



State of Tennessee

State Workforce Development Board Meeting

MEETING MINUTES

Friday November 4, 2022 - 10:00 AM – 12:51 PM CDT

<u>Board Members Present</u>		<u>Board Members Present by Proxy</u>	<u>Members Absent</u>
Natalie Alvarez	Designee: Director Charita Allen for Commissioner Stuart McWhorter	State Representative Clark Boyd – Ben Voytas, Proxy	State Senator Paul Bailey
Martha Axford (East)		J. Paul Jackson – Kevin Vaughn, Proxy	Bill Godwin
		Barry Ray – Stuart Price, Proxy	Ann Hatcher
Assistant Commissioner Jay Baker	Stuart Price	Jason Schmitt – Colby Swann, Proxy	Rick Isaacson
Jason Bates		Kyle Spurgeon – Ben Ferguson, Proxy	Designee Policy Director Tony Niknejad for Governor Bill Lee
Tim Berry	Designee: Assistant Commissioner Deborah Knoll for Commissioner Penny Schwin		
Designee: Deputy Commissioner Cherrell Campbell-Street for Commissioner Clarence Carter	Commissioner Deniece Thomas		
Michelle Falcon	Jeff Vance		
Ben Ferguson (Southwest)	Kevin Vaughn Ruste Via		
Marshall Graves (Southeast)	Ron Wade (Greater Memphis) Assistant Commissioner Kevin Wright		

Location in parenthesis represents the state board member's membership on a local workforce board.

Call to Order and Welcome

Chairman Berry called the meeting to order at 10:00 a.m. by welcoming everyone and giving standard protocol reminders. He also welcomed two new members to the board:

- Ben Voytas, State Representative Clark Boyd's new proxy
- Deniece Thomas, the newly appointed Commissioner of the Tennessee Department of Labor and Workforce Development (TDLWD)

Chairman Berry noted the amount of work Commissioner Thomas has already done leading up to this position and as a board we should be pleased that someone who knows Workforce so intimately and so well is now leading that team. Chairman Berry noted that Commissioner Thomas has a passion for the people of Tennessee and a passion to make sure that everyone has not only employment but the best opportunities for employment. He asked the board to welcome her in her new role.

Roll Call

Iler Bradley conducted the roll call and established the presence of a quorum.

Approval of Minutes (vote required)

Chairman Berry requested a motion to approve the August 26, 2022 minutes. It was moved by Jason Bates and seconded by Martha Axford to approve the minutes as presented. The motion passed.

Workforce Update

Deniece Thomas, Commissioner – TN Department of Labor and Workforce Development (TDLWD)

Commissioner Thomas thanked Chairman Berry, Vice Chair Graves, and the board for their support. She began by briefly highlighting some departmental TDLWD updates that impact this body.

- Chris Cannon is now the Chief Communications Officer. He leads all their public messaging and branding and will also be supporting this board to ensure that podcasts, messaging, campaigns and outreach are developed and shared with Tennesseans across the state. Mr. Cannon assumed that role a few months ago.
- Stamatia (Tia) Xixis is TDLWD's Legislative Liaison and has done masterful work in that vein. She has recently accepted the role of Chief of Staff. Ms. Xixis will have an expanded role for all public matters and she will also serve in the former capacity Commissioner Thomas did to be the "conductor behind the scenes" for the board.
- Andy Summar is now their Chief Financial Officer. Mr. Summar will lead all their fiscal and budget efforts. There has also been some realignment, so Ivan Greenfield is now reporting through the CFO to ensure all grants, budgets and contracts are aligned so this board gets clean, streamlined fiscal reporting.

Commissioner Thomas then addressed reimagining Workforce and what that means. TDLWD has landed on a super priority to raise labor force participation to 65% over the next several years. This is not just an initiative for TDLWD: it is a workforce initiative for the entire State and this SWDB. This board has been so instrumental in ensuring that we advance workforce development efforts.

Raising labor force participation to 65% means we will need to add 252,000 Tennesseans to our labor force. This is aggressive and ambitious, but she is confident we can do it:

- TDLWD Assistant Commissioner Jay Baker has talked a lot about the approx. 450,000 Tennesseans who do not have a high school diploma. Labor force participation among this group is 34%. By simply raising the number of individuals without a high school diploma to get them the high school credential they need and getting them in the workforce, we can significantly impact the 252,000 that we need.
- TDLWD has been working very closely with Deputy Commissioner Cherrell Campbell-Street and the team at the Department of Human Services (TDHS) who've done really great work in identifying those who are economically disconnected from the workforce.

With our combined efforts, she's confident that we can: 1) use our data to identify where we have labor force disconnection, and 2) use our resources and programming to get those folks back into the workforce. This is something the board will hear about very often moving forward.

Commissioner Thomas highlighted federal legislation that we will discuss in the coming months. There's been tremendous effort at the federal level to initiate legislation around the clean energy sector including the CHIPS Act, the Infrastructure Investment and Jobs Act known as IIJA and the Inflation Reduction Act. All three Acts have workforce development baked into the fabric of the bill. For example, clean energy sectors and jobs can have as much as five times the amount of tax credits if they use prevailing wage and registered apprenticeship. We all know the trajectory of registered apprenticeships in our state: it was the one thing during the pandemic that we saw increase drastically due to the hard work of Holly [Free-Ollard] and others who've done amazing work. These opportunities will continue to exist both for jobs and infrastructure-related occupations that we've seen decline over many years in our country. More importantly, it would open the door for jobs that didn't exist three years ago so

there's an opportunity to really advance innovation. Conversations are being held at the federal level with our partners to better understand and locate workforce funding. This includes conversations with the Department of Energy through the National Governors Association and with the Department of Transportation to find out practically what we are trying to accomplish and how can we do it together: not just collaborating on the funding itself but how can we all rally around a common goal. They will be bringing ways to get this done to this board.

Commissioner Thomas acknowledged a debt of gratitude to her predecessor, Dr. Jeff McCord, who left this department in such amazing shape with the work he has done. He led the Workforce Advisory Committee that was comprised of seven state agencies. Their work was paused when Dr. McCord transitioned back to Northeast State Community College and the work will resume. Beginning in December, they will have their next meeting. At the next board meeting, Commissioner Thomas hopes to have an advisory committee update and more information on how we will continue to rally around raising labor force participation by expanded worker supports, expanded programming, and continued outreach efforts.

Chairman Berry thanked Commissioner Thomas for her excellent report, noting the importance of keeping the 65% super priority on the top of everyone's mind.

Unemployment Insurance Update

Rusty Felts, Unemployment Insurance Assistant Commissioner – TN Department of Labor and Workforce Development (TDLWD)

Rusty Felts gave a brief report on unemployment insurance. The last unemployment rate released in September was 3.4%, right at two tenths of a percent from being as low as it's ever been in this state. As a result, his division has seen claims filings down to as low or lower than they've ever seen, even in the pre-pandemic era when they were doing around 2,000 claims a week. Their lowest week was a week and a half ago at 1,700. Their certifications for weekly benefits are as low as they've ever seen them right around 11,000 a week. This does not mean that 11,000 people are certifying and being paid: part of that 11,000 are in the process of being adjudicated or maybe even be in the appeals process. As a result, their legislative requests for UI assistance are virtually nil: they had about 24 last week which are mostly when a legislator is asking them to help one of their constituents with a system problem or understanding the program.

They are meeting timeliness in their Appeals Unit: federal metrics give them a 30- and 45-day timeliness and they've been meeting that for months. Now that the pandemic has been over for a few months, the misconception is that they will just get back to normal. That's not the way it is necessarily in the UI Division because there's the back-end process. Now they will have to spend a lot of time and resources over the next year or two working with their employer customer base on cross matches: if their records indicate a person drew unemployment in a particular timeframe but wage records indicate that the person worked, UI will begin investigating overpayments. When several years of work is done in one or two years that will catch up at some point: some of that money will be recovered for the Trust Fund that employers have paid into but some of it will also go back to the federal programs that we paid for people who were not covered such as PUA, PEUC, etc.

Other updates include:

1. Losing staff - the UI Division is losing their tax auditors and hearing officers to the private sector in droves so they have some challenges they need to meet.
2. New unemployment system - The RFP was a lengthy process that lasted over a year. After it was released they went through the scoring and selecting process. They are glad to report they are contractually bound with a new vendor called Fast Enterprises that has a national name. They are now in planning and development meetings with Fast before the build out begins in a few months. If everything goes as planned, they will be unveiling a new product for their employer community and their claimant community to test and give feedback before they release it.
3. Tax RFP - The UI Division will be releasing the tax RFP to replace their 40+ year-old mainframe in the next few months.

The three main priorities in the Unemployment Insurance division are the cleanup from the pandemic, serving their customers as timely as they can, and the new system efforts that have put a serious burden on their resources. They had to dedicate as many as 26 subject matter experts who are now removed from daily operations to work with the onsite vendor on the success of this project.

The most important priority right now is the labor force participation rate. While UI takes care of our unemployed citizens, as Commissioner Thomas has noted, UI is also the supplier of the customer. UI is working with their TDLWD partners in Adult Education (AE) and Workforce Services (WFS) and trying to create a data feed through their in-house WIRED division so the moment somebody files for unemployment, UI can tell AE if they don't

have a high school diploma, or they can tell WFS if somebody is not job-attached (laid off, discharged, quit, seasonal layoff, etc.) for workforce opportunities.

Jason Bates: Rusty, is it possible for us to be able to look at this new unemployment system before it's finally implemented and released? Is that feasible?

Rusty Felts: That's not only possible I think that would be encouraged. In fact, this morning Commissioner Thomas is starting to align my UI Advisory Council Meeting that I have twice a year on the same day we do this meeting. Part of that Council represents the employees of this state and part of that Council represents the employers. For instance, we have a representative from the NFIB and one from the Chamber of Commerce. We have talked openly to them and we're going to begin planning a way that we can have the people they represent see this system and give us feedback before we make final decisions, so yes, I think that would absolutely be encouraged.

Commissioner Thomas: The intent with this system - because we've learned from some mistakes of old - is that employers and the end users are job seekers as well. Unemployed individuals will have a chance to see and test the system. The goal of this is not only to make it usable and functional, but also to make it easily navigable. What we've heard is our current system is not navigable, so individuals had a lot of difficulty filing their claims which in turn put more work back on the staff to help folks through that process. I thought that was an excellent idea by Rusty and his team to offer testing so we will absolutely offer that to the members of the board who are interested.

Committee Updates

Oversight Committee – Presented by Chair Michelle Falcon

The Oversight Committee had five policies to review. They recommended four (4) policies to the full board for approval. Chair Falcon highlighted the following policies:

Allowable and Unallowable Costs - Reorganized the flow of the policy: it removes the examples and the guidance language to add some more definition and more clarification. It clarifies the internal versus external customer.

One Stop Design – Further defines the roles of various entities associated with the One-Stop design system. It defines four types of AJCs and ensures the definitions are in line with the federal law: 1) Comprehensive - all Partners together, 2) Affiliates - smaller in capacity but it will have the opportunity for the presence of all the partners although they may be virtual, 3) Specialized – defined by its name: specialized in youth or dislocated workers, etc., and 4) Access Points. It adds the section on the firewall, the definition of the functional teams, and defines expectations. This is our core policy.

Ben Ferguson: Does this policy still include the notice period in terms of moving or adding an AJC or closing an AJC? **Michelle Falcon:** No: that's the one that we're going to define in the One-Stop certification policy.

Local Governance - Simplifies and reduces what is needed for the nomination, removes requirement update of bylaws and a lot of redundancies, defines majority for the board makeup, and combines interlocal and partnership agreements. This was just to simplify, organize, and make the policy better for the local boards.

Key Performance Indicators (KPIs) - Removes the sections defining performance period, removes the weighting on how KPIs are determined, adds sections for appeals (so if they need to appeal to the state they can), and includes sections to identify sanctions and incentives.

Chairman Berry thanked the board for reviewing the documents ahead of time before this meeting, and he noted that it sounds like they were thoroughly discussed in the Oversight Committee meeting.

Chairman Berry called for a motion to approve the four policies as presented by the Oversight committee. It was moved by Stuart Price and seconded by Martha Axford. During his call for discussion and questions, Chairman Berry noted that he liked hearing words such as One Stop, simplifying, KPIs, etc. which are indicative of the goal that we're all heading toward. The motion passed.

Oversight Chair Falcon noted that the committee was pulling back on the One-Stop Certification for further review. They need more definition, and regarding the six-month timeline, it's too long for the requirements for relocating. They are asking Justin (Attkisson) to go back to the local boards and front-line leaders to get more feedback on that timeline and how we can adjust it. Once he has done that and has that timeline, he can come back to the board and review it so we can approve it before the end of the year. It will be between the two board meetings so pay attention to your email and respond. We don't want it to wait until March of next year, but we do need further clarification on that timeline.

The committee also had a very good fiscal report from Brian Eardley.

Operations Committee – Presented by Chair Stuart Price

The Operations Committee had discussion around their three work groups.

Apprenticeship and Work-based Learning - Chair Price complimented this workgroup. They have established challenging milestones and in almost every case they are exceeding them. Since the last official report date nearly 500 new apprentices have enrolled, and from the last report until today they have roughly 550. As of the last report date, they are reporting 32 certified pre-apprenticeship programs, adding seven since the last quarter, and as of today, they have added four more so they're really at 36. As of now, two are awaiting final certification so that will put them at 38 within a short timeframe. This reflects the story of a work group that has stability and they have really applied themselves in a way that they're delivering some great results. The Operations Committee is really excited about that and appreciates the efforts of Matthew Spinella, Holly Free-Ollard and their team.

Business Services – This workgroup has had significant turnover that has had effected their progress. However, as part of the turnover they have a new co-chair: Debbie Fillers is replacing Teresa Smith and she's coming up to speed working with Eric Horton in leadership of this group. Their first task was to orient new members and sort of have a restart. As part of that, they assessed their progress: they have made good progress around some significant and important initiatives, not the least of which is a dashboard that has been rolled out and is being used to inform and equip their teams across the state to understand their progress. They are conducting ongoing surveys of employers to understand where the greatest needs are and where they need to focus their attention. Recruitment and retention has elevated in terms of top priorities. The dashboard identifies businesses so people can understand how and who to contact to get participation. The dashboard also measures how many wraparound, follow-up services these businesses are seeking which is a good engagement measurement.

Job Seekers – The committee had significant discussion. Cherelle Campbell-Street presented on behalf of this workgroup which the committee appreciated. This workgroup has had turnover: Carla Garrett's leadership was significant and she is no longer present. Furthermore, as a committee they have gone through an evolution of trying to determine their measurables, what they are trying to achieve here, and whether the group's outcomes are realistic and achievable. The scale of their project is huge: they are basically trying to take all our programs across different agencies that a job seeker engages and create a path for them that they can understand. In the last committee meeting, the committee sensed how overwhelmed the group was and extended them six months for their timeline of deliverables. That conversation has picked up again so the committee has developed several questions to help this work group properly define what they can achieve and how the committee is going to measure their progress. If this is about a job seeker having a better experience, what does that mean and how would you measure that or assess the progress of the project. That's important because an enormous amount of effort is going to potentially be expended trying to bridge across different agencies. One question is assessing whether the work group has the authority in place to compel those agencies to cooperate to the full extent that the committee would need them to. There's a lot to consider and with Carla Garrett's departure, it's a good time to just stop and assess the resources and the likelihood of achieving the project goal.

They had a great discussion and have a lot of follow-up that's going to be happening between now and their next meeting.

Chairman Berry noted that it was important to ensure we're not doing work for work's sake but really clarifying what we're trying to achieve.

Innovation Committee – Presented by Chair Kevin Vaughn

The Innovation Committee had an update from Ryan Allen on annual WIOA core performance measures over the state of Tennessee and each region of the state. His presentation included the areas where we are passing and others where we are failing.

Chair Vaughn noted that their committee meeting was a reset to intentionally focus on their purpose and goals. They welcomed Teresa Smith back as staff liaison. The committee also has some new members who will have a committee orientation soon. Chair Vaughn will give an update at the next meeting. The committee is going to start with getting best practices back on their agendas.

Chairman Berry appreciated the transparency, noting that when there's turnover within a committee it's hard to get everybody back up to speed. He thanked the committee for taking the time to reorient.

Labor Force Participation Update

Dewayne Scott, Deputy Commissioner – TN Department of Labor and Workforce Development (TDLWD)

Deputy Commissioner Dwayne Scott presented an overview of labor force participation (LFP). LFP starts with the Governor's priorities and initiatives which come down to the 23 state departments, one of which is the Department of Labor and Workforce Development (TDLWD). The department's strategic plan aligns with the Governor's initiatives. One aspect of his initiatives is called Customer Focused Government: each department's annual operational plans are

ted to the strategic plans for each department. These plans are then passed down to each division within the department. Each division's plans are then in turn passed down to individuals within the division in the form of Individual Performance Plans (IPPs). Deputy Scott wants everyone in the Department of Labor to know how their work ties directly to where the Department is going.

TDLWD has six core divisions: Workforce Services, Adult Education, Unemployment Insurance, WIRED, TOSHA, and Workforce Regulations and Compliance. Their support divisions include HR, Communications, Finance, Legal, and legislative liaisons who support the core divisions. It is Commissioner Thomas' and Deputy Scott's responsibility to ensure everything remains in alignment.

Deputy Scott showed a diagram that illustrated the department's primary responsibility of bringing developed individuals into the workforce pipeline. The whole goal is increasing the economy of an individual household, and when this occurs, everybody wins. Workforce Services and Adult Education equip employees to enter the pipeline. When someone is temporarily out of the workplace, Unemployment Insurance provides temporary relief to get them back in the workforce pipeline. TOSHA and Workplace Regulations and Compliance ensure the safety of the workplace and its employees.

Labor force participation is obviously the key metric they are pursuing. Labor force participation identifies those who are actively engaged in the workplace and the labor force participation rate (LFPR) is the percentage of the civilian, non-institutional population that is 16 years and older who are working or actively looking for work. This does not include those who are incarcerated which is a group they're focusing on with their re-entry unit to try to prepare them to come back into the workplace.

A labor force participation analysis and statistics can be found on tn.gov/workplace. On this website, the TN seasonally adjusted rate for September was 60.5% in Tennessee. Our goal is 65% by 2025. From June to September there's a spike primarily because of the farm workers. The national rate is 62.3 as of September 2022. Deputy Scott also showed some regional comparisons (AL, AR, GA, KY, MS, MO, NC, and VA) and TN county comparisons. Within TN, a state map of counties on their website shows the highest county rate for September was 72.3% but the lowest was 36.8%. Of the 95 counties in TN, 78 (or 85%) are considered rural. Seventeen rural counties have a labor force participation rate of less than 50% so obviously that's going to be a continued focus for us. Distressed and at-risk counties are also noted on the map.

To become more actionable to improve the labor force participation rate, some of the initiatives include Alternative Pathways to High School Equivalence and pre-apprenticeship-to-registered apprenticeship programs.

There's also a LFPR pilot that's taking place in rural counties to increase LFPR by 2%. Deputy Scott will keep this board briefed of the progress of these initiatives. He also mentioned the importance of continuing to raise the focus and awareness level so everybody understands what LFPR is: we can't help move it if we don't know what it is and where we fit. Deputy Scott asked this board to continue to provide policies and practices that help move the local boards toward this goal.

Commissioner Thomas: Where this intersects with this board is not only being champions and ambassadors of the work, but Labor is just one piece of the puzzle: it's really going to take all of our partners all rowing in the same direction. I can't imagine any agency right now that touches workforce that is not thinking about the labor force participation rate. I want to be careful though because we are the agency that's tasked with releasing the unemployment rate. It doesn't mean that the unemployment rate doesn't matter, but the unemployment rate is an assessment - it's one indicator but it's not the only indicator. Yes, we see record low unemployment and we should be proud of that, but this turns that number upside down and looks at who's participating.

Because of the great work that our data analytics team has done it allows us not just to have a strategy across the whole state, but we can zero in on those areas where we know we have low labor force participation. If you are a business owner or a community leader in those areas, we need your voice and we need your help figuring out how we can do it. We certainly cannot come in with the fix: it has to be at a grassroots level: community-based organizations and the work of the local boards' programs and services being highlighted. We're confident that with the bevy of resources we have in the state of Tennessee, if we can raise awareness and we can all get alignment on this issue, we can move the needle.

But more importantly, this board will keep us honest on what we're doing, to make sure that we're getting those updates on the labor force participation rates so you know when they ebb and flow. Lastly, whatever we're doing, if this is our super priority and if we're bringing things to you that doesn't get us to that 65%, hold us accountable. If we're going to meet the incredible amount of economic demand that's been placed on our state for workforce and we appreciate the work of Economic and Community Development, we've got to answer the bell for those jobs. Those announcements are always fantastic but they're expecting us to provide a workforce. I want to thank our

WIRED team for doing this and Teresa Smith and Kshitiz [Rastogi] who are in the audience were really our champions at getting this done and getting this dashboard up and running so thank you for your work.

Chairman Berry: Any economist will tell you when you get below 4% unemployment, the only way you're going to add to the workforce is to get those in the population who aren't currently part of the workforce (not necessarily from unemployment) into the mix. It sounds like that's the plan we're working on: that population will instantly become participants.

Rusty Via: Why are high school students – those who are 16 to 18 years old - factored into the workforce participation? I don't expect my 17-year-old who's a high school student right now to have a job so I was just wondering what kind of impact that's having on our percentage.

Kshitiz Rastogi [WIRED Assistant Administrator]: In our dashboard we have started using 18 to 64. Our dashboard is showing you the data for those who are 18 to 64 years old - those who are in the labor force, those who are not in the labor force, their education level, those with disabilities, etc. - all the information you will see. Sixteen plus is the non-institutional civilian population for the labor force participation rate - that is the definition given by the BLS Bureau of Labor Statistics and that's why we're using that definition.

Chairman Berry: Rusty it's a great question but I guess as long as we're comparing apples to apples and increasing it knowing that they're part of that mix then I think we'll be ok.

Assistant Commissioner Steve Playl: The federal definition for labor force participation rate is 16 to death. We obviously understand that we're never going to get to 100% because there are people who are 16 years old in school, they're not expected to work they don't need to work or there are those who are already retired that don't want to go back to work. That was part of the reason for 65% LFPR: when we look at the data and understand how many open jobs are available in Tennessee with the economic development that's already happening, we're going to need to add a significant amount of people to the pool of employees. We've gone a little bit deeper on the dashboard to just focus on that group that is 18 to 64: out of high school traditionally until retirement age. Ultimately, we understand that there are other extenuating factors: there are a lot of high school students who are 16- to 17-years old who work so we don't want to exclude them and there are a lot of individuals who are over the age of 64 who are still working we don't want to exclude them either.

Ben Ferguson: I've been part of another discussion around this statistic and I don't think it changes the goal: I think it's right on point. But my understanding is with this particular metric, it doesn't include the gig economy. If you've got IC contractors that have not picked up into that and as we're focusing on this goal if that continues to grow as a sector of our kind of overall workforce, it's kind of working against us. Just maybe to have a baseline so that in 2025 when we look at it, if that sector has grown by 3% and we got to 64%, we actually probably did what we were trying to achieve but outside forces kind of impact that.

Commissioner Thomas: I agree with you Ben. I will tell you that it is a moving target: it's hard because of the gig economy to know who's in it. We've had conversation with states like California who on the front end were really immersed in the gig economy. We're trying to determine if they were in it or not, and if those folks are working - maybe I'm driving Uber but I have a day job - then they're counted. If they're exclusively driving Uber then they sit on the outside of it. At the end of the day we want people working in whatever market that may be but you're right, the gig economy does skew the data a little bit. What we are finding is that people will have either multiple gig jobs or they're working a regular job and doing gig on the side, that gives us a little bit more data integrity. The other part of that too is that you're starting to see this undercurrent of work being done around worker misclassification - on who's really a contractor and who's really an employee - and a lot of that was to give us more mastery over who's actually counted in labor force participation. Great point.

Deputy Commissioner Cherrell Campbell-Street: In terms of just looking at our [DHS] partnership with the State Workforce board, we have a very vested interest in the work participation rate, so much so that we have our own initiatives that we're partnering with the Department of Labor and Workforce around a new term that has been coined the economical absentee. Despite the fact that we do have such an incredibly low unemployment rate we also have a lot of people who are not participating who are experiencing poverty. We're trying to figure out why they are not participating and the reasons are vast: it could be anything from I'm working under the table or I may be in this country experiencing a different experience by way of citizenship. There are several different reasons but we have a large number and so we've been working very closely with the Department of Labor as well as our sister agencies to come up with strategies for this group. Deputy Commissioner Scott, you showed the number of disabilities: one in three Tennesseans live with a disability here in our state. That does not in any way mean they cannot work: we just have to provide opportunities by way of marketing and really having a focused intention on assisting people with disabilities to go to work. In part what we also learned through our research is unfortunately we do have 16- and 17-year-olds who are the primary breadwinners for their homes: they are working because for whatever reason - maybe mom or dad has a felony and they cannot go to work. I totally understand and appreciate why we have to include

that group from a federal standpoint but also for a state. I think that there needs to be a lot of work around looking at that population of people - for whatever reason - who are not working. It is a vast, huge, diverse population and we do need to develop strategies to entice them to become participants in the workforce.

Chairman Berry: Great insight – thank you Cherrell.

Public/Private Partnerships: A Win-Win for Job Seekers and Employers

Kevin Wright, Assistant Commissioner – TN Department of Human Services (DHS)

Assistant Commissioner Kevin Wright gave an update on public-private partnerships. He believes partnerships are the foundation to success. He noted that he, Assistant Commissioner Playl, and Assistant Commissioner Baker work pretty hard as leaders of the core partners in Workforce Development to practice that on a regular basis. Public-private partnerships are a little bit more challenging to engage in so Assistant Commissioner Wright shared a success story that has been five years or longer in the making by way of a five-minute video.

In 2017, the Vocational Rehabilitation program in the Division of Rehabilitation Services began engaging with a large player in the employment space: CVS Health. They started a conversation on ways they could partner with each other, and by partner they really meant the true sense of partnership: each party had some real stake in the outcome. At the end of the day, their job seekers and the employer are successful.

In the video, the Tennessee Rehabilitation Center in Smyrna is their residential training facility in the VR program. After the very informative video, Mr. Wright noted that partnerships are the bedstone of what they do.

Assistant Commissioner Wright reminded the board that Vocational Rehabilitation is one of the core partners in the Workforce Development system. Regarding partnerships, he made the following observations:

1. Senior leadership must be involved with your business partner. Otherwise, people move on and the initiative fails or goes by the wayside as just another initiative. CVS has been committed from the very beginning: when they did their mock store opening, the senior vice president and her leadership team came and the Governor was there.
2. To be frank one of the challenges that they have, particularly in the disability job seeker arena, is fear: fear of hiring an individual with disability. Mr. Wright has heard more than once that companies really do want to hire people with disabilities but they don't want to get sued and they don't want to spend a whole lot of money doing it. His division can help with these kind of relationships to dispel the myths that are out there. CVS is committed to doing this.
3. CVS is not Vocational Rehabilitation's only partner: VR is engaging partners across the state. CVS is just one of the longest-term and biggest and they're now expanding even further. VR created a mock box store in their training facility. The video showed the classroom and people in a retail CVS. The mock box store really enforces the classroom training that they're getting at TRC Smyrna but then they move on to the retail side pretty quickly to get that real world experience. All those things combined have been able to lead them to the next step: VR just re-engaged after some of the COVID pause and some conversation with CVS about doing something very similar not on their logistics side. They're looking at the warehouse in east Tennessee and how they can replicate it.
4. VR can also scale this model very easily. CVS is a large partner, but they can scale it down to small and medium-sized conversations about the real talent that people with disabilities bring to the bottom line. VR has to learn how to discuss return on investment, i.e. what is the impact to businesses and how people with disabilities really affect that. VR is continuing conversations with a couple of other relatively large companies to determine whether they can replicate what has occurred with CVS.

Jason Bates: No questions but I do have a comment. Thank you for sharing this with us. I think more of this needs to be communicated to the various businesses across the state and I'll just outright claim ignorance up until just recently when in our facility, we had an opening and somebody had suggested that this job would be particularly appropriate for an individual who may have a disability. It's not something that I think of, in manufacturing in particular. Sharing success stories can really open up employers' minds. If we were to take the time and really think about it, there are jobs probably in every workplace across the state that could be filled by individuals who may have the capability to do the work but with some reasonable accommodations could be done and done very well. The more that we can get this information out, the more we can help them understand the opportunities. We've actually identified an individual who will come in and look at our plant starting in a few weeks and we're really excited for that person's success. Our goal is for that job classification, as we have vacancies, we will find individuals who can fulfill the need.

Assistant Commissioner Kevin Wright: Part of that partnership is really working together: we have a Business Service Unit in the VR program and their role is to make that contact but we also go beyond that: we do training,

assist with accommodations, determine accommodations, and figure out the best way and the best fit for a job seeker in those positions. Employers are not alone: we're there to support our job seekers and those employing the job seekers.

Chairman Berry: Thank you Kevin. The statement in the video that really struck a chord with me was the qualifications are already there: it's just changing the paradigms of the employers to think differently. I think that's a huge part of the hurdle that has to be overcome and brought to awareness.

Vice Chair Graves: Wonderful presentation thank you very much. I wonder if you've come up with tools or rubrics or any kind of way that, as an employer, I can evaluate a job to know whether it might be a fit. We don't think that way, I'll just be honest with you. I look at skills and other things that I need for a particular role, but I don't really have any kind of tools set to evaluate whether someone with a particular disability could fit that skill. I'm just wondering if you're beginning to see those kinds of things emerge.

AC Wright: We've been doing that for a long time. We do job analysis: we really work with the employer to determine the tasks and requirements of each position and then work with our job seeker to make sure there's a good fit. We also have a rehabilitation engineer that looks at all the related assistive technology options: we have a team of people that do that through contracts to work with our job seekers and it doesn't cost the business or anyone else.

Chairman Berry: Again, the resources are out there. How do we inform employers so they can tap into those resources?

Ron Wade: From a practical standpoint, how does the process work? Do you match a job description, set up interviews and have an employer make the selection?

AC Wright: We have multiple approaches to ensure that the match is right. What we don't want to happen is have a job seeker to go into employment and not be successful. One of the ways we approach that is our Business Service Unit team can come in and look at each job and the tasks of each job to figure out the best fit. The other side is our customers are our job seekers so once they are qualified and say they have applied for "x" job, we assist if they need to know more about how to be successful. Partnerships again are so important because we can do things that the Department of Labor can't or doesn't do: we can pay for lots of the services, the tools, the things to allow people to be successful as long as we work in Partnership. I'd love to have some more offline conversation with our team as well.

DC Campbell-Street: Absolutely, and adding to that, another leg of this that I think is so important to businesses is the job retention piece. Not only is it about creating and assisting with getting qualified applicants, but you may have an employee who is injured but they can still work. The VR program has a holistic job retention mechanism where we look at the job and make those accommodations so your really great employee can continue on the job. I think it's extremely important to add that to the list as well. The VR program is just such a great model for Workforce Development and retention, and Kevin is available: he is such a guiding light to the principle of work and I'm just so honored to work with him day to day. Every time you see Kevin, you see the program at work to the highest ability.

Michelle Falcon: I think it would be great to showcase how retention lowers turnover because that's one of the things that employers are always interested in.

AC Wright: The other part that we don't talk about very often is advancement of employees. We're not just about getting jobs, we're about getting careers that are competitive and integrated at the same scale and pay as everyone else. I don't know how many times I've heard people say they want to advance but don't think they can be supported. We want to be there to be that support.

Colby Swann: I'd like to provide a little bit of commentary from the private employer perspective as the Chief Operating Officer of a smaller retailer here in Middle Tennessee, Old-Time Pottery. Our CEO Jason Schmidt and I have been dedicated to trying to increase the presence of the disabled community within our stores. It's something that we're very passionate about. Even though we have top-down buy-in obviously from us, I think our challenge has been educating our store managers, assistant managers, and frontline employees: both understanding what this community can bring to the table but also educating them to realize that this is something they need to do that will benefit them as leaders within their stores. Across our company of 800 employees, we probably have 10 to 12 disabled employees across our organization. We feel like we need a lot more, but those individuals have been some of our most loyal and most productive employees. Secondly, we need to help peer employees in the store to really understand and not be afraid of working with and coexisting with that community. I would love to connect with you as well because we need multiple resources to attack this from multiple angles to make this a reality in our businesses in the state of Tennessee.

Chairman Berry thanked Assistant Commissioner Wright for his excellent report, noting that this is obviously a passionate topic for him and certainly for this board.

Update on SWDB Evaluation and Partnership with UTCIS –

Steve Playl, Workforce Services Assistant Commissioner - TN Department of Labor & Workforce Development

Tamera Fields Parsons, University of Tennessee Center for Industrial Services

Assistant Commissioner Steve Playl gave two updates before the presentation:

- 1) The regional WFS Convenings in the West and Middle regions have already occurred, but the East Convening is next week. They've had about 250 practitioners or partners from across West and Middle TN and another 100 or so will be in East TN in Knoxville. Similar to the West and Middle convenings, the East Region will have board staff, board members, local practitioners, Economic & Community Development partners, and post-secondary partners and other who engage in the workforce system will be a part of that conversation.
- 2) National Apprenticeship week is in two weeks. TDLWD will have their first in-person regionally focused conferences: East TN on November 15, Middle TN will be November 16 here in Nashville, and West TN will be November 17 in Memphis.

AC Playl introduced Tamera Fields Parsons, a representative of the University of Tennessee Center for Industrial Services (UTCIS). He noted that the TDLWD Workforce Services division has been working with UTCIS over the last several months to conduct a lot of different work. The partnership is continuing to evolve but one of the main charges is to develop a framework for State Workforce Board certification which they then hope to adapt for our local boards.

Ms. Parsons focused on the certification program structure - how it's actually organized and managed - and then the key steps towards execution - actually putting it in place. As a review, she noted that board certification is a methodical approach that:

- 1) Establishes consistency in the processes, professional practice for all boards and ethical standards
- 2) Outlines an accepted body of knowledge or standard content for both the state and the local boards
- 3) Provides targeted opportunities for professional development of board members
- 4) Formally certifies adherence to best practices

Some of the benefits of board certification include:

- 1) Creates systematic repeatable processes and a set of essential skills across all boards
- 2) Demonstrates credibility and commitment to excellence
- 3) Ensures legal responsibilities of all boards are integrated into board operations
- 4) Promotes accountability
- 5) Recognizes various levels of competence and expertise
- 6) Prepares the board for possible new grant funding opportunities with certification that demonstrates performing at an expertise level

The structure of the certification is made up of four components:

- 1) Elements of certification: the content/knowledge that would be addressed through a formal certification program. There are six categories:
 - a) Board structure, roles, and relationships – built solely upon existing documents which outline some specifics that need to be met including WIOA, our board charter, the bylaws, policies, etc.
 - b) Board and board member responsibilities - identifying and demonstrating competence and even role model performance; Outlining within each of the elements what the board is responsible for accomplishing, what committees are responsible for, board members, etc. and then assessing our ability to meet and even exceed those responsibilities

The foundation for the certification lies within the Baldrige performance criteria, the framework for excellence produced by the National Institute of Standards and Technology. This would be used for the last four elements below:

- c) Governance system - How we ensure fiscal accountability and audits; how we function as a governing board
- d) Strategic Insight - Strategy development and deployment; the board's responsibility within strategic planning
- e) Performance Management – would include Reviews of KPIs and the decisions we make, Improvement and Innovation

f) Customer and Partner Engagement

- 2) Standards: the specifics within each one of these elements; multiple standards to identify the actions that are critical to actually achieving certification for that element
- 3) Demonstration of Competence: what it would take or what it means to be competent and how that looks within and across boards; there are multiple levels and they are incremental
- 4) Levels of Achievement: terms will be very descriptive and say what they mean: compliant, competent, and role model.

More detail was provided in the handouts we were given and included a sample.

Ms. Parsons also discussed execution, i.e., how certification will be determined.

- 1) Certification examiners (i.e., 4-5 people composed of external individuals, including 1 or 2 Baldrige state or national examiners, and internal subject matter experts) review information supplied by board and Workforce Services Division that demonstrates competence based on the Standards
- 2) Certification examiner team prepares a Certification Assessment Report, including demonstrated levels of competence and proposed or recommended levels of achievement for each Element
- 3) Certification review team recommends the certification level either at compliant, competent, or role model given the holistic view of all six elements
- 4) Board celebrates the certification level, analyzes the report, and identifies priorities for improvement

The following are the recommended important next steps over the next year.

Nov-Dec 2022:

- Finalize a board self-assessment survey (draft is in supplemental handout) to create a baseline before we get started. This 12-question survey would not be about individuals: it would be about how the State Board functions as a whole.
- UTCIS to continue the partnership through the end of December to finalize the certification deployment plan

Jan – March 2023:

- Establish baseline:
 - Board Self-Assessment Survey
- Provide orientation/guidance to board & support staff:
 - Certification elements, standards
 - Process for review
- Identify certification examiners, review team & provide training
- Board drafts policy

March – December 2023

- Conduct first certification assessment of SWDB
- Request and incorporate feedback
- Certification team determines level of achievement
- SWDB receives first certification determination and assessment report
- Create local board pilot certification

Ms. Parsons asked for questions on the execution or rollout plan. Chairman Berry noted that we would have our first results by this time next year.

Commissioner Thomas: Just one point of emphasis around the folks that support the board: I think that has to go beyond just a division. The support team for the board extends to Adult Education, it extends to Human Services, and that's significant because the role of the State Workforce board is to oversee a system not a program. Those different perspectives should be looked at because I think if we can broaden that it is ultimately going to really help with the certification to make sure that this board and subsequently the local boards understand the system. We're galvanizing around a system and not just within the agency.

Ms. Parsons: Absolutely, thank you.

Michelle Falcon: Will we have a review of the self-evaluation report?

Ms. Parsons: Absolutely: any effort such as this needs to be completely transparent and that's built into the drafts that we have right now. That's the intent: 100% transparency.

Chairman Berry: How will the survey and evaluation being distributed: who's it coming from, how are we seeing it, and what will it look like to us?

Ms. Parsons: Once we've got agreement and support from everyone of that draft, we will create that survey in a confidential electronic format and then distribute it.

AC Playl: Chairman, we would defer however you would like it to be distributed: it would come from UTCIS but then we would push out to the board, but we can talk through those details.

Chairman Berry: Sounds like it probably comes through Iler so we know it's legit.

AC Playl: Yes, everything would come through Iler.

Marshall Graves: This has been something that we've been talking about for a while. I have to say it's been not that clear necessarily for me over the last year and a half, but I really appreciate this presentation. I think this really clarifies and makes it very actionable so it feels like we've actually made some progress here. Thank you very much.

AC Playl: Regarding what was presented around external validation - the team of individuals - we would welcome board members' feedback around who should be included in that team and then who is actually going to be the one to put their stamp of approval on this.

Stuart Price: Thank you again for the presentation: it was awesome. In the context of the decision point to bring you on board to go through all this, were there opportunities to share some testimonials with other boards that you've worked with and feedback so that we can have a sense what we can expect to realize through this process?

Ms. Parsons: We have that through our research building up to this point. No, I did not include that explicitly in the presentation but it's behind the scenes if you will. We have reached out, either through actual online research or conversation and interviews, to a number of boards both across the state and nationally that have pursued some form of certification. I truly would put this up there as one of the best of the best for me because it's taking what works for everyone and putting it in place. Yes, there are some very good comments and demonstrations of benefit from it. I'd be very happy to group that together and pass that on to Steve and have that distributed made available to you. I think you'll recognize some of the organizations both non-profit and in the private sector and government that have pursued something like this and what they've seen. I think you'll definitely recognize some of them.

Ron Wade: At the end of the day, you'll basically receive Baldrige certification. Is that correct?

Ms. Parsons: Actually, it's very close: it's about as close as you can get without actually getting it straight from the Department of Commerce who manages the Baldrige program. Both Paul and I are examiners for the program. It's directly aligned with the Baldrige criteria, but only the Department of Commerce can designate an organization as a Baldrige recipient. That's a separate process: should you ever want to go that route you'd be very prepared.

Chairman Berry noted that we're looking forward to getting this underway.

Adult Education Update

Jay Baker, [Adult Education Assistant Commissioner – TN Department of Labor and Workforce Development \(TDLWD\)](#)

Assistant Commissioner Jay Baker gave a very brief update on the alternate pathways to a TN high school equivalency diploma. To review, this diploma is an official Secondary School Credential (SSC) in Tennessee and allows entry into post-secondary training, better jobs, and promotions, just like our regular high school diploma. We currently have around 430,000 working age Tennesseans without this credential. The TDLWD Adult Education division oversees high school equivalency preparation programs across the state and the issuance of those diplomas. Currently the HiSET exam is the only option for earning this credential in Tennessee so we are seeking to expand to have additional options for our learners.

Most of our learners are seeking to better themselves with post-secondary opportunities and work opportunities. Sixty-five percent have indicated they want to go to college and they want a better job. For the occupations that are considered in-demand, 90% require high school diploma and 38% require higher than a high school diploma. There's a real need here that leads to higher wages. Median earnings grow as educational attainment grows. Data analysis reveals that for the AE students, there's almost a 17% increase in their wages 6 months after earning their high school equivalency, and a year after they have a 32% increase in wages.

In terms of labor force participation, among the working age (ages 18-64), the labor force participation rate for those who do not have a high school diploma is 49%. For those age 25 and up (and that's the preponderance of folks the AE division serves) the labor force participation rate drops to 35% for those who do not have a high school diploma. This percentage dramatically increases as they increase their education attainment.

The HiSET is a high-stakes, multiple-choice, bubble assessment that is a barrier in and of itself. It's a very stressful environment, and students are eager to have other options. Other states are also creating alternate pathways and we want to be innovators in Tennessee.

Over the last several years, AE has seen a decrease in their diploma attainment rate. A lot of changes were made back in 2014 with the GED exam and the HiSET exam in the way they redesigned and realigned some of the competencies. [From the graphic, average yearly HSE diplomas earned in TN from 2007 to 2013 were 8,900 but from 2014 to 2020, the number dropped to 4,800.]

We can broaden our Workforce pipeline by getting additional HSE options. In terms of their proposal, they still want to give the HiSET as an option but also add a TCAT diploma or certificate as well as a custom pathway where they can sort of mix and match the different academic competencies. This will lead to many more graduates and opportunities to go to training, to college, and to get jobs.

AE has proposed adding TABE as well as WorkKeys assessments for math, reading, and writing. For science and social studies HiSET is still the primary option for now until other options become available. They hope this is just the beginning of many opportunities in the years to come of looking at alternate options including looking at portfolio-based assessments, work experience, and military experience but they need to start somewhere. The infrastructure for these exams and assessments is already in place.

The State Board of Education is the governing body over these pathways. Last week, Mr. Baker had the opportunity to present this information to the State Board of Education and they seem to be unanimously very receptive to moving forward with this. The next steps include the State Board of Education deliberating and formalizing a change. They may recommend some adjustments, but they do seem to be unified in moving forward in some way at their next board meeting in February 2023. AE would try to implement this next summer so they are really excited about the progress.

Jason Bates: Is this testing going to be done at the American Job Centers or how does someone know and find out if it's approved? How does an individual who may be in that situation learn about taking this opportunity and getting that credential?

AC Baker: The logistics of where the testing would occur is something we still need to work through right now. We have a lot of infrastructure for HiSET testing: some of that does occur in American Job Centers even our mobile Career Centers that go around, and in different schools, colleges, and testing centers across the state. We certainly want to leverage what's already there. We would certainly do marketing and outreach to get the word out.

Marshall Graves: Do we have data below that 35% number? What's the demographics or age in that group?

Jay Baker: Yes we absolutely can drill in. Obviously there's that retirement crowd that we talked about earlier that falls within that category. In fact the 450,000 statistic I gave you - that's the working age. If we look at the 65 and up population that number grossed almost 700,000 of folks who do not have a diploma.

Natalie Alvarez: Do we have an understanding of how the education rate in Tennessee with high school diplomas compares nationally and how that affects our ability to be competitive with other states?

Jay Baker: I don't have that in front of me. I do know the trend in less enrollment and fewer credentials attained has been pretty uniform across the country.

TNECD Rural Development Updates

Brooxie Carlton, Assistant Commissioner – Rural Development – TN Department of Economic and Community Development (TNECD)

Assistant Commissioner Brooxie Carlton gave us a general update of rural development around the state and what her department is working on. The Tennessee Department of Economic and Community Development (TNECD) has two different areas. One is their business development team that focuses on recruiting jobs to the state. 2021 was an absolutely incredible year with 130 project announcements, more than 34,000 job commitments and \$12.8 billion in capital investment. Part of that was they didn't do much in 2020 because of the pandemic. 2022 is a little bit more typical for them: 90 projects so far, 12,000 jobs and about \$5 billion in capital investment. Their goal each year is around 20,000 jobs. Their business development side works on expanding jobs and creating new businesses.

The other side of TNECD is community development. AC Carlton is on this side and gave us an overview of what's going on with their community development programs.

- The basic entry point for any of their programs is the ThreeStar program which is really a strategic planning program. A community must be certified as three-star to be able to qualify for any of their other programs. Every community except Davidson is certified. They require communities to do a strategic plan and one of their goals must focus on Workforce Development. The communities then receive help with grants to implement their strategic plans.
- TNECD also supports some entrepreneur centers across the state.
- One of their other big programs is their Main Street program: 43 communities are certified Main Street.

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- Their 68 downtown investment programs concentrate on developing events, finding projects, and preserving historic sites in downtowns.

Regarding rural development funding, 92% of their funds have been distributed to rural Tennessee communities the other 8% have to also impact rural communities. They've done more than \$242 million in grants since 2020 and that's more than 800 grants. They support lots of rural communities.

Rural Development does a lot of industrial site development to ensure communities have an opportunity to recruit businesses and grow industry in their community. They do lots of grants and infrastructure planning. There's lots of money out there for water and sewer right now, and they buy fire trucks, ambulances and build community health centers with federal funding. They also provide technical assistance, help develop strategic plans, assist with downtown revitalization, provide some Workforce Development to support what TDLWD is doing, support small businesses, and help to maintain historic buildings. The Appalachian Regional Commission serves the communities in East Tennessee and the Delta Regional Authority serves communities in West Tennessee with basic public infrastructure, workforce development, tourism development, etc.

Ms. Carlton introduced their team: Rachel Selbe is their Deputy Assistant Commissioner, Taylre Beatty is their Broadband Director, and Kent Archer develops their community infrastructure programs including water and sewer projects. Other team directors were also mentioned. They help:

- Cities and Counties (approximately 80% of our grants go directly to a city or county),
- Mayors, County Executives, and Community leaders
- Utilities and Broadband providers
- Chambers, Businesses, and Economic Developers
- Development Districts – partner with lots of federal and state agencies
- Small business programs that help entrepreneurs and startups

AC Carlton highlighted three programs:

- 1) Broadband – \$446 million in Broadband grants was announced six weeks ago that was all federal money. In the past they had \$10-\$20 million a year to invest in Broadband that was State money. The federal government really stepped up during the pandemic and sent them lots of money for broadband so they were able to do \$450 million in grants. They're going to serve about 150,000 Tennessee households with that money. We have an additional \$50 million available from that Federal money for COVID recovery for digital equity, workforce development, affordability, and training so they will be doing lots of projects over the next two years to make sure that people that have access to broadband now know how to use it, know how important it is and can take advantage of having that fiber. They are developing a Digital Opportunity Advisory board. If anyone is particularly interested in broadband access, they would love to have our help with that. In the past they've done about \$200,000 a year for these digital opportunity adoption efforts and to expand that to \$50 million they need some experts to tell them what's needed in our communities so that's what their Digital Opportunity Advisory Board is going to do. With the Bipartisan Infrastructure Bill, they are probably getting between \$700 million and \$1 billion in additional Broadband funding next spring. To prepare for that, right now they're required to develop a digital equity plan and a five-year plan that shows how they're going to serve every household in Tennessee with broadband.
 - 2) ThreeStar – This is where they tiptoe into workforce development. They do the strategic planning and bring leaders together to determine their priorities. Workforce development must be one of the community's priorities. This allows each community to identify the workforce issue they need to focus on, then grant funding is used to implement those three-star goals. It's small: they do about 50 projects every cycle - about \$2 million worth of grants. They buy a lot of equipment for TCATs: they've done virtual reality sets, classroom improvements, and training for students. It's a very open program: they can basically do whatever the community needs.
 - 3) Blue Oval City Community Impact Meetings - Ford and SK announced they will be creating 5,800 jobs in West Tennessee in 2025/2026 and the communities around the Blue Oval City project are trying to prepare for how that's going to impact them. TNECD does a workshop, usually every second and fourth Wednesday of the month and sometimes just once a month. They do most of them virtually and cover a lot of topics for the communities. They've looked at federal grants that are available to help communities with everything from water and sewer to workforce development. They've had state grants people discuss the state grants that are available. Ford and SK have been on the panel. Walbridge, the general contractor that is building the facilities on the site, has been on the panel to talk about how businesses can subcontract with them and work on the site. They've also had lessons learned from other communities: Tupelo came and talked about what happened when Toyota located there. They're going to have Spring Hill and Huntsville as well. They talk about workforce development resources, the role of the Megasite Authority which is new in Tennessee, and get advice from economic
-

developers. If we are interested in those sessions, their mailing list at this point is about 600 people that they reach out to every couple of weeks to let them know that these meetings are happening. Extensive program information is on their website.

Chairman Berry noted that it's exciting to see the amount of work that's being done but then to know the infusion of money will really be able to explode that. Ms. Carlton noted that the governor is very focused on rural development and helping our most distressed and rural communities.

Commissioner Thomas: Brooxie, thank you. I know how busy you are, but I thought it was very important for the board to hear some of the things that I've been privy to. I know Jody Sliger over ThreeStar has reached out and we're excited about being able to take part in those conversations but the key for this was really to look at the intersectionality between the State Workforce Board and the Workforce Development that you touch on with your department. Can you speak a little bit about how we can leverage some of the concerns/priorities from this State Workforce Board to influence that Workforce Development intersection.

Ms. Carlton: Yes – absolutely. We would love to have you all be a part of your local ThreeStar strategic planning and we would love to have more workforce development people involved in that, helping us reach out when we're setting up those meetings to make sure you all are represented there would be excellent. The other thing that we want to do with the ThreeStar program is in the past, every year there's a whole new set of goals. We want to be more focused on the outcomes of the goals, i.e. "Last year your goal was to support this specific program at your TCAT and get more students in there. What was the outcome of that and what's the next step that leads from that." So, it's not just well this year we want to focus on elementary school and then the next year we want to focus on some specific industry in our community. Let's think about this a little bit more strategically and make sure we're tracking those goals and building off the goals from year to year. We need your involvement in saying okay this community is proposing to do this activity: does that make sense based on what you know about the community. We would appreciate you all helping us review those grant applications.

Fiscal Update

Ivan Greenfield, Workforce Services Assistant Administrator - TN Department of Labor & Workforce Development Assistant Administrator Ivan Greenfield prefaced our discussion by stating that this board meeting precedes our reporting deadline for first quarter so some data was not available. This primarily impacted the Workforce Services numbers, and in particular some enrollment and/or performance data. Some of the slides were unchanged as a result but he presented what he had thus far.

For first quarter 2023, we had \$113 million in total authorized funding for our key partners: Workforce Services, Adult Education, and Vocational Rehabilitation. When you look at that compared to last year, you see that the biggest deficit is in the way Vocational Rehabilitation provides the numbers: their authorized funding and the reimbursement is the same number, so it'll continue to grow each quarter and it'll likely end up being something similar to what was provided last year. Also, we talked in the past meeting about some declination funding around our formula dollars and so you see a slight dip there as well. When we look at expenditures over the first quarter, we'll talk more about the \$23.6 million as we look at each partner's numbers. There's carryover - we introduced this primarily in our Workforce Services programs and that number represents funding that's carried forward from our multi-year awards which is about \$25 million.

Workforce Services

\$85 million in authorized funding is pretty consistent. Regarding the declination and our formula grants, there's a \$4 million dollar difference or about 10% there in the overall authorized funding. Expenditures are considerably down and there's a couple of things that contributed to that:

- Most of the formula allocation, two-thirds of it, is received in the first and second quarter but only about 14% of that is actually sent out to the local boards in the first quarter.
- Also, we talked about some delays in our processes last time around as well: contracting was near the end of the quarter, so reimbursements associated with those contracts were down as well.
- Lastly, just the overall fact that the quarter end hasn't closed: we'll see some adjusting entries there as well.

In March we will report our December numbers and we should see a significant increase in those numbers. WFS PY2022 Q1 enrollment data will not be available until mid-November.

Adult Education

Authorized funding is pretty consistent at \$13.5 million. They're trending just under \$3 million. They're expenditures are trending similar to last year, and a slight carryover of \$361,000. A good observation is that in the first quarter, they have about 50% of their total enrollments over the last year in total which is certainly a great improvement.

Vocational Rehabilitation

We talked about how their funding authorization equals their expenditures and the way they report. Their enrollments show a significant improvement over last year: about 75% of their enrollments were in the first quarter compared to all of last year.

State Key Performance Indicators for program specific metrics are out:

- 17 of the 22 were either approaching, having met, or exceeded expectations
- 16 of the metrics are exceeding expectations
- These are ranked on an achievement scale from 0 to 5: 0 is unacceptable and 5 is best practice
- At the top of the list is Apprenticeship and Justice-Involved Individuals: both are at four times their metrics which is excellent
- 1 performance metric is at a three (3) or approaching
- A couple are in the red:
 - National Dislocated worker - that's a new metric with 121 enrollments: contracts were being delayed in the first quarter so they didn't really have the funding in place to administer the program, but in the next quarter we should see that trend higher
 - Senior and TANF - the data is not available for those but we should have numbers the next time

AA Greenfield further explained that negotiated targets occur each year, so depending upon where you are in meeting that target, there's a percentage 70, 80, 90 etc., and 90 to 105 is considered a five. The 5-point scale is a measure of percentage of achievement.

Federal Performance Numbers, and Federal Performance Measures: State Comparison (PY2022 Q1) We are still awaiting these numbers in mid-November so Mr. Greenfield presented last quarters numbers that we covered at the last meeting.

Challenges

Staffing Turnover – also mentioned by our UI Assistant Commissioner; we're losing good people and finding it hard to replace them which is impacting some processes; Contracting and other things have been impacted by that turnover.

Opportunities

- Increased Partnerships – already talked about in the Align TN convenings that bring awareness to our partners in the system and then making those connections to those partners
- Systems Integrations - with grants management system and implementing our education program
- Continued expansion of our Career Education - this program is working behind the walls with the justice-involved using the tablets to provide training that hopefully helps them get connected to work a lot quicker once released. This represents a significant procurement for us: there's some 7,600 tablets to be deployed across the 95 counties and we look for that deployment to start in the next couple of weeks because procurement has just been approved.

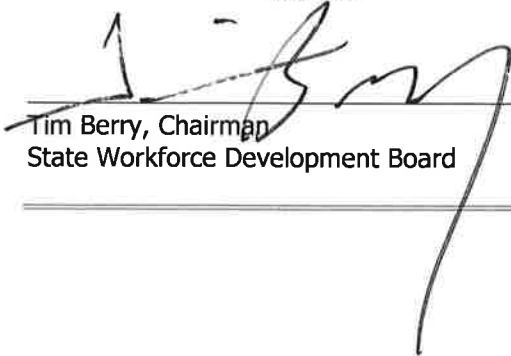
Commissioner Thomas: One of the things you heard me talk about in opening comments was the Workforce Development funding that is now sitting in Commerce and Transportation and Energy around Workforce Development. Where we're not seeing that funding is in the formula allocations that are coming to the state and that's very important to note. We've seen a declination in formula funding, but we've seen an increase in discretionary funding going to other entities that don't specialize in Workforce Development. We're kind of left at the state level to try to find out who has the money so that we can go and figure out a way to leverage it. In the months to come, we'll be asking this board to champion with us a message at the federal level that we cannot expect the public Workforce system to help launch all these federal initiatives when you are absolutely eroding our formula funding but you're relying on the infrastructure. If you're going to lean on this infrastructure to support these measures, you should fund it. That's something that we're going to be talking about in February 2023: it will be a heavy Workforce month, we're scheduled to spend a lot of time in DC that month, and I'll absolutely be sharing that back with this board. I think that we should certainly using every single soapbox that all of us can and maybe that's a formalized letter or whatever that looks like. I just want to put that on your radar so you're aware of what we're seeing which causes us great concern.

Closing Remarks and Adjourn

Chairman Berry thanked the board for our participation and great discussions today. He also asked us to put our 2023 meeting dates on our calendars and prioritize them for good attendance. We are also looking at a new member orientation but are facing some hurdles so in the meantime, he asked existing members to rally around new members to get them acclimated.

The meeting adjourned at 12:51p.

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.



Tim Berry, Chairman
State Workforce Development Board

3.24.23

Date