

**MINUTES**  
**SOUTHEAST TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD**

**American Job Center**  
**5600 Brainerd Road, Suite A-5, Chattanooga, TN 37411**  
**September 12, 2018 – 11:30 AM EDT**

Southeast Tennessee Workforce Development Board (STWDB) members present were Chairman Tony Cates, Manny Rico, Virginia Housley, Rich Wade, Yvonne Peppers, Vice Chairman John Proffitt, Carri Smith, Shannon Russo (proxy for Lindsey Croy), Warren Logan, Melvin Holmes, Dave Hopkins, Tiffany Ramsey, Kimberly Crider, and Tim Fowler (proxy for Kenny Smith). Other stakeholders in attendance included Bo Drake, Chad Jaynes, Nancy Sutherland, Rebecca Santos, Merrill Niswonger, Bill James, Meigs County Mayor; Neil Loeffler, Brooke Waldroup, Molly Blankenship, Gary D. Behler, Mattie Moran, Ruble Conatser, Michael Stumpff, and Evan Williams. Staff attending were Beth Jones, Michele Holt, Stephen Dunn, Autumn Derrick, and Beth Keylon.

Tony Cates welcomed those present and called the meeting to order at 11:42 a.m. Mr. Rico provided the invocation. John Proffitt followed with roll call and a quorum was confirmed.

**Minutes**

Chairman Cates noted that the minutes from the June 13, 2018, Workforce Development Board meeting were forwarded to the members earlier via email and are included in the members' packets. A motion to approve the minutes was made by Manny Rico, seconded by Melvin Holmes and the motion carried.

**Administrative Reports**

**Finance Report**

Chairman Cates called on Beth Jones to provide the administrative reports. Ms. Jones referenced the Consolidated Statement of Revenues and Expenses ending June 30, 2018, included in the members' packets. Since this represents the end of the fiscal year, this report was a good indication of operational costs as well as how the programs performed throughout the year. Using the budget as a tool, the June consolidated statement was a reflection of 12 out of 12 months so revenues should be at 100% of the budget and expenses should be equal to or less than 100% of the budget. Year-end revenues were slightly behind the budget at 83%. Ms. Jones referenced the Total Operating Expenses which are at \$575,858 below the budget at 73%. This number indicates a significant savings in Operating Expenses for the year. The Special Services category includes pass-through funds which are paid directly to participants and contract service providers totaling \$4,217,525. Ms. Jones asked if there were any questions about the year-end statements.

Ms. Jones referenced the carry-over funds on the June 30, 2018 Consolidated Statements of Revenues and Expenses on the second page. She said the carry-over line items are indicated by "C/O" and are the dollars necessary to bridge the gap between the end of the state's fiscal year and the next funding allocation which is made available typically sometime in October. The carry-over funds for next fiscal year will be reported beginning with July 2018 statements.

Chairman Cates called for a motion to approve the June 30, 2018 Financial Statements. On a motion by Yvonne Peppers and a second by Manny Rico, the statements were approved as presented.

Next, Ms. Jones referenced the Workforce Development Board FY'19 Budget. The FY'19 budget is only slightly lower than last year's budget at \$6,203,937 compared to \$6,315,642. The Salaries and Benefits line items are down by nearly \$200,000 from \$881,485 to \$661,455 for PY'19. The higher number last year reflected salaries and benefits for all staff until the Career Services Provider contracts start date in August. Those dollars have been moved to Contract Services as part of the pass-through funds. Two board staff are no longer with SETD which also reduced the salaries and benefits.

Ms. Jones advised that the expenditure line for the FY 2019 budget line items remain somewhat consistent with a few exceptions based on historical financial information from the past year. Total Operating Expenses are projected to be \$1,684,535 which is the amount required to run the system. Special Services Subcontracted (Pass-through entity) line item is a total of \$2,965,084. Participant Support Services line item increased, participant On-the-Job Training is slightly lower, participant Individual Training Accounts (ITAs) line item increased compared to last year. The increase in Participant line items are required to meet the minimum 50% participant expenditures.

Since WIOA funding is a part of the SETD, Ms. Jones informed the board that the SETD Executive Committee approved the WIOA budget as part of the overall SETD budget for FY 19 and the Workforce Board will need to adopt its budget. Ms. Jones asked if there were any questions.

Chairman Cates called for a motion to approve FY 2019 Budget. Manny Rico made the motion and Virginia Housley seconded. The motion carried.

Next, Ms. Jones referenced the July 2018 statement stating that it may serve as a dashboard for what has occurred in a previous month. The revenues should currently be at 8% or better to be on track. At the end of July, we were at 9% for WIOA Grants and Contracts and at 8% for the local area AJC Partners.

Expenditures should be equal to 8% or below. The expenditures line item that reflected a significantly high number (33%) was Contract Services. The high percentage is due to the Summer Youth Work Experience monitors' wages, the funds of which go to Kelly Staffing Agency. Occupancy Expenses is at 12% due to the CAM invoice from Eastgate Town Center. The Equipment—Rental and Maintenance line item was also at 12% due to the renewal of all the software licenses including EMSI. The only expenses associated with Contract Services are the extensions of the Career Services providers and the One-Stop Operators through September 30, 2018. Ms. Jones asked if there were questions.

Chairman Cates called for a motion to approve July 2018 Financial Statements. Manny Rico made the motion and Carri Smith seconded. The motion carried.

### **Director's Report**

Chairman Cates then called upon Michele Holt for the Director's Report. Ms. Holt referenced the Realignment Timeline and updated the board on the tasks that have been completed through mid-September and noted the upcoming items through the end of December 2018.

Ms. Holt then referenced the Workforce Development Board Report that highlighted the new board members: Tiffany Ramsey of Hamilton County with Vocational Rehabilitation and James Nunley from Toyo Seat, representing business and industry on the board.

Ms. Holt reviewed the information regarding the Consolidated Business Grants (CBG). Beginning October 1, 2018, the TDLWD will allocate to the Southeast local area \$555,000 in CBG block funds for

work-based training. CBG can fund Incumbent Worker Training (IWT), On-the-Job Training (OJT), and Apprenticeship Training Grants (ATG); however, the local area will primarily use CBG funds for Incumbent Worker Training. OJT is designed to offset the extraordinary costs of training new employees. ATG programs can adopt the OJT model, classroom or pre-apprenticeship training for eligible adults, dislocated workers and in-school or out-of-school youth.

Ms. Holt noted the Business Services Activity on the report that highlighted following IWT, OJT and CBG metrics for PY 2018: IWT—20 awards totaling \$362,037; 435 participants trained; OJT—16 awards totaling \$223,334; 124 participants trained; and CBG—8 awards totaling \$64,000; 106 participants trained.

Next, Ms. Holt referred to the back of the report which included the Career Services Dashboard detailing enrollment and training data as well as the Financial Metrics from July 1, 2017 to June 30, 2018. Year-end Title I enrollment grand total was 758 for all AJCs in the local area. FY 2018 year-end obligations are required to be a minimum of 80%. For year-end obligation percentages, the local area achieved 94% for Adults, 90% for Dislocated Workers and 80% for Youth. Year-end Youth Work Experience expenditures are required to be at 20%; the local area achieved 31%. The MPCR is required to be 40% for all programs; the year-end ratio was 63.7%. Ms. Holt indicated to Chairman Cates that she had concluded her report.

## **Committee Reports**

### **Executive Committee**

Chairman Cates stated the Executive Committee met on August 27<sup>th</sup> to discuss board staffing and procurement of provider contracts. Realignment of the local areas required that the local areas establish board staff under the newly defined area. The change for our local area was minimal; however, the employer and board staff must be ratified under the new Southeast Tennessee Local Workforce Development Area configuration.

Mr. Cates referenced the Organization Chart. He stated that the board staff can be managed by the board or by SETD. He stated that the Executive Committee recommended that SETD continue to manage the board staff and that SETD will notify the board and ask for input in the event any staff changes are necessary. Mr. Cates called for a motion to approve SETD as the administrative and managing entity for the board staff. Rich Wade seconded. The motion carried.

The RFP Review Committee met on August 27<sup>th</sup> prior to the Executive Committee. The RFP Review Committee reviewed three proposals: Chattanooga State, Mid-Cumberland Human Resource Agency, and ResCare. MSi Workforce Solutions, Inc. submitted a proposal, but did not meet the minimum requirements of being in business for three years. Mr. Cates referenced the document that was provided in the board members' packets titled *Minimum requirements for an entity to be considered responsive*.

Mr. Cates called on John Proffitt to provide detail on the RFP Review Committee's evaluation. Mr. Proffitt directed members to the *STLWDA OSO and CSP RFP Committee Evaluation Summary* included in the packet. The average total scores were located at the bottom of the page with Mid-Cumberland scoring the highest at 88 of a possible 100 total points.

The committee felt that all proposals were well-written and provided a level of knowledge to provide evidence of the ability to deliver the programs. Mid-Cumberland addressed the scope of work in the

proposal more clearly and concisely. The proposed yearly budget was \$1,121,928. The proposal indicated that they could be ready to begin October 1.

Based on the evaluation and recommendation of the RFP Review Committee, the Executive Committee recommended that Mid-Cumberland Human Resource Agency be awarded the contract for One Stop Operator and Career Services Provider for the term of October 1, 2018 – June 30, 2019 with a possibility to award up to 3 additional years contingent upon performance and funding availability. As outlined in the RFP, the PY 18-19 contract award amount will not exceed 75% of the yearly proposed budget, or \$841,446.

Mr. Cates called for a motion to approve and ratify the Executive Committee’s recommendation to award Mid-Cumberland Human Resource Agency the contract for One Stop and Career Services Provider from the period of October 1, 2018 through July 30, 2019 with an option to renew the contract for up to an additional three years. Mr. Cates said the RFP recommendation comes in the form of a motion and he called for a second. Ms. Virginia Housley seconded. The motion carried.

Ms. Beth Jones thanked the Career Service Providers, Chattanooga State, Cleveland State and TCAT Athens and the One-Stop Operator contract agent, SETHRA for stepping up and ensuring that workforce services continued without interruption during the past year. Their contribution during the WIOA transition is appreciated. Mr. Warren Logan recommended that a “Thank you” letter be written to demonstrate the board’s appreciation for their work.

### **Operations Committee**

Mr. Cates called on Ms. Yvonne Peppers to present the Operations Committee report. Ms. Peppers stated that the Operations Committee met on Wednesday, September 5<sup>th</sup> at the American Job Center in Cleveland. The Committee reviewed one provider application and a total of seven program applications. There were two applications reviewed for switch certification in the local area submitted by training providers located and approved by other LWDA boards. The committee also reviewed five applications for a one-year initial eligibility. All applications, labor market information and additional supporting documents were viewed thoroughly by the committee. Ms. Peppers said that a copy of the minutes with detailed discussions are included in the members’ packets.

Ms. Peppers noted the review and resulting approval status of the following programs:

#### Switch Certification Programs

- Tennessee College of Applied Technology Crossville (LWDA-4) – one (1) application was reviewed, the committee unanimously approved the application.
- Oak Ridge Trucking Knoxville (LWDA-2) – one (1) application was reviewed, the committee unanimously approved the application.

#### Provider Application

- Matrix Medical Training Center – one (1) provider application was reviewed, the committee unanimously approved the application.

#### Initial Eligibility (1 year)

- Matrix Medical Training Center – one (1) application was reviewed, the committee unanimously approved the applications.

- Tennessee College of Applied Technology Chattanooga – three (3) applications were reviewed, the committee unanimously approved all applications.
- Chattanooga State Community College – one (1) application were reviewed, the committee unanimously approved the application.

Ms. Peppers stated that the committee had several items of business related to policies. The minutes contain the detail on the approvals and a Workforce Services Executive Summary of Policies was previously emailed out to board members. As a requirement of the state-wide realignment, all board polices are required to be updated to include language for the new name of the local area, ours being Southeast Tennessee Local Workforce Development Area. There were some minor edits required from the most recent compliance review that occurred after the March approval of the polices.

During the March 2018 meeting, the committee requested additional research on three policies: Co-enrollment, Adult Priority of Service (additional Priority 5), and Work-based Training.

- The committee reviewed and approved a new Co-Enrollment policy.
- The Adult Priority of Service was updated to include required definitions and procedures as required by the State.
- The Work-based Training policy will be broken into individual policies to simplify each component; therefore, reducing the length of a single policy.

Ms. Peppers stated that the following policies required minor updates as a result of the most recent compliance review. Additionally, all name references were changed from LWDA5 to STLWDA. The details of approval are in the Operations Committee draft minutes and the policy summary provides the description: Oversight and Monitoring, Purchasing and Property Management, Grievance Procedures, Minimum Participant Cost Rate, Initial Assessment, and Individual Training Accounts

The following Policies had only the name changed from LWDA 5 to STLWDA: Board Meeting Information Access, Veteran’s and Eligible Spouse’s Priority of Service, Verifying Identity and Employment Eligibility, Conflict of Interest, Electronic Case Files, Supportive Services, and On-the-Job Training.

In concluding her report, Ms. Peppers made a motion on behalf of the committee to accept the recommendations made by the Operations committee. Chairman Cates called for a second. Richard Wade seconded the motion, and the motion carried.

### **Youth Committee**

Mr. Cates called on Rich Wade to deliver the Youth Committee report. Mr. Wade began by recognizing Chairman Cates’ as being selected by the ACT College and Career Readiness Workforce Champion of Tennessee—the state’s sole recipient. Workforce champions are individuals who are honored for making a difference in preparing individuals for college and career success.

Mr. Wade stated that the Youth Committee met on August 29, 2018, and the minutes were provided in the board members’ packets. The committee welcomed two new members: Heidi King, Work-Based Learning Coordinator with Hamilton County Schools working with Gestamp’s Apprenticeship program; and Regina Simmons, Outreach and Admissions Manager with Job Corps. Each provided the committee with information on how they serve youth in Southeast Tennessee and will bring valuable experience and insight to the committee.

The Youth Report data showed that the local area reached 31% of the Work Experience Expenditure Rate with nearly \$200,000 expended through June 30, 2018. That number is subject to change as the remaining contract balance is expended. The area served 436 Youth participants in the 2017 program year, with 233 newly enrolled participants. In total, 171 Youth were engaged in paid work experience, with 129 participating over the summer at 36 worksites. As a result, the area met or exceeded the financial metrics that were a focus point in the previous quarter.

A Youth success story was shared about Jacob Pounds who was co-enrolled after receiving services from Vocational Rehabilitation. The details of the success story were included in the One-Stop Operator report.

The committee approved updates to the Youth Eligibility Policy due to changes in the state's policy, including: clarification of the definition of "Attending School" when registering for post-secondary classes, individuals attending only non-credit bearing classes are considered Out-of-School, and additional information provided on the 5% limitation for In-school Youth who are eligible with "Requires Additional Assistance" criteria only. There were also updates to the Youth Work Experience Policy to clarify the role of the Fiscal Agent, employer eligibility, monitoring and the annual goal to be set by the committee. The committee approved the updates and set the PY2018 WEX goal at 160. An executive summary that provides policy descriptions was emailed prior to the meeting for your review and approval. Mr. Wade concluded by stating the report from the Youth Committee was presented in the form of a motion.

Chairman Cates called for a second. Manny Rico seconded the motion, and the motion carried.

### **One-Stop Operator Report**

Mr. Cates called on Evan Williams to provide the One-Stop Operator report. Mr. Williams began by making a correction to the report. He provided the AJC Traffic by Office numbers as follows: Athens—945; Chattanooga—2,155; Cleveland—405; Dayton—411; and Kimball—216. He stated there was an uptick in activity during the month of June due to the Youth Work Experience. The Unemployment Rates for July 2018 indicated a slight incremental rise for most counties since April. Hamilton County's unemployment rate of 3.9% was the only county in the region below the state's unemployment rate. The Jason Pound's Success Story in Dayton was highlighted as well as the Jack Findley Success Story in Kimball. Chattanooga State offered Career Exploration Camps during a three-week period in health care, information technology, advanced manufacturing, transportation and logistics, and career readiness.

Mr. Williams referenced the McMinn County job fair held on August 30, 2018 at the Athens AJC. Over 230 job seekers and 40 registered employers attended. In concluding his report, he provided the AJC Partner Updates from Adult Education and Wagner Peyser.

### **Other Business**

Mr. Cates stated that the By-Laws of the Southeast Tennessee Local Workforce Development Board need to be updated. He asked John Proffitt, Manny Rico, and MaryStewart to serve on the By-Laws Committee and asked for other volunteers. He reminded the members that best way to learn about the local board is to serve on one of the committees.

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 Manny Rico and seconded by Yvonne Peppers. The meeting was adjourned.

Respectfully submitted,

*Mary Stewart Lewis*