



State of Tennessee
Department of Labor and Workforce Development
State Workforce Development Board Meeting

MEETING MINUTES

February 9, 2018 (10:00 AM – 12:00 PM)

<u>Board Members Present</u>		<u>Board Members Present by Proxy</u>	<u>Members Absent</u>
Rogers Anderson (8)	Burns Phillips	Timothy Burchfield (Ann Hatcher)	Trudy Carson
Martha Axford (3)	(Designee: Melinda Williams)	Susan Lynn (Mike White)	
Danielle Barnes	Stuart Price		
(Designee: Cherrell Campbell-Street)	Bob Ravener		
Jason Bates	Bob Rolfe (Designee: Ann Thompson)		
John Clark	Yolanda Shields		
Ann Hatcher	Kevin Vaughn		
Christine Hopkins (6)	James Williamson (12)		
Candice McQueen	Sandra Woods		
(Designee: Casey Wrenn)	Governor Haslam		
Mark Norris	(Designee: Jayme Simmons)		
Warren Logan (5)			
Greg Persinger			

Number in parenthesis represents the state board members' membership to the local workforce board.

Welcome & Update

Chairman, Bob Ravener welcomed board members, state and LWDA staff, and guests and called the meeting to order. Quarterly Highlights:

- Current Tennessee unemployment rate of 3.2%
 - Company Expansions/Growth
 - Asurion adding 400 IT jobs in downtown Nashville
 - Delek US Holding expanding headquarters in Middle TN and adding 175 jobs
 - AGC Glass North America investing over \$40 million and 85 new jobs in Hawkins County
 - Eskew Wood Treated Products in Milan investing over \$3 million and 100 new jobs in Gibson County
 - Metrican Stamping investing \$19 million and adding 100 in Dickson County
 - Agilin Technologies investing \$500,000 and adding 100 new jobs in Memphis
 - Martin Technologies investing \$6 million and adding 240 jobs in Lawrence County
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Roll Call

Lane Marks conducted the roll call and established the presence of a quorum.

Approval of Minutes (vote required)

Mr. Ravener requested the November 17, 2017 minutes be approved as written. Martha Axford moved to approve the meeting minutes, Martha Axford seconded the motion, and the motion passed.

Department Overview

Melinda Kelsey, on behalf of Commissioner Phillips charged the Tennessee Workforce System has to be transparent,

accountable, and perform. As the Department of Economic and Community Development sells TN to companies, it is the responsibility of the Workforce System to be responsive, seamless, and accountable. Melinda also recognize Representative Mike White for his work with Representative Mark Norris in their support of the Department of Labor and Workforce Development. Also, she recognized and welcomed Jayme Simmons as the new governor's designee.

Opening Remarks

Deniece Thomas updated the board on the guidance issued pertaining to the modification. Since the guidance was sent on January 24, 2018 and has a deadline of March 15, 2018 including a public comment period, the state is requesting the modification to the public comment period. The modification of the public comment period will give the state time to submit the plan by the March 15, 2018 deadline.

- Federal representation for Region 3 visited Tennessee to review the procurement and AJC certification process. There were findings presented on policy clarification. The review will be sent to the board. Additionally, the Department has taken action to correct policy findings and will be in discussion with the Local Boards to correct the local findings.
- There was a very brief government shutdown and does not have an impact on our delivery of services.
- Congratulations to local area 8 and Workforce Essentials in the Clarksville on their national recognition on their delivery of services to soldiers and transitioning veterans. Also, local area 10 was the only successful applicant in the southeast region to receive Youth Cohort Challenge grant from the USDOL/ETA – program highlighting effective engagement strategies to retain out of school youth. They were cited as having one of the most creative and innovative applications. Area 13, WIN (Memphis Area), selected to participate in the Urban Development Strategies – help to develop workforce strategies for urban communities. Area 8 – Clarksville AJC, recognized and selected nationally by USDOL for promising practices.

Remarks

Jayme Simmons shared remarks on the handout given, Tennessee's success story, and the unprecedented economic strength as well as Tennessee's leadership.

WIOA Core Partners Update

Unemployment Insurance – Rusty Felts expressed appreciation for the American Job Centers for their engagement and assistance with unemployment claimants. Also, provided an update on unemployment insurance accomplishments:

- Replacing the 45 year old system – Tennessee is leading the charge with this change
- Exceeded timeliness standard 10 out of the last 11 months – paid 87% of claimants timely or more
- Trust balance is about \$1.1 billion
- Recovery Unit collected over \$200,000 in one week for benefits and tax
- Appeals Unit has a federal requirement to hear 80% of cases within 45 days, in December unit was at 94%
- Lexis Nexis ID system implemented in fall has paid 0 claims due to identity theft
- Implementing tax portion of the system – more employers paying online currently
- Lowered the improper payment rate
- Paid out over \$5.5 million in unemployment insurance payments
- Slowly implementing partial filing module in stages – currently testing the module with certain employers

Adult Education – Ian White notified the board that adult education module within the system is available and is being utilized throughout the state. The request for proposal was presented and requesting an approval on the adult education structure by the state board. The structure consists of eight districts and is aligned to the Economic and Community Development districts with the exception of one district (combination of Northwest and Southwest region). The benefits of this alignment allows for efficient and effective administration of contracts and services from the state office level, better oversight and compliance, better able to tailor to the needs of the local areas.

James Williamson, moved to approve the adult education structure, and properly seconded by Casey Wrenn.

Discussion: Ann Hatcher asked why this being brought before this board was and what are the challenges? The State responded that since Adult Education was a part of WIOA the law required that before AE moved forward with a new RFP, it needed approval from the State Workforce Board. Mark Norris asked if there were any changes to the structure presented since the last change. Especially given the controversy the last time of this change between Tipton and Lauderdale. State responded that this structure has been in place for two years and will remain the same. Stuart Price asked if area 7 is being adequately being served based on current structure, especially given that it's a fairly large area. State responded that the district coordinator has been able to adequately serve that area and hoping that this RFP will allow more relaxed rules for administration to make it easier to administer the program.

The motion was approved.

TN Reconnect – Jessica Gibson updated board on collaboration and partnership with the local areas and American Job Centers across the state to serve reconnect communities and ambassadors. Currently there is a grant available that allow adults to attend Tennessee Colleges of Applied Technology tuition free. Starting fall 2018, there will be a grant available for adults to attend community colleges as well and other eligible institutions to pursue an associate degree. The application opens February 15 on www.tnreconnect.gov.

Fiscal Update

James Robertson provided the board with the quarterly fiscal update which included comments on fiscal integrity. After reviewing the local areas reports, the state wants to improve their fiscal integrity through timely reimbursements and accurate and timely reporting. Here are some of the findings:

- Service providers not being reimbursed timely
- Failure to provide accurate reporting infrastructure funding grants
- Improper recording to administrative and program expenses
- Requesting extensions for monthly status reporting
- Reports with inaccurate accounting

This impacts our federal reporting by under reporting the expenditures and the proper policy creation. The State has sent a sanction notification to the local areas as allowed by 2 CFR to temporarily withhold cash payments, disallow cost of activities, wholly or partly suspend federal reward.

Questions:

Casey Wrenn, do we get copies of the finances? When will we see the reports? The state responded that we will send out the reports to the full board. We will also provide the Commissioner with monthly reports that can also be provided to the board. Casey responded, yes she would like to see those.

Timeliness to Service Providers: Have we done any diagnostics as to why? What technical assistance that the office have to support building that capacity? The state responded that the grants4tn system provides the diagnostic and staff consult with the local area to provide guidance when the error occurs. Due to the expected visit of the USDOL regional office, the state is being transparent about the occurrences of fiscal impropriety in the system to mitigate resolution with the input of the board. Also creating more connectivity with the local boards in efforts of capacity building of WIOA and system integrity.

Yolanda Shields, asked what was the local area's response to the notification sent and are local area's requesting technical assistance as a result of the notification sent? The state has met with the local director's and boards specifically in person and by phone to provide the technical assistance as requested, and during the next board meeting provide a status report of improvement in the system.

Mark Norris, the oversight committee needs to be fully briefed so that members can decide the next step of action, and may need to have extra meetings to be briefed on the specific details pertaining to fiscal integrity of the system.

Christine Hopkins, since there were major cuts with staffing due to the realignment, could this be due to staffing cuts. State responded that the deficiencies are not due to staffing cuts but due to knowledge base. The state wants to encourage an understanding on program knowledge and reporting. The local board and local board staff should be

providing technical assistance to operators and service providers on how to move the system and submitting the necessary reports to the local boards.

Tennessee Economic Impact Report

Arthur Lee Graham presented the Tennessee's economic impact studies report to the board. Please view video attached. The full comprehensive study will be made available on the economic impact regionally and locally.

Mark Norris, why the dollar vary between local areas. Lee responded that leakage, spending outside your local area, causes the variance between areas.

One-Stop Procurement/CPO Review Update

Chris Risher provided an update on the progress of Central Procurement Office's local one-stop operator procurement process review. There were noted deficiencies for each local area. The main deficiencies are:

- limiting competition of all business types – 2 of 13 local areas included all business types
- federal requirement of location presence (physical location presence) – 7 of 13 local areas were compliant to the federal mandate of being physically present in the American Job Centers
- conflict of interest between evaluators and respondent to the RFP – 6 of 13 were compliant

As a result, 12 of 13 local areas had significant issues with the procurement of the one-stop operators. The Central Procurement Office recommended that they handle the re-procurement soon to be in effect by July 1, 2018.

Ann Hatcher recalls the timeframe for completing the procurement was really short. How many entities are there to qualify to apply as a one-stop operator? The state responded that the type can be fairly broad and recommendations were sent with procurement guidelines on how to expand bidders list, especially since it was a short timeframe to complete this process.

Alignment/Re-designation Discussion

Deniece Thomas recapped the alignment discussion from the November 17, 2017 board meeting in which the Grundy County Mayor requested to move from local workforce development area 6 to local workforce development 5. During that discussion the board requested that more information collected on reasoning for the request and the state would develop a policy for future re-designation request. Following the board meeting, the state convened a call with the Grundy County mayor including the state workforce board's executive committee. The mayor communicated that the counties citizenry would more align with local area five because of training with Chattanooga State and planning with the Development District. This move would impact poverty rates, employment decline and other issues within Grundy County. A follow-up letter was sent to the Grundy Mayor recapping the conversation and within the letter requested that local areas five and six speak to the impact of the move. This information was then shared with the all the board members.

The state has developed a draft policy, as a response to the board's request, which governs how subsequent request are handled by the board which mirrors the federal guidelines with specific Tennessee regarding timeframes and notifications. See the policy attached. Also within this policy is the governor's discretion to review and make recommendations on how the local areas are aligned or realigned.

A discussion on the current 13 area realignment commenced.

Has the local areas been aligned recently? The current structure has been in place for a couple of decades and there has not been consideration regarding the current layout. This was the point of discussion during the November 17, 2018 meeting, if there should a review of the layout as a whole. The state can provide data to review and reconcile based on the request of the board.

How long would it take to review and collect the data? The state responded that we can compile an analysis for the state board since data is collected based on the nine regional based camps and the 13 local areas within a month or so if the board makes this request.

If the board were to take action to move forward, are there any negative implications, and when would the state be able to send back the assessment? The state responded that data can be compiled about a month or during the next board meeting.

Since there are nine Economic and Community Development regions, are we looking to align with the nine ECD regions? Has it ever been considered? The state was unsure if there was any consideration to align or match the nine ECD regions. We do collect the data based the nine ECD regions or base camps because of WIOA and based on our state plan. We do look at the impact based on the nine. Is that something that could be considered? Yes, this could be considered.

Would this impact the decision to just the one request if the board decides to look at realigning the entire state? Yes, if the board would like to see some analysis of all the areas for consideration to realign. We could provide that analysis to the board.

Rather than making a decision on just one, can we look at all 13 areas? There is an appreciation of the Grundy County Mayor for making this request since it has brought awareness to the system alignment as a whole.

Would you not want to wait until the new administration in January? Based on the information provided, the Governor would want move forward prior to new administration coming in January especially if there would be a better way to be aligned.

Based on the theme of the overall meeting as it pertains to the fiscal integrity, would it be best if we stabilize the system fiscally prior to any alignment changes? It seems to be a lot to tackle.

The Grundy County Mayor is due an answer and not forgoing the decision since it has been delayed already.

It seems that after the study and these things are not mutually exclusive that once the recommendation from the board is the implementation of realignment.

From ECD's perspective, which we would abstain from the decision, the decision to move Grundy County to area five would then align that region to the ECD region.

In looking at educations regions, ECD regions, and the workforce development area, they are all different that can error itself to chaos, and this can help the citizens we are trying to serve.

There is some cautious deliberation in reviewing the alignment should take place, especially after hearing the fiscal and procurement issues. However, we need to make a final decision and are unsure if the realignment would remedy some the issues with procurement and other areas. But there are a couple of serious issues that need decisions. A recommendation is to consider Grundy County Mayor's request for realignment, and then make a decision on the overall realignment during the May 2018 meeting.

Mark Norris moved to approve Grundy County Mayor's request for realignment to local workforce development area 6, and was seconded by Jason Bates.

Jason Bates requested the reasons why they wanted to realign. The state responded that there were three provided by the Grundy County Mayor:

- Due to the poverty rates in the county, constituents will be better served in Chattanooga
- The planning and current collaboration and partnership established with Chattanooga State and the Southeast Tennessee Development District
- For strategic purposes and the county's planning with the Development District – since they are in Grundy's service area and economic progress

From the state's perspective, it would be the same amount of work and cost. If Grundy County's request is made, the state is requesting consideration and time since the request impact contracts as well as the implementation of the move. So that all can be done at once time. The state also looked at the capacity as it pertains to the move.

How many counties are not currently aligned? If we start the realignment, would it reduce some of the directors? The state responded that if the realignment occurs there would only be a reduction of local executive directors, but can

create an opportunity of regional executive directors.

Mayor Brady addressed the board on the reasoning of requests.

Suggestion made to make a decision on Grundy County. State requested to make the effective date of July 1, 2018 to allow consideration of system moves as well as contracts, especially when looking at a broader alignment of entire review as state as a whole.

Can Grundy County move without a system change? If the board approves, Grundy County can move for planning purposes, but the system and contracts will remain under area 6. The greater adjustment would administrative and fiscal change.

Mark Norris represented motion to approve Grundy County Mayor's request for realignment to local workforce development area 6, and during the May meeting make a decision of the realignment to the nine ECD regions. Seconded by Casey Wrenn.

Christine Hopkins requested that the local area six not impacted financially with the Grundy County's decision to move to area 5. The state responded that the funding that would be transferred to area five would be \$144,000. This is formula based and \$14,000 would be administration and the remaining would be participant costs that would be transferred to area five.

Mark Norris revisited procurement issues as mentioned earlier and there is a potential for re-procuring one-stops. The state responded by noting procurement would have to happen if the realignment occurred. The realignment could essentially assist with the capacity and administratively.

Jim Parks addressed the board regarding the policy of realignment and asked if the local board has authority to decide whether the area can move. The state responded the realignment policy was drafted as a result of the letter. Therefore, this draft policy gives the local boards authority in the future to decide on the move. The local board should know that the local mayor is not getting what it needs. At the request of the board, the state did provide each local area an opportunity to present the impact of the move. For clarity, based on the procurement presentation, USDOL is only requiring that two of the local areas redo the procurement process again.

Motion is passed that the Grundy County's request to move to local area 5. Vote abstained by Ann Thompson.

Committee Reports & Discussion

Committee notes are compiled and available upon request.

Oversight Committee Report, Ann Hatcher

2 policies were presented. **Work readiness certificate policy** reviewed and recommendation from the committee to approve the policy. John Clark asked how many companies use this certificate service across the state. Do we have enough feedback from the businesses that see this as a valuable service? Especially since this will limit funding for this service and it is beneficial to businesses. Mr. Clark asked ECD if this policy would that impact Tennessee's recruitment of businesses. Ann Thompson replied that there is a potential impact but nothing that cannot be overcome. Mr. Clark wants a clarification on the definition of funding from the state, and an understanding of whether we are doing the right thing by asking businesses to fund these certifications for their employees, when this was covered by the state in the past.

The state responded that this is a funding issue. The state is reviewing at alternative ways of funding the certifications, but currently under the law funding non-eligible participants is not an allowable cost. Thereby creating an audit finding. We consider the federal funding to be one avenue to support the larger workforce initiative. So the blending of public and private funds is a model that works well. The local boards are encouraged to have alternative funding sources to offset costs and are incumbent on the local board to remedy this. The local board can also determine what the cost to businesses will be.

Mr. Clark asked that the state worked with local areas to improve this at the local area.

Sandra Woods moved to approve the work readiness policy and seconded by Christine Hopkins. Motion passed.

Ann Hatcher presented another policy addendum to the board on the **Minimum Participant Cost Rate policy**, and made a recommendation to approve the policy change. After hearing the discussion during the full board meeting, Mrs. Hatch needed clarification on the 40% math provided during the committee meeting. The state provided clarification on the original policy with disincentives the local areas, therefore this addendum eases the burden of allocation requests.

Motion made by Ann Hatcher and seconded by Jimmy Williamson. Motion passed.

Operations Committee Report, Rogers Anderson

Certification Update: 85 Centers have been approved, 3 centers are conditionally certified (Greenville, Hohenwald, and Woodbury). The Certification team visited 2 centers, Rogersville and Sneedville, and recommended approving the certification of the 2 centers reviewed. Rogers Anderson moved to approve the Operations Committee recommendations, Mark Norris seconded, and motion passed.

Opportunities Committee Report, Warren Logan

Update was provided on youth and presented the statewide dashboard.

Stuart Price commented that executive summaries would be helpful.

Jason Bates commented that a policy on realignment was issued and needed clarification if the vote for Grundy County's move was inclusive of the policy. Jason Bates made a motion to approve the realignment policy. Ann Hatcher noted the statewide analysis may nullify the policy. The state clarified that the policy would address future moves. Mark Norris seconded the motion. Motion passed.

Copies of these policies were provided during the committee meetings. Approved policies are available on the State Workforce Development Board webpage.

Closing Remarks & Adjourn

Mr. Ravener thanked everyone for their discussions and posited final remarks. The Oversight Committee would review questions discussed during the meeting and also present on Grants4TN during the next board meeting. There is some board training that is forthcoming. Jason requested for a motion to adjourn the meeting, and properly seconded by Mark Norris, motion passed.

Note: An audio recording of this meeting is on file at the Tennessee Department of Labor and Workforce Development. All meeting minutes and dates are provided on the State Workforce Development Board website.



Deniece Thomas, Assistant Commissioner

10/5/18