



State of Tennessee

State Workforce Development Board Meeting

MEETING MINUTES

Friday August 25, 2023 - 10:00 AM – 12:53 PM CDT

<u>Board Members Present</u>		<u>Board Members Present by Proxy</u>	<u>Members Absent</u>
Natalie Alvarez	Designee Policy Director Michael Hendrix for Governor Bill Lee	Joe Baker – Marshall Graves, Proxy	State Senator Paul Bailey
Martha Axford		Stuart Price – Kim Hitchcock, Proxy	
Assistant Commissioner Jay Baker	Designee: Director Charita Allen for Commissioner Stuart McWhorter	Jason Schmitt - Colby Swann, Proxy	State Representative Clark Boyd
Jason Bates	Mike Pogreba	Kevin Vaughn – Marshall Graves, Proxy	Designee: Deputy Commissioner Cherrell Campbell-Street for Commissioner Clarence Carter
Tim Berry	Assistant Commissioner Deborah Knoll for Commissioner Lizzette Reynolds		Ruste Via
Lynda Botsch			
Billy Dycus	Commissioner Deniece Thomas		
Michelle Falcon	Jeff Vance		
Ben Ferguson (Southwest)	Ron Wade (Greater Memphis)		
Bill Godwin	Assistant Commissioner Kevin Wright		
Marshall Graves (Southeast)			
J. Paul Jackson			
Tim Kelly			

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

Call to Order and Welcome

At 10:00 AM, Chairman Berry opened the meeting with preliminary welcome remarks and reminders. Members who have not signed up for a task group were encouraged to do so next week when a second notice will be sent. The task groups will address important issues that impact our work. He also noted the following membership changes:

- Tony Niknejad, Policy Director and Governor Lee's designee for this board, is going to the public sector and was recognized with a plaque for his service.
- Other members who have stepped down include long-standing board member Ann Hatcher, Barry Ray and Rick Isaacson.

New members include:

- Michael Hendrix, Governor Lee's new Policy Director
- Lizette Reynolds, newly appointed Commissioner of the Tennessee Department of Education (TDOE designee is Assistant Commissioner Deborah Knoll)
- Linda Botsch, HR Business Advisor for Rocket City HR Consulting

Chairman Berry also announced TDLWD Commissioner Deniece Thomas' appointment as Chair of the National Association of Workforce Development State Liaisons.

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 May 19, 2023 minutes. It was moved by Ben Ferguson and seconded by Ron Wade to approve the minutes as presented. The motion passed.

Workforce Update

Butch Eley, Deputy Governor and Commissioner – TN Department of Transportation (TDOT)

Commissioner Thomas introduced Deputy Governor and TN Department of Transportation (TDOT) Commissioner Butch Eley. Commissioner Eley is a top advisor to Governor Bill Lee. He manages TDOT and coordinates infrastructure investments throughout the state.

Commissioner Eley gave an informal, interactive, and informative presentation about the Modernization Act. He noted that workforce and infrastructure are important. We are at a critical point in Tennessee regarding transportation with 137,000 new jobs over the last few years. We must keep investing in infrastructure to continue to attract new companies to Tennessee, keep existing companies, and allow rural Tennesseans the opportunity to work in a nearby vicinity.

Tennessee is also a major freight corridor running east to west. Commissioner Eley presented a compelling visual of our long-haul truck traffic in 2012 and projected traffic in 2040. Our interstates were built in the 70s and 80s as two-lane roads that are still in the same alignment. Recent congestion studies in all four major urban areas were one of the factors that led to the Modernization Act.

The three major components of the Modernization Act are:

1. Public-Private Partnerships (P3) – Partner with private sector to build new Choice Lanes; Frees up state funds for more projects in rural communities
2. Expand Alternative Delivery – 30-50% faster timeline delivery to get projects in and out of the funnel; 40% cost savings
3. Electric Vehicle (EV) Parity – Create parity between combustion engine vehicles and EVs; Allows TDOT to keep pace building and maintaining roads

Commissioner Eley focused more of his remarks on the P3 component of the Act and presented a short video on Choice Lanes in Tennessee. These lanes:

- will help reduce traffic congestion in urban areas and provide more reliable trip times
- are designed, built, financed, operated, and maintained by the private sector through Public-Private Partnerships
- are not the same as toll roads: drivers can choose to use them for a fee or continue to utilize the existing general-purpose lanes where a user fee is never charged; user fees go back to the company that financed the build.

The FY24 budget transportation investment is \$3 billion allocated to state transportation projects: \$750 million for each of the four TDOT regions, and \$300 million has been allocated for the State Aid Program that goes directly to counties for local transportation projects.

Governor's Workforce Development Overview

Michael Hendrix, Policy Director – Office of Governor Bill Lee

Mr. Hendrix gave us three key messages and a call to action from Governor Lee:

1. The Governor greatly appreciates us and the work we are doing. He is grateful for the time we invest to connect his vision to this work, and he is counting on us to help steer this big workforce mission which is a huge priority for him.
 2. Workforce Development is a top issue for the Governor. During his first term in office, Tennessee added hundreds of thousands of new jobs. We must ensure that our workforce pipeline is keeping up with that pace. This is also connected to education: opportunities for high-quality jobs start well beforehand in the K-12 classroom. Additional workforce priorities include raising workforce participation, ensuring jobs by driving economic prosperity and opportunity, and promoting the state as the best place to work and do business in America.
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3. Mr. Hendrix is here to help. His career started at the U.S. Chamber in the policy realm. He can, along with Commissioner Thomas, link other agencies working in concert with this board and in communities to inform this work.

Mr. Hendrix ended his comments with a call to action to think big and innovatively to help Tennessee employees and businesses flourish.

Workforce Update

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

Commissioner Thomas began by referencing Commissioner Eley's presentation, noting that a workforce is needed to do everything he discussed in his presentation. She also thanked Policy Director Michael Hendrix for the energy and enthusiasm he has brought to Tennessee particularly in his knowledge at the federal policy level.

Economic and Workforce Task Group - Commissioner acknowledged Deborah Knoll, Charita Allen, and others who participate in this work. The task group continues to meet, most recently about project work and solutions at the enterprise level. There will be real opportunity for this body to make this work seminal.

Appropriations - At the federal level, appropriations are a continuing concern at a time when workforce development is probably the most important topic of conversation across the country. Federal investments continue to decline at a time when the energy around economic business development in the Southeast is strongest. It doesn't make a lot of sense except we are still under the guise of a very antiquated funding formula that does not favor states in the Southeast. As reauthorization is discussed (which has gone silent), Commissioner Thomas doesn't think we can have that conversation without talking about a balanced and fair funding mechanism. She believes this board can address some of these things through a position paper/white paper to highlight the importance of these issues.

Partnerships - Regarding her role as the National Government Association Workforce Liaison Chair, Commissioner Thomas said it is important for Tennessee to have a seat at the table to talk about how policies are impactful to Tennessee and across the nation. We need strong partnerships across state borders because we now have regional workforces.

State Planning - The National Governors Association has entered a workforce strategic planning collaborative with the U.S Department of Labor. It has been stated that if we're going to use our State Workforce Boards to lead our state planning, it should be private sector input that gets to a result. Commissioner Thomas will keep us updated on how this collaborative can be of service to us as we enter our state planning phase.

Upcoming Events and Meetings

- The Acting Secretary of the U.S Department of Labor Julie Su will be in Nashville on August 28.
- On September 28, several workforce leaders from across the country are convening to have a conversation with the Schultz foundation around federal policy. Commissioner Thomas has been asked to be at this round table. She will bring meeting information back to this board.
- A virtual signing of our Southeastern EV collaborative will be held. The collaborative started right here in this room as a TN recommendation which aligns all policy, practices, recommendations, curriculum, and training for the EV industry in the southeastern states as a region.
- U.S. Department of Labor Workforce Innovation and Opportunity Act (WIOA) convening in Chicago November 14-15. We have received an invitation which gives us opportunities to get in front of U.S Department of Labor ahead of any reauthorization budgeting.

Unemployment Rate - TDLWD released the 3.1 percent record low TN unemployment rate. While this is good news, it continues to add more pressure on how we are going to continue to develop a workforce. This means having evidence-based approaches that they can receive funding to implement. Businesses need customized training models now and cannot be hamstrung by federal regulations that do not suit their needs.

Policy - We will see a body of work around revision or rescission of policies that were beneficial before but a barrier today. This must be informed by the public that we're trying to serve. It may mean doing the work ourselves, through our local board infrastructure, or resourcing a non-profit that's doing the work already.

Commissioner noted that we need a strategic, vision-oriented plan for workforce around infrastructure. If we don't have a plan, things are going to happen circumstantially and we can't afford to let that happen.

Committee Updates

Oversight Committee – Presented by Chair Michelle Falcon

Budgeting Fiscal Director Brian Eardley provided a fiscal overview to the committee and we are trending in the right direction. He will present the fiscal report at the end of the meeting today.

The committee also looked at the overview of the Executive Summary Dashboard. More will be presented on this, but the committee was impressed by the depth of information on different programs.

Adult Education Assistant Commissioner Jay Baker also presented and provided an update. They have surpassed the participation from 11,000 to the 12,000-mark on outreach. Some work still needs to be done regarding educational level gains.

Policies – the board was asked to pass two policies today:

1. Eligible Training Provider – streamlined policy that supersedes current policy
2. Corrections Policy – corrects three policies: Local Governance typo, Youth Eligibility typo, and removal of dates since these are renewal policies.

Before releasing policies to the public for comments, there is now a process which involves securing the signatures of all parties involved in the policy. Justin Attkisson provided additional information about this process, including new notifications when policies are posted for public comment.

Chairman Berry called for a motion on the recommended policy approvals presented by the Oversight Committee. It was moved by Tim Kelly and seconded by Jason Bates. The motion passed.

Operations Committee – Presented by Vice Chair Jason Bates

Vice Chair Bates led the meeting in Chair Stuart Price's absence. The committee heard from three WIOA workgroups and they joined with the Innovation committee for presentations with KPMG and UTCIS.

Apprenticeship and Work-Based Learning - Matthew Spinella reported that this group has exceeded all their overreaching goals. As of July 31, there were 7,464 apprentices and 40,795 work-based learning students in quarter four of the 2022 school year statewide. There are now 52 Tennessee certified pre-apprentice programs. A major focus at TDOE for the current school year is continuing to work on the Tennessee certified pre-apprenticeship program and the registered apprenticeship program partnerships at the high school level. The committee continues to be very appreciative of the excellent work that has been done.

Business Services – Debbie Fillers and Jennifer Thacker shared the work they've been doing. They met with the Office of Business Solutions to determine what data reports could be run to provide the same overall purpose of the dashboard. They also met with the TDLWD WIRED division to discuss the federal metrics that would be reported to the committee. A quarterly data report is being composed and the workgroup continues to complete a business services Standard Operating Procedure. Through June 30, 2023, there have been 10,554 employers who have received 109,976 services statewide from the various Business Services Partners.

Job Seeker - Destiny Brown and Nestor Reyes shared the work they've been doing. They revised their overarching goal and their new goal statement is to improve job seekers experiences by aligning the workforce system through quality, convenient, and easily accessible state resources. They are on track to complete all of their milestones on-time and they will create a new objective charter. Additionally, they have transitioned to creating a communication document to highlight available job seeker resources. They are doing some great work and the committee appreciates their effort.

Innovation Committee – Presented by Vice Chair Marshall Graves

Vice Chair Graves presented for Chair Kevin Vaughn in his absence. He noted the committee's appreciation for their staff liaison Teresa Smith who manages their meetings. They also welcomed Linda Botsch to their committee.

WIRED Assistant Commissioner Ryan Allen and Ben Passino provided an update on the state-based metrics, i.e. KPIs. This committee has been pushing towards looking at some metrics that are more outcomes-based and they discussed how they're going to measure some of these new metrics including living wage.

The committee had a local area best practices presentation by the Northwest Region. Jennifer Bain and Kristie Bennett discussed how they connect with employers in their region and the different virtual programs they offer.

The Innovation and the Operations committees combined to hear two presentations. KPMG will conduct a six-month program delivery evaluation of our statewide Workforce programs. Over the next few meetings, the committee expects to get a broad update on the evaluation. James Moore is the Engagement Partner.

The committees also heard from Paul Jennings and Tamara Parsons from the UT Center for Industrial Services. We've established an initiative to certify our board (i.e. to confirm that the SWDB is structured correctly and doing the right things) based on best practices in the nation and internationally. Paul and Tamara gave a status update and will present a more robust plan over the next few months.

Tennessee Department of Environment & Conservation

TN Energy Workforce - Molly Cripps, Director-BOE Operations / Office of Energy Programs / Emergency Response

The Water Workforce - Paula Mitchell, Deputy Director of Operations Division of Water Resources

Molly Cripps gave an overview of her office. TDEC OEP:

- Provides education, outreach, technical assistance, and/or funding and financing opportunities in several different energy focus areas.
- Promotes the efficient, effective use of energy to enhance the environmental and economic health of the state.
- Serves as the Governor-designated State Energy Office (SEO) for Tennessee.
- Receives the bulk of their funding from the US Department of Energy (US DOE) and will receive formula funding from DOE for a minimum of four IIJA (Infrastructure Investment & Jobs Act of 2021) and three IRA (Inflation Reduction Act of 2022) programs.

Some programs identify an opportunity for workforce development while others contain a workforce development focus:

- Energy Auditor Training (Sec. 40503, IIJA) –\$40 million grant for states –formula and competitive amounts TBD
Energy Auditor Training Grant Program | Department of Energy
- Contractor Training (Sec. 50123, IRA) –\$150 million formula and \$50 million competitive. State-Based Home Energy Efficiency Contractor Training Grants | Department of Energy
States may apply funds to supplement existing workforce development programs, create new programs, or a combination of approaches. \$2.9 Million in formula funding for this program flows to Tennessee.

Ms. Cripps would like to work with TDLWD on the workforce components noted above and on other projects noted in her presentation. She also provided the following US DOE Summaries of IIJA and IRA.

- IIJA created 60 new DOE programs: 16 demonstration programs, 32 deployment programs, and expanded funding for 12 existing Research, Development, Demonstration, and Deployment Programs. The total for DOE funding allocation is over \$60 billion, and a lot of this is flowing through State Energy Offices (SEOs).
- IRA is directing \$391 billion to support clean energy and to address climate change through a mix of grants, tax incentives, and loan guarantees. This Act appropriates \$9 billion for residential energy efficiency and electrification financial assistance programs.

Paula Mitchell began her presentation by noting her areas of responsibility, some of which include include TDEC's drinking water program and their financial assistance programs, i.e. the state revolving fund program and infrastructure grants. Ensuring that all Tennesseans have reliable, safe, and affordable water and wastewater services is a top priority for the Environmental Protection Agency (EPA), TDEC, and our local water and wastewater utility systems.

The 2018 Tennessee H2O Plan recognized the importance of water availability and investing in our water workforce. A growing number of water service providers need certified operators to expand and improve their skill set to manage and maintain water facilities. Many of our rural and suburban certified operators are responsible for maintaining multiple systems. In the next five to ten years, a significant portion of the water industries workforce will be approaching retirement age and there are concerns about how to replace this workforce with skilled qualified individuals.

Their Fleming Training Center in Murfreesboro, TN manages and administers a certified operator program providing 14 types of water and wastewater certifications. University partnerships currently exist with MTSU to provide course credit and certification, and with Columbia Southern University to provide college credit for several training courses.

The Division of Water Resources State Revolving Fund Program receives significant financial investment from EPA through IIJA. They are a recipient of five new federal grants through that legislation. Tennessee expects to receive around 125 to 150 million dollars per year just through IIJA. Traditionally, most of those federal funds are passed to

local water or wastewater utility systems for infrastructure projects. However, EPA does allow flexibilities for states to determine the most important goals and then direct funding not just to infrastructure but also to workforce initiatives.

Infrastructure and Workforce Development

Carla Garrett, Management & Program Analyst – Economic Development Administration (EDA), U.S. Department of Commerce

Former TDLWD Youth Services Program Director Carla Garrett gave a virtual presentation from the U.S. Department of Commerce where she works as a Management and Program Analyst for the Good Jobs Challenge Program. Ms. Garret briefly discussed this program, infrastructure and workforce development thru the lens of Commerce, and her experience working at the local, state, and federal level.

To keep infrastructure functional, we have to invest in the equipment, materials, but most importantly, the workers who perform these jobs. This is where infrastructure merges with workforce development, and Commerce felt it was important enough to pass a once in a generation investment through the bipartisan Infrastructure Investment and Jobs Act (IIJA). This funding is being funneled through federal agencies down to communities. Specifically with Commerce (through IIJA), the Good Jobs Challenge Program is administered. Instead of the federal government mandating what and how workforce training needs would be met, they allowed local areas - organizations that traditionally do not receive federal funding directly - to apply for it by telling EDA their regional workforce training needs and how they plan to meet those needs. The specific focus is equity for underserved populations. The unemployment rate is low so we can't continue to tap into our normal pipeline: we have to look at individuals who traditionally aren't participating, are overlooked, or have significant barriers getting into the workforce. Two of the 32 grantees across the country are in Tennessee.

From Ms. Garrett's experience, it's important for states to understand what funding is flowing into the state and what that funding is allocated to do in order to leverage it. For example, the Good Jobs Challenge pays tuition support for workforce training but cannot provide stipends to individuals as they go through training. Some grantees are leveraging their WIOA dollars because these funds can also provide subsidized employment funding though work experience.

Local workforce areas also need to understand the funding that's coming into the state. Local areas can work with employers in the community to identify training needs and skills sets, and to work with education partners to develop training specific to those needs. When this occurs, companies don't have to spend extra time training. Local areas should be conducting more extensive community outreach to engage organizations that are already touching base with the populations that should be served to expand the pipeline.

Chairman Berry thanked Ms. Garrett for the good information, noting that although we miss her at the state level, we're happy that she is still serving us well at the federal level.

Fiscal Update

Brian Eardley, Director-Grants & Budget Unit - TN Department of Labor & Workforce Development

Director Brian Eardley presented for Assistant Administrator Ivan Greenfield in his absence. The fiscal review consisted of reviewing funding and expenditures for the workforce system and for individual partners, i.e. Workforce Services, Adult Education, and Vocational Rehabilitation. Key Performance Indicators (KPIs) at the state and federal level were also reviewed.

Regarding overall authorized funding:

1. Carryover funding for Workforce Services programs and Adult Education totaled about \$25 million dollars into the previous fiscal year which ended June 30, 2023.
2. Allocations for Workforce were approx. \$93 million, Adult education allocations were \$13.5 million, and Vocational Rehabilitation allocations were which shows 75 million dollars for a total authorized amount of \$207 million.
3. Expenditures for these respective programs are still subject to change due to year-end processing but for the next board meeting we will have finalized year-end figures.

Workforce Services

Primarily, funding comes from WIOA Title I dollars (Adult, Youth, Dislocated worker) about \$43 million. Their single largest grant is decreasing from year to year so one of the things they've done in response is applied for four grants. In addition, they have also received \$11.5 million of State funding listed as Other Programs. They had \$118 million in authorized funding last fiscal year and spent approx. \$82 million (figures are subject to change since they

are still doing year end closing). Their net position is approx. \$36 million, and a lot of this funding will be carried over into the next year.

Adult Education

These figures presented just showed the federal allocation. On a positive note, they have increased their federal expenditures [approx. \$13 million] in the past year: the percent expended went up to about 97% which is attributed to expanding to about 21 adult education providers this past year and into the new year. They've exceeded their total enrollments goal of 11,000 last year to 12,162. Their cost per participant still remained roughly the same.

Vocational Rehabilitation

The authorized amount is equal to what was drawn down from the federal government at \$75 million dollars through the fiscal year. There are some variances with Vocational Rehabilitation, and an interim meeting was held with the Oversight Committee a couple of months ago where they did a deep dive in Vocational Rehabilitation. Kevin Wright and Brittany Pipkin were there and provided a lot of detail. From the previous year there has been an increase in expenditures.

Workforce Services Participants Served

Total enrollments for participants served for Title I Programs (Adult, Youth, Dislocated Worker) as of quarter four ending June 30, 2023 were 13,582. For the past program year total enrollments have been consistent from quarter to quarter.

State and Federal Key Performance Measures

For state Key Performance Indicators (KPIs) there was a reduction from 20+ KPIs last year to 13 this year. All have been negotiated with the local areas and appropriate program directors and team leads. Measures are largely intended to track new and co-enrollments for participating programs.

For several of the programs they're hoping for an overall increase, particularly with Justice involved individuals where they're hoping to double the target. There has also been some discussion about a potential pilot program: in addition to the state KPIs here for programs, they want a more macro level approach. This was discussed in the Innovation Committee and the Oversight Committee.

For federal performance measures as of quarter four for Program Year 2022, Tennessee is passing all 18 Federal performance negotiated measures: they have exceeded negotiated targets for 17 of the 18 measures, and one measure - the credential attainment for dislocated worker - is below the negotiated target but exceeds the 90% threshold. This measure may change because it is one of their most lagged measures and there will be a rerun of the data in October.

Closing Remarks and Adjourn

Commissioner Thomas gave remarks about the Summer Youth Employment Program. This was a state-funded initiative and funds weren't available until July 1, 2023. The momentum should really hit next summer when we hope to partner with the school system to get more students enrolled in the program. Board member Mayor Pogreba was a huge advocate and had about 35 participants, and photos were shown in Montgomery County with Mayor Golden and his participants. Our Governor, the General Assembly, and this board really supported this program.

After mentioning our next meeting on Friday November 3 and announcing our strategy session scheduled for Thursday November 2, Chairman Berry adjourned the meeting at 12:53 PM.

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

11-3-23

Date