Travel – Mandated data validation travel, and new staff training conferences have contributed to increased travel. Only two scholarships were received for the recent training so this expense will remain above budget.
- EDSI Participant Funding – the TYEP program requires more expenditures at the beginning of the program year, and additional funding will be provided beginning in the May Financial Report that will bring this in line.

The year-to-date MPCR metric is trending at 56% for Q4 with one month reported. The YTD rate is currently trending at 48% currently which meets the state-mandated requirement of 40%.

Reece continued with the Financial Status Report which provides a detailed financial overview of current active contracts. The first section includes FY24 contracts carried over to the current fiscal year. These contracts have an end date of June 30, 2025, and all contracts except the PY24 dislocated worker administrative contracts are fully expended. The work experience rate for the PY24 Youth contract closed out at 20%, fulfilling the 20% minimum work experience requirement. Continuing, the FY25 contracts are on track to be at the required 80% minimum by the contract term, with all adult formula program contracts being fully expended. The remaining funds are the FY25 dislocated and PY25 youth formula funding. The dislocated worker contract will require a transfer to adult before June 30, 2025 closeouts. The

youth contract budget is 72% expended, but with additional work experience anticipated in May and June, these funds should be fully expended at the required minimum of 80%. He continued to other grants and stated RESEA will remain under budget since TDLWD retracted those grants. The FY24 TYEP budget is on track to be fully expended by the end of June. The ARC and NDWG grants are below the budgeted amount due to staff turnover and a limited initial scope and eligible target population. New staff have been identified and will continue to increase spending throughout the remainder of the program year, and a modification adjustment provided an opportunity to increase enrollments and expand the target population. We did receive approval to extend the ARC grant until September 30, 2026, which will align with the NDWG anticipated closeout date. The state and federal apprenticeship grants are on track to closeout by the end of June. The initial startup grant for the rural healthcare grant is on track to be fully expended by the end of June, with the new contract for participant expenditures beginning next program year. The contracts covering the infrastructure expenses are all on track to close out as budgeted.

After some discussion, Chairman Graves called for a motion to approve the Financial Report. On a motion from John Proffitt and a second from Jennifer Thacker, the April 2025 Financial Report was unanimously approved.

Chairman Graves asked Reece Stevens to present Budget Amendment III. Mr. Stevens stated that the proposed amendment reflects an increase of \$166,192 to the current budget, corresponding to additional TYEP funding allocated for the period of May 15, 2025, through June 30, 2025. The amendment includes increases to Salaries and Wages, Pass-thru Funds, Telephone and Fax, and Travel with Printing and Publications decreasing by \$3,000.

Following the presentation, Chairman Graves called for a motion to approve Budget Amendment III. A motion was made by Jeff Barger and seconded by Blake Markham. The motion was unanimously approved.

Chairman Graves called on Reece Stevens to present the PY2026 IFA Budget. Reece noted that total billable infrastructure and One-Stop Operator expenses are projected at \$304,777, a significant decrease from the prior year's total of \$1,006,236. The reduction of \$701,459 is primarily attributable to the relocation of the two comprehensive centers to the campuses of Chattanooga State and TCAT Athens, as well as a decrease in OSO-related costs.

Following the presentation, Chairman Graves called for a motion to approve the PY2026 IFA Budget. A motion was made by Carri Smith and seconded by Chase Brett. The motion was unanimously approved.

Chairman Graves called on Reece Stevens to present the Fiscal Year 2026 Workforce Board Budget. Reece reported that the proposed FY2026 budget totals \$5,237,086, representing a decrease of \$1,849,069 compared to FY2025.

He explained that the Salaries and Wages and Employee Benefits and Payroll Taxes line items increased from \$860,000 to \$1,909,816 due to the Board's transition to serving as both the Career Service Provider and the One-Stop Operator. As a result, all AJC staff will now be employed directly by the Board, and related costs have been consolidated into these line items from the former CSP Staffing category.

Reece further noted an increase in the Supplies line item to \$75,000. He highlighted that the most significant cost savings—approximately \$645,000—were realized through reductions in Contract Services, Occupancy Expenses, and Equipment Rental and Maintenance, primarily due to AJC office relocations, closures, and structural changes.

Despite some reductions, Total Operating Expenses increased by \$596,406, bringing the new total to \$2,457,816. Conversely, the Total Provider Services budget decreased by \$2,445,475, as personnel costs previously categorized under Provider Services are now reflected in Operating Expenses due to the restructured staffing model for the AJCs.

After some discussion Chairman Graves called for a motion to approve the FY2026 Workforce Board Budget. A motion was made by Ethan Loyd and seconded by Kim Steele. The motion was unanimously approved.

Chairman Graves called for a motion to approve the committee reports for Operations, Youth and the Opportunities Committees. These reports were made available in advance for review. On a motion by Jennifer Thacker and a second by Carri Smith, the committee reports were unanimously approved.

Southeast Workforce Update

Chairman Graves invited Michele Holt to provide administrative updates for the local area. Michele reported that the TNDLWD approved STLWDB's proposal to serve as its own Career Service Provider and One-Stop Operator, effective July 1, 2025. The approval was granted on April 29, 2025.

She further noted that recruitment efforts are already underway, with positions posted and several employment offers already extended. To ensure continuity of service during the onboarding and training of new staff, Michele informed the Board that the Executive Committee had approved a short-term contract extension with EDSI, Inc. to maintain service coverage within the American Job Centers (AJCs).

Michele Holt presented the response received from the Tennessee Department of Labor and Workforce Development (TDLWD) on May 29, 2025, regarding the proposed AJC closures and the implementation of a hybrid service delivery model. She noted that the hybrid model—designed to enhance access to services in underserved and rural communities—received conditional approval from the state and requires a response to two proposed options that do not align with the direction of modernizing the workforce system.

Following initial discussions with TDLWD and a subsequent review by the Executive Committee, the Committee recommended submitting a formal request for additional guidance and technical assistance to better align the proposed model with the state's directive to expand community-based service delivery. Michele will initiate the request for technical assistance and will provide updates at future meetings.

Next, Michele Holt provided an update on a recent communication from Commissioner Thomas that provided an overview of the recent federal discussions around WIOA reauthorization. In the announcement included the packets, she shared the President's FY 2026 budget request, which includes a proposed 33% cut to the U.S. Department of Labor's budget and a 34% cut to the Employment and Training Administration. The Administration proposes consolidating 11 current workforce programs into a single "Make America Skilled Again" (MASA) grant, significantly reducing overall funding and eliminating key programs such as Wagner-Peyser and WIOA Adult, Youth, and Dislocated Worker. Funding for RESEA would slightly increase, while Job Corps and SCSEP are proposed for elimination. The Bureau of Labor Statistics would be moved to the Department of Commerce. The Department is working to adapt and ensure Tennessee's workforce system remains strong, and we will update as we know more.

Executive Order 109

Marshall Graves spoke briefly about yesterday's announcement of Governor Lee's Executive Order 109 on the reconstitution of the State Workforce Board. In summary, he stated the changes strengthen Tennessee's State Workforce Development Board by designating it as the central body for coordinating workforce strategy across the state. The order promotes alignment between education, training, and employer needs, with a focus on high-demand industries, and positions Tennessee to be a leader in workforce development.

State Workforce Board – New LWDB Certification Program

Chairman Graves introduced Amy Maberry, Executive Director of the State Workforce Development Board. Amy provided an overview of the upcoming Local Workforce Development Board (LWDB) certification process, describing it as a collaborative effort involving the State Workforce Board, Local Workforce Boards, the Tennessee Department of Labor and Workforce Development (TDLWD), and the University of Tennessee's Center for Industrial Services.

She explained that the purpose of the certification initiative is to establish a standardized LWDB certification framework aligned with the existing State Workforce Board certification program. The certification process will assess key elements such as board governance, adherence to Baldrige-based performance criteria, and compliance with the Workforce Innovation and Opportunity Act (WIOA).

The primary goals of the initiative are to identify and prioritize both short- and long-term recommendations for improvement, promote innovation and operational efficiency, address performance gaps, and assign certification ratings to each local board.

Amy outlined the three certification levels:

1. **Compliant**
2. **Competent**
3. **Role Model**

She noted that the certification process will be conducted regionally, with the East Region (comprising Northeast, East, and Southeast areas) scheduled for review between March and June 2026.

Other Business

Chairman Graves announced future meetings were listed on the bottom of the agenda, and all locations were to be determined. He called for any other business, and hearing none, the board meeting was adjourned by unanimous consent after a motion by John Proffitt.

Respectfully submitted,

Marshall Graves
Board Chair