

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

**McKee Foods Corporation**  
**10260 McKee Road, Collegedale, TN 37315**  
**June 12, 2019 – 11:30 AM EDT**

Workforce Development Board members present were Vice Chairman John Proffitt, Manuel Rico, Virginia Housley, Richard Wade, Yvonne Peppers, Leslie Travis, Warren Logan, Secretary/Treasurer MaryStewart Lewis, Phil McGrath, Shannon Russo, Brian Cooksey, Kimberly Crider, Kathy Price, Irene Hillman, David Hopkins, Jr. (proxy for David Hopkins), Friederike Ebner (proxy for Nicole Koesling), Aaron Edwards (proxy for Larry Morrison), Ralph Romero, Patty Weaver, and Stewart Smith. Other stakeholders and interested parties in attendance included Bo Drake, Chad Jaynes, Neil Loeffler, Joseph Johnson, Logan LaFevers, Casey Eschette, Evan Williams, Taylor Belcher, Brian Stewart, Jason Bell, Cydnie Tate, Grayson Black, John Maynard, and Arlette Robinson, Staff attending were Chuck Hammonds, Michele Holt, Autumn Derrick, Elliot Williams, Beth Keylon, Beth Hinkles and Stephen Dunn.

Vice Chairman John Proffitt welcomed those present and called the meeting to order at 11:42 a.m. Manny Rico provided the invocation. Michele Holt, Director of Workforce Development, followed with the rollcall and confirmed a quorum.

**Minutes**

Vice Chairman Proffitt called for approval of the March 13, 2019 board meeting minutes. Mr. Proffitt noted that a draft copy of the minutes was forwarded to the members earlier and are included in the members' packets. The minutes were unanimously approved on a motion by Manny Rico and a second by Virginia Housley.

**Administrative Reports**

**Finance Report**

Vice Chairman Proffitt called on Elliot Williams to provide the financial report. Mr. Williams referred to the Consolidated Statement of Revenues and Expenses current through April 30, 2019 included in the members' packets. The total FY19 budget is \$7,140,733 which represents total revenues. He referenced the right-hand column indicating 62% expenditures to date. TDLWD waived the required 80% obligation requirement due to realignment; however, Mr. Williams stated that some of the Consolidated Business Grant contracts will be paid on or before June 30, 2019 and the percent expended will increase. Line items exceeding the year-to-date budget include Contract Services, Salaries, and Administration Costs. The Total Operating Expenses are at 75%.

Mr. Williams directed the committee members to look at the Special Services section which include Contract Services, Participant Services, and Pass-thru dollars. The total year to date expenses for Special Services are at 58%. He referenced the Financial Metrics Reporting section that identifies the Minimum Participant Cost Rate (MPCR) percent. The MPCR percent is the ratio of participant expenditures to total cumulative expenditures and is currently at 59% which is slightly higher than the required 50% MPCR. He added that due to the realignment, these metrics are waived for the current fiscal year. Mr. Williams asked the members if they had any questions about the Consolidated Statement.

Mr. Williams referenced the second page of the report indicating all revenues broken down by contract and year. The top section represents carryover funds from last year's contracts, and the table beneath summarizes the total local formula funds for FY19. 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 (IFA) that specifies the cost sharing of American Job Centers' operating expenses. Mr. Williams stated that the summary line at the bottom of the report reiterates the current percent of budget expended which is 62% and the percent of contracts expended is 56%.

Vice Chairman Proffitt called for a motion to approve the Financial Report as presented. The Financial Report was unanimously approved on a motion by Yvonne Peppers and a second by Rich Wade.

### **Proposed Workforce Development Board Budget**

Vice Chairman Proffitt called on Mr. Williams to report on the Workforce Development Board FY2020 Proposed Budget. Mr. Williams referenced the budget report. The Total Revenue and Support for 2020 is \$5,447,904 and is under budget by nearly \$1.7M due to an overall 9% reduction in federal program funds. The Salaries and Wages and Employee Benefits and Payroll Taxes line item will be reduced by a total of \$44,257. The reduction is due to the shift of all participant payment processing to MCHRA. MCHRA has the capacity and a larger indirect cost rate than Southeast Tennessee Development, and it makes sense that they pay participant expenses going forward. Mr. Williams stated that the CBG funds will not be allocated to the local areas for PY19 which accounts for a reduction of revenue of over \$500,000. The Operating Expenses at \$1,602,886 and Contract Services total expense are \$3,845,018. Mr. Williams called for questions or comments.

Ralph Romero asked why the CBG grants were not being allocated for next year. Ms. Holt explained that the governor has elected to use the state's set aside block grants for other purposes tied to his initiatives for rural development, reentry and apprenticeships. However, if local business and industry can justify the need for these funds, then the local board will forward that need to the state. In this case, funds may be allocated if available, but a much more stringent application parameters will be established for IWT requests.

Vice Chairman Proffitt called for additional questions, and as none materialized, he requested a motion. The proposed FY2020 Workforce Development Board Budget was unanimously approved on a motion by Manny Rico and a second by Warren Logan.

### **Director's Report**

Michele Holt, Director of Workforce Development referenced the Workforce Development Board Report. She reported that Commissioner Jeff McCord visited Bledsoe County on May 22<sup>nd</sup>. Bledsoe County Mayor Greg Ridley hosted the event, and this was one of the stops on the commissioner's schedule for Town Hall Meetings in each of Tennessee's 15 distressed counties. Highlights of the visit included the following:

- Plans are underway to bring Unemployment Insurance support staff back to the comprehensive AJCs by the end of 2019 with a long-term goal of having a presence in all or most Affiliate AJCs within two years.
- Mayor Ridley expressed a need for increased training opportunities in Bledsoe County as they have been limited since losing the local Chattanooga State facility.
- Kathy Price, STLWDB Member expressed concern for the ability to retain talent due to continued procurement requirements under the new model.

- Mary Gray requested possible grant opportunities for Bledsoe County Correctional Facility for in-house training to for in-demand high skilled occupations.
- Stephanie Boynton with Erlanger indicated there was a high demand for continued training in the medical field, especially Certified Nursing Assistants. Mayor Ridley added there is also a desperate need for EMT training within the county.
- Virginia Housley announced that Mayor Cagle had offered space in the City of Pikeville Municipal building for AJC services to be provided one day per week beginning in June.

Ms. Holt stated that the federal allocation to TDLWD for PY2019 was reduced by approximately \$4.5M which resulted in reductions at the local levels. Overall, our local area will receive a reduction of approximately \$300,000 in formula funds and approximately \$1.7M in total. Additionally, Deputy Commissioner Denise Thomas recently announced that the local areas will not receive designated funds for Consolidated Business Grants for the coming program year. The local area may utilize up to 20% of formula funds for Incumbent Worker Training (IWT). She also stated that IWT participant expenses will no longer be calculated toward the Minimum Participant Cost Rate effective July 1, 2019. All IWT grant applications will be carefully reviewed for the return on investment; increased wages, industry recognized credentials, layoff aversion and job creation.

Three of the local area's training providers were recently recognized: Cleveland State, TCAT Athens and Chattanooga State. Cleveland State received the College of the Year Award at the first Statewide Outstanding Achievement Recognition (SOAR). TCAT Athens' LPN program has received 2019 Top 3 Ranking in the state of Tennessee. PracticalNursing.org developed the LPN and LVN Programs Ranking based on NCLEX-PN exam passing rates. Chattanooga State recently was recognized for offering a new program called SETWorks which is a learn and earn opportunity combining classroom and on-the-job training. Over the course of 12 weeks, 15 students earned 56 credentials ranging from OSHA to MSSC safety, quality, maintenance, and process.

A non-profit partner, The Refuge, was highlighted for a Career Connection Success Story. A couple learned about a three-week career readiness training program at The Refuge that would provide the skills needed to obtain a higher paying job. They both applied and were admitted to the MIG Welding class beginning on April 29<sup>th</sup>. Through the assistance of The Refuge, in partnership with Cleveland State Community College and the American Job Centers, they were able to earn the American Welding Society (AWS) certification in MIG welding.

USDOL and ARC recently announced the Workforce Opportunity for Rural Communities grant (WORC). The U.S. Department of Labor in partnership with the Appalachian Regional Commission is making \$29 million available via the WORC initiative to implement innovative approaches to provide enhanced training and support activities to dislocated workers, new entrants in the workforce, incumbent workers, and individuals affected by substance use disorder returning to work. Successful awards, ranging from \$150,000 - \$2.5 million, will support workforce development activities that prepare eligible participants for good jobs in high-demand occupations aligned with a state, regional, local, and economic and community development strategy. The announcement also encourages applicants to develop plans to serve individuals who reside in economically distressed counties, Opportunity Zones, and those who are affected by substance abuse disorder.

The period of performance for these grants will be no more than 36 months from an anticipated start date of October 1, 2019. This performance period includes all necessary implementation and start-up activities. Applications are due by July 15, 2019, and SETD will be submitting an application on behalf of the board.

Ms. Holt then referenced the Career Services Dashboard which lists data such related to WIOA programs. For the program year, there have been 633 new enrollments to WIOA programs. Currently, 29 IWT grants have been awarded, 746 participants trained, and \$567,016 expended. Rapid Response activity results are as follows: 1,496 employees impacted, 977 were from permanent closures while 519 were temporary layoffs. There are currently 11 OJT grants awarded that trained 35 employees at a cost of \$103,946.

Ms. Holt reported that Grundy Recovery Alliance Community Endeavor (GRACE) recently requested a letter of support for the Second Chance Re-entry grant application. STLWDB agreed to engage in an employment and training partnership with the grant program through the AJC system network, providing funding support such as post-secondary funding, on-the-job training, and supportive services.

## **Committee Reports**

### **Operations Committee**

Vice Chairman Proffitt called on Ms. Yvonne Peppers to provide the Operations Committee Report.

Ms. Peppers stated that the Operations Committee met on Monday, June 3<sup>rd</sup> at the American Job Center in Chattanooga. A copy of the minutes and policies that were discussed during the committee meeting were previously emailed to the board for review prior to the meeting.

Regarding the On-the-Job Training Policy, the committee removed language that references self-sufficiency and added statutory language referencing retention, the steps to process invoices moved from the Monitoring section to the Invoice section, and the language regarding who allows OJT limits to be exceeded was changed from the director to STLWDB staff.

The Incumbent Worker Training Policy changes include the following: maximum reimbursements were reduced from \$75,000 to \$25,000, funds will be limited to local funds, and the scoring matrix will be revised to place more emphasis on certifications, short- and long-term wage increases, and/or creation of new jobs and prevention of layoffs.

The Selective Service System Registration Policy changes included an updated to include additional language on when a male is NOT required to register.

One-Stop Operations Policy changes include: an overview of the roles and functions within the AJCs, standards for dress codes and provides instructions for the temporary closure of a center and use of policy in conjunction with the state's One-Stop Design policy.

The committee reviewed (1) application for Switch certifications approved by another LWDA board. The committee also reviewed three (3) applications for two-year Continued Eligibility. The committee was informed that all applications received were complete with the necessary Labor Market Information (LMI) data. The process for Providers to update and add Service Performance Outcomes on each program application was implemented for review. After extensive review of each application and supporting documentation provided by the training providers, the committee made the following recommendations:

Chattanooga College Medical, Dental & Technical Careers submitted one application and it was approved, Tennessee College of Applied Technology at Chattanooga submitted one application and it

was unanimously approved, Southeast Lineman Training Center in Georgia submitted one application and it was unanimously approved.

Nashville State Community College (NSCC—Upper Cumberland) submitted one application for review. The committee was informed that this request was made by Title I staff to review this program for a customer that inquired about assistance with supportive assistance with travel, books and other fees not covered by financial aid.

NSCC also submitted a Pharmacy Technician (Online) application. The LMI indicates a 12% growth rate and occupations are in demand due to increase need for prescription drugs. However, the completion rate is only 33.3% which is below the required 40% rate set by the State. The other concern was the fact that all program courses are offered online including the lab courses, and the participant is given 12 months to complete the courses with no instructor training. The committee voted to deny this program.

Ms. Peppers concluded her report and submitted the report in the form of a motion. Mr. Proffitt called for a second. The Operations Committee Report was unanimously approved after a second by Stewart Smith.

### **Youth Committee**

Phil McGrath provided the program report and indicated that the current work experience expenditure rate is 17% with approximately \$142,600 in expenditures through April. The provider has been working on action plans to ensure the expenditure target of 20% is met.

An overview of a unique training initiative in Grundy County was highlighted. Mayor Brady received Three-Star funding that was used to purchase additional welding equipment at the high school in an effort to support CTE programs and increase industry certifications. The school board approved a request to allow Chattanooga State to hold an 80-hour welding training on location after hours. The school's welding instructor was hired to provide the classroom training. Ten participants were enrolled for the class which is expected to conclude June 13<sup>th</sup>.

The committee was advised that Perkins V was reauthorized which is the federal funding for CTE programs in secondary and postsecondary schools. The act is in a transition year and changes include alignment with local workforce development board plans and sector strategies.

Ms. Derrick asked for input from the committee on setting Key Performance Indicators for the provider and recommended setting service goals for some of the 14 Youth elements. While all elements are important, priorities were identified such as Work Experience, Occupational Skills Training, Adult Education, Leadership Development (including civics), Financial Literacy, and Transition to Post-Secondary. The group asked for more data regarding these services to establish reasonable goals. That information is to be sent out via email for further consideration.

Mr. McGrath stated that Megan Kelly provided an update on Youth workforce services including 153 new enrollments and 418 total youth served for the program year. Approximately 109 youth expected to participate in summer work experience to increase the work experience expenditure rate. A total of 16 In-School Youth have been enrolled.

Rich Wade questioned the reason for a single enrollment in Meigs. The group was advised that lack of staffing had impacted the number of enrollments. Currently all Youth positions are filled.

Mr. McGrath concluded his report and submitted it in the form of a motion. Mr. Proffitt called for a second. The Youth Committee Report was unanimously approved after a second by Shannon Russo.

### **Opportunities Committee**

Shannon Russo stated that the Operations Committee met on May 17<sup>th</sup> and that the minutes are included in the packets.

New committee members were introduced and shared their expertise related to the committee's goals. A list of those members and their affiliations has been provided in the minutes. The group discussed the issues the special populations face including access to affordable housing, transportation, financial literacy, and the need for reintegration back into the world of work. The group provided information on resources and services available and discussed referrals to agencies that provide the needed services. Stephen Dunn provided updates on funding opportunities including The Re-entry Employment Opportunity, referred to as REO, which includes two grants released by the USDOL for \$1.5M each – one to serve Adults 25 years and older and the other for Youth ages 16-24. A subcommittee has been created to develop the scope of work for submission of the grant proposals. The focus must be in high crime areas and serve a minimum of 188 individuals each for a total of 376 individuals with a maximum cost per participant at \$8,000. The program design allows for work-release activities but will primarily focus on previously incarcerated probationers and parolees who are field supervised. Collaboration with local employers will be required for placement of the re-entry population served through these grants. Board member Carri Smith with Valmont shared promising practices in hiring justice-involved individuals.

The local area has submitted data for participation in a statewide grant due to the National Health Emergency Declaration involving the Opioid Crisis. The Disaster Recovery grant will utilize Dislocated Worker dollars to provide workforce services individuals displaced because of the opioid crisis. The proposal requests \$635,000 to cover program costs for two years which includes staffing case managers and certified peer recovery specialists. The local area is currently awaiting updates from the state on this opportunity and will update the board as the information becomes available.

Ms. Russo concluded her report from the Opportunities Committee and is submitting the report in the form of a motion. Mr. Proffitt called for a second. The Opportunities Committee Report was unanimously approved after a second by Kathy Price.

### **One Stop Operator Report**

Vice Chairman Proffitt called on Joseph Johnson to provide the One Stop Operator Report. Mr. Johnson referred the members to the report provided. He referenced the first page which provided data on AJC traffic by office from March 2019 to May 2019. Customer visits to all five offices totaled 13,500 for the three-month period. The chart below the AJC traffic demonstrated the same period for 2018 which shows that traffic in 2019 is trending upward compared to the same period last year for all offices except Marion County's Jasper office. The top three reasons people visit the AJC are job search/resource room, career coaching/Title I, and unemployment claims. He stated the highest unemployment rates for the 10-county area are Rhea and Bledsoe Counties at 5.7% and 5.4% respectively. He referenced the third page of the report which is an organizational chart of all staff including partner staff co-located in all five AJCs in the area. The chart indicated Title I staff hired prior to October 1, 2018 compared to staff hired after October 1, 2018. Mr. Johnson called on Evan Williams to provide additional report details.

Mr. Williams referenced the WIOA Performance Metrics chart which indicates that all performance measures are above negotiated numbers with the exception of Measurable Skills Gains (MSG) for youth. The MSG numbers do not meet the negotiated rate; however, last quarter the measure was at 18% and may reach the required negotiated rate by the end of the program year. Mr. Evans referred to the last page, which is a summary of AJC Partner Updates including the following: Title I enrollments totaling 215 from March to May 2019; Title II Adult Education at 50.41% of goal; Title III services provided to individuals totaled 47,023; and Title IV Vocational Rehabilitation service to 75 individuals. Mr. Williams called on Mr. Johnson for the remainder of the report.

Mr. Johnson provided the Success Story about a participant who enrolled in Title I Dislocated Worker seeking employment with plans to attend the TCAT soon. The participant was a victim of a car accident which left her unable to perform her duties as a CNA. Her employer had to let her go due to her inability to perform her duties as a CNA. The Athens AJC staff helped the participant with filing an unemployment claim but then determined that she was a prime candidate for the Dislocated Worker program and referred her to Title I for possible training opportunities. The participant was co-enrolled with Adult Education for basic skills assistance and she was studying for her Health Education Systems Incorporated test, which is a prerequisite for the LPN program. Her previous employer plans on re-hiring her in another capacity upon her graduation from the TCAT.

### **MCHRA One Stop Operator and Career Services Provider Proposed Budget PY 2019 – 2020 Contract**

Vice Chairman Proffitt referenced the MCHRA One Stop Operator and Career Services Provider Proposed Budget PY 2019 – 2020 in the members' packets.

He stated that due to the realignment of the local areas in Tennessee, the One Stop Operator and Career Services Provider contract with MCHRA for last year was awarded for only 9 months for a total contract amount of \$841,446.

The proposed budget for PY 2019-2020 has increased significantly due to the addition of a line item to fund participant payments. The proposed budget is now at \$3,352,788 which includes \$1,975,834.00 for the participant payments line item. Effective July 1, 2019, MCHRA will assume responsibility for processing all participant payments to and on behalf of participants, with the exception of Incumbent Worker and On-the-Job Training. Mr. Proffitt called for any questions or comments.

Ralph Romero asked about the indirect cost line item. Ms. Holt stated that the indirect cost line provides funds to address operating and processing (i.e., payments, etc.) costs.

Mr. Proffitt called for a motion to approve the proposed budget. The One Stop Operator and Career Services Provider Budget PY 2019 – 2020 was unanimously approved on a motion by Shannon Russo and a second by Warren Logan.

### **Other Business**

Vice Chairman Proffitt recognized Stewart Smith who announced the upcoming construction of the McMinn County Higher Education Center. Mr. Smith stated that the project is in partnership with Cleveland State Community College, Tennessee College of Applied Technology, McMinn County, the City of Athens, and the McMinn County Economic Development Authority. The project cost is estimated at \$17.5M, and the facility will span 55,000 square feet. The building will also house the UT Extension office and Adult Education. The ground-breaking ceremony will be in September 2019, and the completion of the facility is expected to be December 2020. He added that the facility will be a

significant workforce development asset for the region and serves as a model for other regions across the state.

With no other questions or business, Vice Chairman Proffitt thanked everyone for their attendance. Mr. Proffitt called for a motion to adjourn. The meeting was adjourned on a motion from Virginia Housley and a second from Rich Wade.

Respectfully submitted,

*Mary Stewart Lewis*  
*Secretary*