



State of Tennessee

State Workforce Development Board Meeting

MEETING MINUTES

Friday November 3, 2023 - 10:00 AM – 12:44 PM CT

<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	Assistant Commissioner Jay Baker – Commissioner Deniece Thomas, Proxy	State Senator Paul Bailey
Martha Axford		Joe Baker – Mayor Mike Pogreba, Proxy	State Representative Clark Boyd
Tim Berry	Mayor Mike Pogreba	Jason Bates – Ben Ferguson, Proxy	Bill Godwin
Lynda Botsch	Jason Schmitt	Designee: Deputy Commissioner Cherrell Campbell-Street for Commissioner Clarence Carter – Charles Bryson, Proxy	Ruste Via
Billy Dycus	Commissioner Deniece Thomas	Marshall Graves (Southeast) – Kevin Vaughn, Proxy	
Michelle Falcon	Jeff Vance	J. Paul Jackson – Kevin Vaughn, Proxy	
Ben Ferguson (Southwest)	Kevin Vaughn	Mayor Tim Kelly – Jermaine Freeman, Proxy	
Designee: Policy Director Michael Hendrix for Governor Bill Lee	Ron Wade (Greater Memphis)	Stuart Price – Kim Hitchcock, Proxy	
Sandra Long	Assistant Commissioner Kevin Wright	Assistant Commissioner Deborah Knoll for Commissioner Lizzette Reynolds – Matthew Spinella, Proxy	

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

Call to Order and Welcome

Chairman Berry opened the meeting by thanking the board for our time and commitment to helping ensure Tennessee residents have all the opportunities available to them to find work. After preliminary remarks, he introduced new board member Sandra Long, founder and CEO of SLA Worldwide which is affiliated with the Nashville International Airport. He also referenced the great strategy session yesterday and thanked the state staff who prepared presentations and gave us a better understanding of how the different departments work together for the common goal of ensuring our residents are employed.

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 25, 2023 minutes. It was moved by Charita Allen to approve the minutes as presented. The motion passed.

Workforce Update

Deniece Thomas, Commissioner – TN Department of Labor and Workforce Development (TDLWD)
Commissioner Thomas presented several updates:

Four-Year Plan - We are starting to write our WIOA strategic four-year plan which is modified every two years. TDLWD Chief Strategy Officer Briana Moore will be the state submitter for the plan which encompasses all of the programs and associated agencies that combine to create the Tennessee public workforce ecosystem. We had an opportunity to delve into this at our board strategy session yesterday. Components of the plan will represent Career and Technical Education, all the programs under the Department of Human Services that touch workforce such as TANF, SNAP, and Vocational Rehabilitation, associated programs within TDLWD as well as economic analysis that will also touch TDLWD and Economic and Community Development. This plan is our opportunity to project how we will fulfill critical workforce needs in our state as it aligns with the vision of our Governor. There will be an emphasis on priority populations and equity on how we're getting more individuals into the workforce pipeline. American Job Center service delivery will also be a huge part of our plan moving forward. It will be due in the spring.

WIOA Reauthorization – We hear from our federal partners that conversations seem to be very hearty and then slow a bit around this topic. We will continue to collect policy work that we think would be helpful as we move forward, as well as our views on Congressional level appropriations that could aid and expand the work that we're doing at the state level. We are still seeing flat or declining funds at the federal level regarding workforce investments. TDLWD has gotten more aggressive on applying for grants that can augment the work but it's important to note that with episodic funding, competitive grants are great but not as great for sustainability purposes.

Upcoming meetings – In 2-3 weeks, there will be a national convening around the US Department of Labor visioning for WIOA moving forward. In January 2023 there will be two meetings: A Winter Policy Forum for the National Associations of State Workforce Agencies and a winter meeting for the National Governors Association Workforce Liaisons.

Blue Oval City – There is still much work to do and still working very hard to ensure the proper workforce planning and strategic focus around this project.

TDLWD has made some internal changes: Workforce Services Assistant Commissioner Steve Playl is no longer with the agency, and James Roberson is now serving as their interim Assistant Commissioner. Shalondria Shaw will be their new State Apprenticeship Director and they're excited to have her move into that role.

Workforce Initiatives of the College System of Tennessee

Flora Tydings, Chancellor – Tennessee Board of Regents – The College System of Tennessee

Chancellor Tydings gave an update on the Tennessee Board of Regents (TBR) and shared some workforce initiatives of the College System of Tennessee. At TBR their mission statement is very succinct: it is Student Success and Workforce Development. Three pillars of their strategic plan are Open Access, Completion, and Community and Workforce Development.

Open Access

TBR's community colleges are open access which means they take every student they can enroll. About half of their first-time students are considered low-income; 60% are academically unprepared when they walk in the door, and 30 % are adults from 25 years old and up. In 2022, students earn 21,733 postsecondary credentials at TBR colleges.

TBR colleges also offer dual enrollment (DE): high school students take for-credit college courses funded by lottery grants. This is their fastest growing student population. Chancellor Tydings noted that legislators have continued to put more money toward this every year so they can provide this service for students at basically no cost for those individuals to get college credit. The high-demand fields where dual enrollment is the most active is welding technology, healthcare, and farming operations technology fields. Farming is still one of the largest demand fields in Tennessee.

Completion

Over the last year, TBR has been engaged in a process that they've been calling *Reimagining the Community College Experience* to determine why a lot of enrolled students don't graduate. *The Reimagined College* launched this fall with four colleges: Pellissippi State, Jackson State, Southwest, and Walters State.

They focused on career exploration skills and workforce credentials, worked with their business and industry partners to find out what skill sets were important to businesses, and evaluated whether two or three classes were enough to put individuals to work. All students have an intensive pre-college career specialist counselor throughout their enrollment. Students also work on building their career-ready skills by being immediately enrolled in some of their career classes in their first semester. Credentials are also stacked so students can receive a credential with the first three or four courses they take rather than starting with prerequisites. TBR is already seeing huge improvements at these four colleges.

Workforce Development

In Workforce Development they have also reimagined their Center for Workforce Development to expand training and partnerships with business and industry. Dr. Jeff Sisk is their new Executive Director for the Center and TBR is working more diligently with ECD and TDLWD to ensure they are supporting new and existing business and industry in our state.

For academic year 2022-2023, TBR Community and Technical Colleges provide 1,628,134 workforce training hours directly for business and industry across the state which is the largest number of hours they have ever done to retrain and help upskill individuals across the state.

TBR also has a Tennessee College of Applied Technology (TCAT) Blue Oval City Campus. It is on-time and on-budget to open in May 2024. The initial focus will strategically be just for Ford and SK battery production, and it will expand to support other current and future West TN industries.

Governor Lee put \$1 billion into the budget last year for capital construction for the Tennessee Board of Regents. This is a generational investment that's never happened before for 29 projects across the state. TBR is extremely excited about this project and have a very aggressive schedule to have it completed by 2026.

Additional training, initiatives, and accomplishments include:

- Last year, TBR also received \$10 million in the budget to promote and expand Commercial Drivers License Training to address critical supply-chain issues. This funding increases capacity to 930 students per year – nearly triple previous capacity of 355 – and expands CDL training to 11 TCATs statewide. Now they have a waiting list of people trying to get into the programs.
- Fourteen TBR colleges are partnering with Amazon Web Services to train, upskill, and certify in the cloud computing arena across the state. People can live almost anywhere and work these jobs: it is a very successful program.
- TBR works with the TN Department of Transportation (TDOT) to do customized training to keep them safe on the road and to help them get the certifications they need to upgrade or upskill in their jobs.
- TBR also works with the Governor's Correctional Education Initiative. They have 12 colleges that are providing programs at nine TDOC facilities. Last year, they had 159 graduates and they have 462 individuals currently enrolled.
- Power Line Construction and Maintenance is another high impact initiative. TBR is the largest provider for this in the Southeast. Most of the training occurs at Oneida/Huntsville, and graduates are working at utility companies all across the state. Power Line Training and Safety at TCAT Murfreesboro trained 5,098 power line workers in 2022-2023.
- In 2015, the General Assembly created the VETS Campus Program to help veterans succeed in higher education and encourage them to remain in Tennessee. Nineteen of their colleges have now earned their certification as a Veteran-friendly campus with programs that are designed to help veterans go through their programs in a much more efficient manner.
- Five years ago, to stand behind their training, TBR put a Warranty Program in place which allows a student to be retrained for free within one year of graduation if a student's employer says he/she really doesn't have the skills associated with their TCAT training. To date, TBR has issued 57,491 warranties and they've had zero claims.

Currently, TBR has 175 teaching locations statewide from Mountain City to Memphis. Chancellor Tydings and her staff are so proud of the work they do and of being able to partner with TDLWD in this work.

The Economics of Tennessee's Child Care Crisis

Blair Taylor, President and CEO – Tennesseans for Quality Early Education (TQEE)

Tennesseans for Quality Early Education (TQEE) is a nonprofit, nonpartisan coalition of advocates for Tennessee's youngest learners. Their mission is to advance state policies and practices for all Tennessee children birth through third grade so they can get the high-quality early education they need to power our state's future. Ms. Taylor's presentation focused on presenting statistics for Tennessee.

In Tennessee right now, roughly 60% of Tennessee's third graders are below grade level in reading, and economically disadvantaged students are even further behind. When children are not reading by third grade, research states that they are four times more likely to leave school without a diploma and fall further behind.

TQEE produced a childcare report in December 2022 resulting from a statewide survey of about 1,300 *working* parents of children under the age of six. The survey concluded that the childcare crisis and the challenges that parents are facing in finding affordable, quality childcare led to \$2.6 billion in annual economic losses in Tennessee. This includes parent losses from reduced earnings; business losses from lower productivity, reduced revenue, increased turnover costs; and reduced tax revenues from loss of purchasing power.

Childcare in Tennessee costs more than in-state college tuition: if someone has two children, they could be paying \$22,000 - \$25,000 a year in childcare costs. Nearly a third of children under six years old live in families with an annual income below \$40,000. Over 50% of children under six years old are living in families that earn below \$80,000 a year.

One of the factors driving the childcare workforce problem is compensation. Childcare workers in Tennessee and across the nation are among the lowest paid occupations: \$23,000 a year on average.

Regarding early educator shortages, according to another survey the conducted among about 400 providers, 73% of them said they had a shortage of educators in the last 12 months. Per data from the Tennessee Board of Regents, it takes about 3.3 years for a person to get their Early Care and Education Associates degree from a community college, and 70% the 2019 enrollees dropped out.

Quality childcare supply is not meeting demand, and parents are already priced out of the market in many cases. The childcare market is a broken business model: the conundrum is paying workforce competitive wages vs. keeping costs affordable for parents.

While Ms. Taylor's presentation did not focus on solutions, she did touch on a few of them broadly with a three-fold emphasis:

- 1) Business models that leverage economies of scale – Companies such as Bright Horizons and Kinder Care do this well but their parents tend to be wealthier and able to afford childcare. Creative strategies include supporting childcare entrepreneurs who care for children in their home by developing their business skills, and creating a back-office provider, i.e., a hub for administrative support, compliance support, billing, and accounts payable.
- 2) Employer-provided benefits - Larger employers are making investments in on-site or near-site childcare for their employees. Employers can also make contributions to their employees' childcare needs.
- 3) Government payment assistance - Federal funding is provided to every state through the Department of Human Services that provides subsidy/childcare payment assistance for parents who are under a certain income threshold. If their earnings are less than 85% of the state median income, they qualify for a voucher or certificate. Earners who are in middle income households across Tennessee are not able to benefit from these programs.

Family-friendly employer benefits are motivators. Of the parents who took the survey: 41% said it would be very important as motivation to accept a new job offer if there was a childcare center at the work site, and 74% said flexible working days/hours can make a big difference along with work from home options. The more employers invest in their employees - particularly in our tight, competitive labor market - the more employers will be able to improve their attraction and retention of workforce and reduce their turnover costs.

Ms. Taylor posits that it's time for us to think more seriously about investments in early learning programs because there's a triple bottom line: children can get a strong early learning foundation that prepares them for success in school, parents earn a living, and businesses can grow. The solution lies in parents, government and employers working together to solve this issue.

Ms. Taylor noted that this board can support this effort by being a voice for this issue. Business and government leaders can be a voice for the fact that childcare is a major barrier today to a productive workforce. If we solve this issue, we really give a boost to our workforce. She also noted the teacher shortages for the early educator childcare workforce: in our state, Ms. Taylor is excited about the grow your own apprenticeship option and about Career and Technical Education opportunities to help prepare young people for careers as early childhood education careers.

Transportation Network Growth Opportunity (TNGO) Initiative

Victoria Hirschberg, Interim Director – Transportation Network Growth Opportunity

The Transportation Network Growth Opportunity (TNGO) is a new initiative under the Department of Economic and Community Development. This initiative, authorized in the FY2023 budget, will transform Tennessee's innovation economy by attracting automotive and mobility R&D investment to make Tennessee the premier destination for the next generation of high-quality jobs.

Interim Director Hirschberg introduced the initiative by giving the history of this new enterprise. She noted that when considering some of the ways we can continue to build our Tennessee economy statewide, a starting point is looking at how we continue to leverage what we already have. The automotive manufacturing sector is our most important cluster. Tennessee is the leader in this sector – four OEMs, 900 suppliers in 88 of 95 counties – with a workforce of 140,000. Tennessee has been successful in this industry for almost 40 years, but now there's a global mobility shift: automotive and transportation are becoming more about the movement of goods, people, consumers; it's also about combustion engine to electrification and how that impacts technology, workforce talent, economic development, and site development.

The University of Tennessee system, Oak Ridge National Lab, TVA, and Vanderbilt University commissioned a study with a consultant to find out the next level of success in automotive manufacturing. Companies are making some drastic billion-dollar investments in the state and they wanted to know how we can continue to grow. A report was developed that looked at our career pathways and trainings, our four-year institutions, and some of the programs and research assets across our state. They looked at the next realm of automotive innovation and how we can continue to have resilient, growing companies.

Innovation talent is going to drive job creation here in Tennessee and across the world. The report concluded that there is a \$2 trillion generational opportunity. These opportunities are happening right now in industries across the world and we have to take advantage of this by being at the table at the right time.

The General Assembly and Governor Lee authorized \$5 million in last year's budget for Economic and Community Development, and the department launched this pilot.

The future mobility system relies on innovation talent. Tennessee will need to increase the throughput, retention, and attraction of innovation talent with advanced technical, scientific, and professional skills and qualifications. This requires the leveraging of ready assets and partnerships in automotive manufacturing, and with academic institutions that serve as a bridge to talent and research.

The state of Tennessee currently has institutions and diverse stakeholders to provide world-class R&D advantages. Industries here are primed for growth and expansion, and we have a business-friendly policy environment.

The goal of TNGO is for Tennessee to become the #1 destination for mobility R&D investment in the Southeast by organizing and deploying statewide research and industry assets to connect, compute, power and fuel the future. This goal is supported by the values of community livelihood and quality of life, regional diversity (rural/urban continuum), and mobility and energy security.

As they continue to evolve, the TNGO initiative has three goals at least until June 30, 2024: 1) marketing and stakeholder engagement, 2) mobility innovation challenge, and 3) develop corporate R&D and engineering attraction strategy. Ms. Hirschberg and her team want to send a message that Tennessee is the place for future mobility system innovation talent.

AJC Service Delivery Evaluation Status Update

Ms. Stephanie Gore, Director - KPMG

Ms. Gore gave a status report and snapshot into the work they're doing for Tennessee program evaluation by conducting an extensive view of our workforce ecosystem. They are not only looking at their primary focus - AJC service delivery and Adult Education - they are finding additional connections to topics we are already discussing such as childcare. KPMG is very data focused, working with the data gurus in the agency and collecting qualitative data by doing intensive focus groups with different audiences. They've met with the workforce boards, Adult Education providers, and employees and staff from the various centers. The last group is the employers.

KPMG is heavily into their evaluation at this point with some significant insights. They are really excited about their rapid cycle evaluation which allows for streamlined evaluation and faster implementation results. Ms. Gore's team works with labor agencies across the country so they're able to assess and analyze how things look here compared to the rest of the country, and how we are doing from a local perspective. Their ultimate goal is to help us better match employers and the workforce to get the outcomes we want for Tennessee. They are developing their draft report, and because they've collected so much data, they have dashboards to overlay a lot of information.

Joint Committee Meeting

Oversight Committee, Operations Committee, Innovation Committee

Presented by Oversight Committee Chair Michelle Falcon

Michelle Falcon gave a report from the joint committee meeting earlier this morning. She stated that through our audit process during 2023, and prior to that, we've addressed some concerns with Greater Memphis. We've specifically addressed concerns and audit remarks raised to the local board and the state-provided technical assistance to try to resolve and mitigate any fiscal concerns such as lack of internal controls and such as segregation of duties. The board staff did not meet or respond timely to those deadlines to address those issues. After raising said concerns a staff member received a fraudulent email and we proceeded with a transaction payment of \$580,000. Due to the lack of checks and balances, that payment was processed. As soon as the state was made aware, the state has been in constant communication with the executive team and has requested information as the sanction level three allow us to, however at this time, we haven't received response to the corrective actions nor received resolution for all the concerns.

Ms. Falcon noted that today we had discussions on potential outcomes and discussed next steps to make sure that we are providing Memphis with the service they deserve and to ensure there is not a lack of service or resources due to these inefficiencies. There is definitely a lack of communication and resolution to these issues.

Tennessee Department of Labor and Workforce Development (TDLWD) Attorney Jonathan Haynes provided a little additional context, noting that there has been some formal communication with the CLEO, in this case Mayor Harris of Shelby County. There have been several correspondences with Mayor Harris, the first on September 29, 2023, after he was informed of the issues going on. The Department received a letter asking for our permission essentially to replace the Fiscal Agent, then on October 10, 2023, the Department responded to Mayor Harris informing him that under the law it is the decision of the CLEO to make any determinations as far as the Fiscal Agent is concerned. They do not need the Department's permission, but the Department did request that they provide the name of a new Fiscal Agent if they were going to that route by October 13, 2023. It was Mr. Haynes' understanding that although there's been some communications concerning a potential replacement for a Fiscal Agent, there has not been any Fiscal Agent officially named to date. On October 26, 2023, an additional follow-up letter was sent to Mayor Harris outlining all the deficiencies the Department was having with the local board in that area. Mr. Haynes noted that at the end of that letter, the Department requested that a corrective action plan be submitted by the local board by close of business November 3, 2023, which is today's date. Failure of the local board to submit any corrective action plan by close of business today would result in the Department's recommendation for decertification.

One of the discussions that occurred during the joint committee meeting referenced Greater Memphis' slow response or lack of response to some of the other prior deadlines they have been given. This was not to say they would be slow or non-responsive today but it's the pattern we've seen up to this point. A bigger part of the discussion was just their trend of a lack of urgency to respond to some of the issues mentioned to them.

After engaged discussion about possible options, there were two recommendations.

The first recommendation:

A recommendation to the CLEO to change the Fiscal Agent and Administrative Entity by no later than November 17, 2023, and the removal of their chairperson by the end of the day today [Friday November 3, 2023] if we do not receive the action plan response. As a point of clarification, the change to the Fiscal Agent and Administrative Entity is irrespective of the action plan response. Chairman Berry called for a hand vote rather than a consensus vote and asked if anyone needed to abstain from the vote. Commissioner Thomas abstained because her agency will be responsible for carrying out any of the associated corrective action. It was moved by Martha Axford and seconded by Mike Pogreba to accept this recommendation. The motion passed by a vote of nineteen (19) in favor of the motion and no opposing votes.

The second recommendation:

On December 1, 2023, if we don't receive a change on the Fiscal Agent by the CLEO, we will then proceed with a recommendation to the Governor to decertify the Board. Chairman Berry called for a hand vote rather than a consensus vote and asked if anyone needed to abstain from the vote. Policy Director Hendrix abstained as a member of the Governor's Office, and Commissioner Thomas abstained because her team will be responsible for the process of any corrective action. It was moved by Billy Dycus and seconded by Kevin Vaughn to accept this recommendation. The motion passed by a vote of fifteen (15) in favor of the motion and two (2) opposing votes.

After the votes, Chairman Berry re-emphasized that while this is not something we enjoy doing, one of our responsibilities is to create accountability for the benefit of the residents of Tennessee.

Employment Security Update

Jason Cecil, Assistant Administrator – TN Department of Labor and Workforce Development (TDLWD)

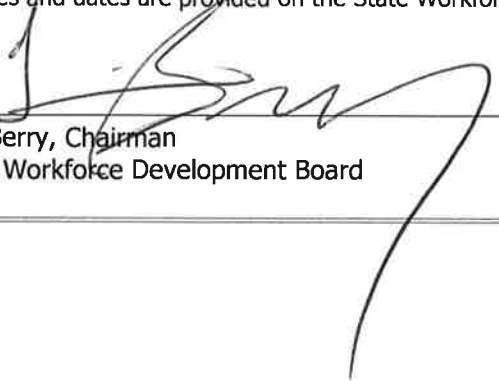
Mr. Cecil gave a demonstration of what employers will experience when they use the new unemployment insurance benefits system which is scheduled to go live in 2024. Mr. Cecil was accompanied by Unemployment Insurance Program Specialist Jacob Greer.

One of the primary goals for this system overall and is to make it intuitive, simple, easy to access, and easy to navigate. This demonstration focused on streamlining the actions an employer would need to take within the system. Highlights of the demonstration included a one-time, 10-minute registration process for an employer, and comprehensive self-service web requests. More self-service options were added for actions like mass layoffs and work refusals. We also had an opportunity to view the dashboard, employer summary page, and the action center.

Closing Remarks and Adjourn

In the interest of time Assistant Commissioner Kevin Wright agreed to roll his presentation to the next meeting. Chairman Berry thanked the board for our time and investment. After a reminder of 2024 meeting dates, the meeting adjourned at approx. 12:44 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

3-22-24
Date
