

MINUTES
SOUTHEAST TENNESSEE WORKFORCE DEVELOPMENT BOARD

American Job Center at Chattanooga
5600 Brainerd Road, Suite A-5, Chattanooga, TN 37411
June 13, 2018 – 11:30 AM EDT

Southeast Tennessee Workforce Development Board (STWDB) members present were Chairman Tony Cates, Manuel Rico, Bill Beckley, Merrill Niswonger (proxy for Virginia Housley), Rich Wade, Yvonne Peppers, Vice Chairman John Proffitt, Carri Smith, Leslie Travis, Secretary/Treasurer MaryStewart Lewis, Shannon Russo (proxy for Lindsey Croy), Melvin Holmes, and Shane Sewell. Other stakeholders in attendance included Crissy Powell, OSO-SETHRA; Bo Drake, Chattanooga State; Allison Barger, OSO-SETHRA; Grundy County Mayor Michael Brady; Dena Wise, University of Tennessee Ag Extension; Barbara Brakebill, TCAT Athens; Michael Stumpff, Department of Labor, Office of Apprenticeship. Staff attending were Beth Jones, Chuck Hammonds, Michele Holt, Stephen Dunn, Autumn Derrick, Elliot Williams and Beth Keylon.

Chairman Tony Cates welcomed those present and called the meeting to order at 11:44 a.m. Manny Rico provided the invocation. MaryStewart Lewis followed with roll call. Michele Holt, Director, Workforce Development, confirmed a quorum.

Minutes

Chairman Cates then called for approval of the March 14, 2018, board meeting minutes. Chairman Cates noted that the minutes from the March 14, 2018 Workforce Development Board meeting were forwarded to the members earlier and are included in the members' packets. He then called for a motion to approve the minutes which was made by Manuel (Manny) Rico and seconded by Rich Wade. The minutes were unanimously approved.

Administrative Reports

Finance Report

Chairman Cates called on Elliot Williams to provide the financial report. Mr. Williams referred to the Consolidated Statement of Revenues and Expenses current through April 30, 2018 included in the members' packets. He noted that the total FY'18 budget is \$5,653,005 which represents total revenues. He then referenced the right-hand column indicating 76% expenditures to date, with a mandated 80% obligation requirement by June 30, 2018. He then referenced the line items listed and indicated some line items exceeded the budget while others were under budget. Line items exceeding the year-to-date budget include Dues and Subscriptions; Insurance; Legal Services and Travel.

Mr. Williams then directed the board members to look at the statement of all revenues broken down by contract and year. He noted that the top section represents carryover funds from last year's contracts. He then referenced the table beneath which summarizes the total local formula funds for PY-FY'18. The section below the local formula funds includes the state grants such as SNAP, CBG, LEAP and RESEA.

Lastly, the bottom table represents other grants which are related to the Infrastructure Funding Agreement which provides a cost sharing of American Job Centers' operating expenses. He noted that

summary line at the bottom of the report reiterates the current percent of budget expended which is 76%. He restated that we are on track and that we will expend more than 80% of the funds.

Chairman Cates stated that we have come a long way since the January Financial Statements were reported. The area was significantly behind in total expenditures, but since then we have reached or nearly reached the targets. He then asked if there were any other questions or discussion. Chairman Cates asked if there is a motion to approve the Financial Report. Bill Beckley made the motion, Manny Rico seconded the motion, and the motion carried.

Director's Report

Chairman Cates then called upon Michele Holt, Director of Workforce Development. Ms. Holt thanked everyone and stated that we are currently in challenging times, but we are staying on target and adhering to our mission as we strive to serve those in need in our communities with the funds awarded to our local area.

Ms. Holt began her report by announcing the realignment of the local workforce development areas. On May 24, 2018, Governor Haslam approved the realignment reducing the number of local areas from thirteen (13) to nine (9). As a result of the realignment, the State of Tennessee is now aligned with the job base camps as defined by Economic and Community Development. Ms. Holt added that the only change to our local area is the addition of Grundy County which increases the service area from nine (9) to ten (10) counties; however, all local areas are required to undergo the process of realignment.

Ms. Holt detailed the process which includes the following action items and respective due dates:

- Provider contract extensions through September 30, 2018 for all current providers; due July 1, 2018
- Chief Local Elected Official selection and Interlocal Agreement; due July 1, 2018
- Fiscal agent designation; due July 1, 2018
- Board member re-certification; due August 1, 2018
- Partnership Agreement; due August 1, 2018
- Board staff determination; due August 1, 2018
- One Stop Operator and Career Service provider procurement and contract execution; due October 1, 2018
- Memorandum of Understanding—Infrastructure Funding Agreement; due November 1, 2018
- Eligible Training Provider List update; due November 1, 2018
- Local Policies updates; due December 1, 2018
- State Workforce Board review; due December 31, 2018

Ms. Holt noted that the Executive Committee met earlier concerning the Career Services and One-Stop Operator contract extensions through September 30, 2018. Ms. Holt called on Chairman Cates. Chairman Cates began with the Career Service provider contracts noting the additional amounts of funding for the contracts with ChSCC, CLSCC and TCAT Athens. All three contracts will be extended through September 30, 2018. Additional funds will also be allocated during this extension. ChSCC will require extension funds of \$249,334; CLSCC will require extension funds of \$64,800; and TCAT Athens will require extension funds of \$58,525. Chairman Cates then called for a motion which was made by Manny Rico and seconded by MaryStewart Lewis. The motion carried.

Chairman Cates discussed the One-Stop Operator contract with SETHRA. The additional funds needed for the contract extension through September 30, 2018 is \$18,265. A motion was made by Rich Wade and seconded by Bill Beckley. The motion carried.

Lastly, Chairman Cates noted that the contract with the University of Tennessee Ag Extension for three elements of Youth Services will not require additional extension funding, but only an extension of time through September 30, 2018. A motion was made by Manny Rico and seconded by Yvonne Peppers. The motion carried.

Leslie Travis, Director of Adult Education stated that she would abstain from voting for the Career Services provider contracts extension and from voting for the procurement of the Career Services provider(s) due to a conflict of interest. As a matter of record, Ms. Travis works for the TCAT Athens (a current Career Service provider), and Anna Smith with ChSCC (a Career Service provider) is her sister.

Chairman Cates thanked Ms. Travis for bringing this information to the Board's attention. He continued by asking the other members to apprise the Board of any conflicts of interest regarding the workforce development services prior to voting.

Ms. Holt stated that the Executive Committee met earlier this morning to discuss options concerning the procurement structure (e.g. multiple contracts, single contract) for One-Stop Operator and Career Services. Ms. Holt then called on Chairman Cates for the Executive Committee report. Chairman Cates stated that the Executive Committee does have a recommendation, and it comes the form of a motion. The recommendation is to issue one Request for Proposal which will include not only the Career Services provider, but also the One-Stop Operator for the entire ten-county region with the appropriate "firewall" in place. Chairman Cates then asked for a second which was given by Manny Rico. The motion carried.

Chairman Cates continued by stating that a sub-committee for the RFP process and procurement review is now formed in order to eventually identify the entity to provide these services. Appointments to serve on the RFP Review Committee are Tony Cates, John Proffitt, Manny Rico, Yvonne Peppers, and Virginia Housley.

Ms. Holt continued by referencing the Workforce Development Board Report in the packets. The first item for discussion was the article entitled "Grundy Recovery and Re-entry Program for Justice-involved Individuals." Grundy County was recently awarded \$50,000 from the Tennessee Institute of Public Health at East Tennessee State University. The funds will strengthen the existing re-entry program in place and will help to expand and sustain the program. The partners, Grundy County Mayor Brady, Grundy County's Sheriff's Department, SETD, Board staff and ChSCC, convened a meeting to identify opportunities to provide wrap around services to individuals who are currently incarcerated but want to return to the workforce to become productive citizens. Due to the significant barriers that justice-involved individuals face, the Recovery and Re-entry program will provide counseling, life skills and soft skills training, resume writing, mock job interviews, and transportation to a local manufacturer for full-time employment. Ms. Holt added that it was important to share this information to the Board members because it highlights the importance of providing services to those who have significant needs and barriers, and the article showcases the positive impact that workforce development has in our region.

Beth Jones added that there were two counties within our region that were eligible for this grant: Bledsoe and Grundy. She stated that ARC was the funding source and that Grundy County's Sheriff Shrum was very interested in applying for this grant. The awarded funds will enhance the strong recovery and reentry program already in place.

Ms. Holt continued with the Workforce Development Board Report by highlighting the Business Services Activity—Incumbent Worker Training, Consolidated Business Grants (CBG), and On-the-Job Training. She stated that the Tennessee Department of Labor and Workforce Development has set aside funds for CBGs which can fund Incumbent Worker Training, On-the Job Training and Apprenticeship Training. Our local area anticipates receiving up to \$555,000.00 during the next fiscal year. Lastly, Ms. Holt reviewed the Career Services Dashboard and Financial Metrics tables on the second page of the report. Ms. Holt highlighted the Out-of-School Youth program and stated that the number of youth participants would increase due to summer work experience.

Ms. Holt subsequently asked the Board members to refer to the Alignment with Fiscal Policies Report. She stated that our area is consistently aligned with the fiscal policies and performance requirements. Of the total funds expended, our area has obligated or expended over 50% of the funds on participants. The benchmark for this fiscal year was 40%. She highlighted that the area has committed over \$50,000 for child care which is an impressive commitment for supportive services. Ms. Holt stated that its almost impossible to go to a postsecondary institution and obtain a credential when you cannot afford child care. She also referenced the TDLWD derived Local Area Report and East Tennessee Region Report which were in the members' packets. Ms. Holt concluded her report by asking if anyone had questions.

Chairman Cates commented that the realignment activity of the local areas is challenging. He stated that the major change to our local area is the addition of Grundy County. And with the statewide downsizing from thirteen (13) local areas to nine (9) local areas, our local workforce development area will no longer be called Local Workforce Development Area 5 but will be called the Southeast Tennessee Local Workforce Development Area, and the Board will be called the Southeast Tennessee Local Workforce Development Board.

Beth Jones added clarification regarding the state's fiscal policies; specifically, the 20-40-80 rule. First, she stated that the 80% rule requires that all program dollars be expended at 80% of total program funds by June 30, 2018. The second significant metric that Board members need to be aware of is the amount of all dollars expended on direct participant costs. The current fiscal year is set at a 40% minimum cost rate; however, our region has always exceeded this cost rate and this year our area will exceed 50% direct participant costs. She added that next year the minimum participant cost rate will be a minimum of 50%. Lastly, she stated that the 20% rule requires spending a minimum of 20% of Youth funds on work experience opportunities. She added that there is a lot of information to digest and she thanked the members for their dedication and tenacity. She affirmed that we would all make it successfully through these changes and challenges relative to the realignment; however, there would be unpleasant consequences to the imminent changes such as loss of talent, disruption of services due to training new talent, and temporary reduction in optimum American Job Center system performance. She concluded by stating there are many needs in our region that require our attention and petitioned the Board members continue to work with us through this transition.

Chairman Cates temporarily dispensed with the agenda in order to recognize one special guest attending the Board meeting. Chairman Cates recognized Grundy County Mayor Michael Brady and thanked him for his attendance.

Committee Reports

Operations Committee

Referencing the next agenda item, Chairman Cates then called on Ms. Yvonne Peppers to provide the Operations Committee Report.

Ms. Peppers commenced by stating that the Operations Committee met on Wednesday, June 6th at the American Job Center in Cleveland and that a copy of the minutes with detailed discussions are included in the Board members' packets.

Ms. Peppers said that the Committee reviewed a total of 17 program applications. There were four (4) applications reviewed for Switch certification in LWDA5 submitted by training providers located and approved by other LWDA boards. The committee also reviewed thirteen (13) applications for a two-year continued eligibility.

Ms. Peppers also stated that all applications, labor market information (LMI) and additional supporting documents were viewed thoroughly by the committee and, as a result, the committee made the following recommendations:

Switch Certification Programs

- Middle Tennessee State University (LWDA-6) – one (1) application was reviewed, the Committee unanimously approved the application.
- Smokey Mountain Trucking (LWDA-2)– two (2) applications were reviewed, the Committee unanimously approved the applications.
- Southeast Lineman Training (GA) – one (1) application was reviewed. The Committee unanimously agreed to place the discussion on hold until more information could be obtained regarding other participant outcomes.

Continued Eligibility (2 years)

- Chattanooga State Community College – two (2) applications were reviewed, the Committee unanimously approved two (2) applications.
- Academy of Allied Health Careers – two (2) new applications were reviewed, the Committee unanimously approved two (2) applications.
- Urban League – one (1) new application was reviewed, the Committee unanimously approved the application.
- Chattanooga College Medical, Dental & Technical Careers –three (3) applications previously submitted and denied were reviewed again. The Committee unanimously approved one (1) application and denied two (2) applications.
- University of Tennessee Chattanooga – five (5) applications were reviewed, the Committee unanimously approved all five (5) applications.

Ms. Peppers concluded her report by requesting a motion on behalf of the committee to accept the recommendations made by the Operations committee.

Chairman Cates asked for a motion which was made by Manny Rico and seconded by Bill Beckley. The motion carried.

Youth Committee

Chairman Cates subsequently called on Rich Wade to provide the Youth Committee Report. Mr. Wade stated that the Youth Committee met on May 15, 2018 and the minutes for that meeting are included in the Board members' packets.

Mr. Wade noted that Autumn Dereck crafted the program report and advised that the area is currently at risk for Youth funds to be recaptured. Only 41% had been expended through the end of the 3rd quarter. Obligations through the remainder of the year, including over \$300k anticipated by providers for Summer Work Experience, could reach the 80% expenditure rate.

At the May 15 meeting, an enrollment summary was provided that indicated 95 new enrollments through April and a total of 303 youth served in the current program year. So far, 32 WEX activities had been recorded resulting in 16.3% of the 20% expenditure mandate. Providers have referred 142 youth for services under the contract with UT and 89% had received services. The Minimum Participant Cost Rate is 49.5%, ahead of the 40% goal.

Mr. Wade stated that the Career Service Providers presented a review of services for the program year and discussed plans to meet enrollment and WEX goals. Approximately 155 youth are anticipated to participate in Summer WEX, with each provider developing week long camps to address the academic and occupational learning component.

Mr. Wade further stated that after receiving guidance from the state, the Youth Eligibility Policy was presented for update to include two additional criteria for "needs additional assistance" as well as removing an unnecessary definition of Youth self-sufficiency. The recommendation to update the policy was approved.

On behalf of the Youth committee, Mr. Wade stated that the updates to the policy are presented to the board for approval in the form of a motion.

Chairman Cates asked for a second which was provided by Manny Rico. The motion carried.

Lastly, Mr. Wade said that the committee was informed of state waiver options that are open for public comment through June 14, 2018 prior to final submission to USDOL. The committee was also advised that the State Workforce Board had recently approved realignment across the state, and information was forthcoming from the state regarding the procurement.

Mr. Wade concluded his report from the Youth Committee by presenting the report in the form of a motion. Chairman Cates then asked for a second which was made by MaryStewart Lewis. The motion carried.

Chairman Cates then referenced the next agenda item, the One-Stop Operator Report, the first part of which was delivered by Allison Barger, OSO SETHRA.

Ms. Barger began her report by referencing the copies of the report in the Board members' packets. She began by discussing the data on page one: "American Job Center Traffic by Office" in March, April and May; "Reasons People Visit Our AJC" with the top reason being job search and computer room usage; Unemployment Rates April 2018, all counties are below 5% with Hamilton County at the lowest

unemployment rate of 2.8%; “Customer Testimonials;” Kimball fire media release; and, “Cleveland ajc Hosts Youth Career Readiness Camp.”

Ms. Barger then handed off the remainder of the report to Crissy Powell, OSO SETHRA. Ms. Powell commented on the regional job fairs in Dayton and Chattanooga. Dayton’s April 3rd job fair attracted 26 employers and 168 job seekers. Chattanooga’s May 3rd job fair recorded 85 employers and 700 job seekers.

Ms. Powell also commented on the New Life Job Fair at the Chattanooga AJC on May 31 and June 1. The partners in the event, City of Chattanooga, Father to the Fatherless, and the American Job Center, welcomed justice-involved individuals to participate in the Career Prep Day on the day one. The Career Prep Day included job prep training, free haircuts, resume’ building, practice interviews, proper attire and hair styling. The participants were provided clothing for the next day’s job interviews. A total of 36 participants and eight employers participated in the event.

Lastly, Ms. Powell reviewed the American Job Center Partner Updates for Adult Education (Title II), Wagner-Peyser (Title III), and Vocational Rehabilitation (Title IV). She concluded by sharing two personal success stories during the recent months.

Chairman Cates thanked Ms. Barger and Ms. Powell for their reports. Referencing the next agenda item, Chairman Cates asked the members if there were any other business.

Other Business

Chairman Cates recognized Rich Wade who had a question about the One-Stop Operator Report. Specifically, he asked about “Reasons People Visit Our AJC” and how one knows why the customer has entered the center. Ms. Barger fielded the question by stating that all customers are greeted at the Welcome Center (front desk) and are asked a series of questions (assessment) to identify the needs of the customers (i.e. child care, high school equivalency test and diploma, transportation, postsecondary training, etc.). It is presumed that customers are not aware of all the services they may be offered to the customers. Due diligence is key to identifying the appropriate referring partner in the American Job Center to ensure that the best possible service is delivered to our customers.

With no other questions or other business, Chairman Cates thanked everyone for their attendance. He then asked for a motion to adjourn which was made by MaryStewart Lewis and seconded by Manny Rico. The motion carried, and the meeting was adjourned.

Respectfully submitted,



MaryStewart Lewis
Secretary