

**WORKFORCE ARIZONA COUNCIL
BOARD MEETING MINUTES**

Thursday, February 28, 2019
1:00 p.m. – 3:00 p.m.
Hilton Scottsdale Resort and Villas
6333 N. Scottsdale Road, Salon IV, Scottsdale, AZ 85250
Conference Line: 1-240-454-0879, Access Code: 280-993-715

Members Present

Dawn Grove, Chair – Karsten Manufacturing
Sheryl Hart – Arizona Department of Education
Director Michael Traylor – Arizona Department of Economic Security
Mark Gaspers – Boeing
Thomas Winkel – Arizona Coalition for Military Families
Rosalyn Boxer (Proxy for Director Sandra Watson) – Arizona Commerce Authority
Tom Jenkins – Advanced Business Services
John Walters – Liberty Mutual
Jeff Fleetham – Arizona Registrar of Contractors
Susan Anable – Cox Communications
Allison Gilbreath – Arizona Chamber of Commerce
Larry Lucero – Tucson Electric Power
Naomi Cramer – Banner Health
Dennis Anthony – Arizona Apprenticeship Advisory Committee
Audrey Bohanan – Adelante Healthcare
Drew Thorpe – APS
Jon Schmitt – ASU

Members Present via Phone

David Martin – Arizona Chapter, Association of General Contractors
Alex Horvath – Tucson Medical Center
Randy Gibb – Grand Canyon University
Randall Garrison – FinTek Industries
Thomas Longstreth – Ventana Medical Systems

Members Absent

Todd Graver – Freeport-McMoRan
Stephen Macias – Pivot Manufacturing

I. Call to Order

Chair Dawn Grove called the Workforce Arizona Council meeting to order at 1:05 p.m.

II. Roll Call

Quorum was present.

III. Welcome and Introductions

Chair Dawn Grove welcomed the Council and introduced new members Audrey Bohanan from Adelante Healthcare, Drew Thorpe from APS, Jon Schmitt from ASU and Randall Garrison from FinTek Industries.

IV. Chair Report

Chair Dawn Grove gave the Council an update on the National Governor's Association Winter meeting. She then shared a success story update on the Maryvale Workforce initiative. Keith Forte from the Office of Economic Opportunity gave more details about the Initiative.

V. Manager Report

Ashley shared some information from the National Governor's Association meeting. Announced that the U.S. Department of Labor is coming to monitor the State of Arizona the week of March 4th and March 11th. She also informed the Council that she and the Office of Economic Opportunity will be relocating offices to the Arizona Commerce Authority starting March 11th. There will be a need to hold Committee meetings in other locations due to this change in office location.

VI. Call to the Public

Thomas Fredrickson, Woz-U, gave a public comment regarding his experience in using ARIZONA@WORK.

VII. Discussion & Possible Action

A. Approval of Minutes

Jeff Fleetham moved to approve the minutes from the November 29, 2018 meeting. Mark Gaspers seconded. The motion was approved.

B. Presentation: Arizona Workforce Association

Teri Drew introduced LaSetta Hogans, Executive Director-City of Phoenix Workforce explained the items in which the Association discussed in their meeting then thanked the Council for considering submitting waivers to the Department of Labor and is requesting that the Council consider two additional waivers.

C. Presentation: Adult Education and HSE systems in Arizona

Chair Dawn Grove introduced Sheryl Hart from the Arizona Department of Education, Adult Education Services. Sheryl reviewed the Adult Education program performance for program year 2017-2018. Sheryl explained the process of implementing the High School Equivalency exam. Sheryl gave an overview of their qualification process to enter the program.

D. Presentation: Workforce Development Technology

Chair Dawn Grove introduced Tom Jenkins, Maricopa County Workforce Development Board to present the work that the Maricopa Workforce Board has done regarding their technology vision. He explained that research was completed on the needs of their local area, the current state of technology and a case study of best practices from six other states.

E. Presentation: Arizona Career Readiness Credential Update

Chair Dawn Grove introduced Trevor Stokes, Workforce Program Manager, Arizona Office of Economic Opportunity, to present an update of the Arizona Career Readiness Credential (ACRC). Trevor explained the implementation process for rolling out the availability of testing sites and signing on more employer champions of the ACRC.

E. Committee Reports

1. Performance Excellence

David Martin, Committee Chair, reviewed the last Committee meeting with the Council and explained the process the Committee followed to review the proposed policy and local plan that is being presented to the Council for consideration.

a. Conflict of Interest Policy

David Martin explained that this policy was first considered during the Performance Excellence Committee meeting in November 2018. The Committee asked for written comments from the workforce system stakeholders. The Committee reviewed the comments received and gave time during their meeting for additional comments and discussion. The Performance Excellence Committee is recommending the Council consider the adoption of the Conflict of Interest policy.

(1) Vote to adopt Policy #8: Conflict of Interest

Thomas Winkel moved to adopt Policy #8: Conflict of Interest. Dennis Anthony seconded. Larry Lucero abstained from the vote. The motion was approved.

b. Local Area Plans

David Martin stated that the Committee was given a presentation in which was explained that there was one local area who had their Local Plan modifications ready for approval. The Performance Excellence Committee is recommending the Council consider the approval of the Pinal County Local Plan and asking that the Council consider giving the authority to the Committee to approve the additional Local Area Plans as they become ready for approval as to expedite the process for the local areas.

(1) Vote to approve Pinal County Local Plan

Jeff Fleetham moved approval of the Pinal County Local Plan. Mark Gaspers seconded. The motion was approved.

(2) Vote to give authority to Performance Excellence Committee to approve local area plans

Thomas Winkel moved to give the authority to the Performance Excellence Committee to approve the local area plans as they become ready for consideration. Susan Anable seconded. The motion was approved.

2. Quality Workforce

a. National Skills Coalition Report

Committee Chair, Mark Gaspers, gave an overview of the National Skills Coalition Summit that he attended as part of a delegation of participants that the Center for the Future of Arizona sent to learn how Arizona can address the skills gap found among the workforce in the State.

3. State Plan Task Force

Chair Gove explained that the next 4-year State Plan will be developed over this year and the Council members will be called upon to participate in multiple ways throughout the process.

F. 2019 Council Meeting Schedule

- 1. Wednesday, June 5, 2019, 1:00 – 3:00 p.m.**
- 2. Thursday, September 5, 2019, 1:00 – 3:00 p.m.**
- 3. Wednesday, December 4, 2019, 1:00 – 3:00 p.m.**

I. Council Member Remarks

No additional remarks were received from the Council members.

VIII. Adjournment

Mark Gaspers moved to adjourn the meeting, it was seconded by John Walters. The motion was approved and the meeting adjourned at 2:55 p.m.

DRAFT



MAY 22 2019

Michael Wisheart,
Assistant Director
Arizona Department of Economic Security
DERS 2nd Floor, NE, MD 5111
1789 West Jefferson Street
Phoenix, Arizona 85007

Dear Mr. Wisheart:

During the weeks of March 4 – 15, 2019, the U.S. Department of Labor (DOL), Employment and Training Administration (ETA) Region 6 Office conducted a compliance review of the following programs:

Workforce Innovation and Opportunity Act (WIOA)

AA-28303-16-55-A-4

AA-30940-17-55-A-4

AA-32212-18-55-A-4

ES -29398-16-55-A-4

ES -30974-17-55-A-4

ES -31834-18-55-A-4

Our report from this review is enclosed. Please respond to the findings identified in the report within 60 days from the date of this letter. Your response should be submitted to your Federal Project Officer (FPO), Carol Padovan at padovan.carol@dol.gov.

We hope that our review and this report are helpful to you and your team. Please express my gratitude to your staff for their assistance during the review. If you have any questions, please contact Karen Connor, Division of Workforce Investment Chief at (415) 625-7962 or connor.karen@dol.gov or Carol Padovan at (415) 625-7907.

Sincerely,


John R. Bailey
Acting Regional Administrator

Enclosures

COMBINED COMPLIANCE REVIEW SUMMARY

Executive Summary

ETA's review of activities has resulted in ten findings, and six noted practices.

Finding One: Nineteen Tribal Nations Local Workforce Development Board Composition is Non-compliant with WIOA Requirements and is not Fulfilling Fiscal Agent Roles.

Finding Two: Most Local Boards are not Fulfilling all Required Functions

Finding Three: Non-compliant or Missing Agreements to Avoid Conflict of Interest for Organizations that Perform More than One Role

Finding Four: Some Local Boards are Non-Compliant with the Sunshine Provision

Finding Five: Not all Required Partners are Contributing to One-Stop Infrastructure Costs

Finding Six: Excess Cash on Hand

Finding Seven: Space Usage is not Aligned with Reed Act Equity

Finding Eight: Missing Required Terms and Conditions in Sub-award Agreements

Finding Nine: Grant Agreements do not Clearly Distinguish the Role of a Sub-recipient from a Contractor.

Finding Ten: Lack of Monitoring Statewide Activity Projects

Noted Practice One: State Technical Assistance for Local Boards

Noted Practice Two: AZ Monitoring Tool

Noted Practice Three: Arizona Second Chance Centers

Noted Practice Four: Advanced Manufacturing Certificate

Noted Practice Five: City of Phoenix Locates Arizona@Work American Job Centers and Youth Services in the Areas with the Highest Need Populations

Noted Practice Six: Use of the Complaint System by all DES Locations

Please note that the review did not cover any areas outside the defined scope. Although no material issues came to the reviewers' attention other than those contained in this report, there is no assurance that other issues may not exist.

Scope of Review

Dates of Review:

March 4 - 15, 2019

Exit Date:

April 3, 2019

Sites Visited:

AZ DES/DERS Office
City of Phoenix Local Workforce Development Board
City of Phoenix Business and Workforce Development Center
Arizona@ Work West Phoenix One Stop Center
Arizona@Work Marcos DeNiza Affiliate Center
Maricopa County Local Workforce Development Board
West Valley (Maricopa) Arizona@Work One Stop Center
Arizona@Work Gilbert One Stop Center
Pinal County Local Workforce Development Board
Pinal County Arizona@Work One Stop Center
Northeastern Local Workforce Development Board
Arizona@Work Globe One Stop Center
Pima County Local Workforce Development Board
Arizona@Work Kino Affiliate Center
Kino Veterans' Workforce Center Classroom
Arizona@Work Pima County One-Stop Youth Employment Center
Santa Cruz Workforce Development Board
Arizona@Work Santa Cruz One Stop Center
Yuma Department of Economic Security Office
Yuma Private Industry Council Local Workforce Development Board
San Luis Department of Economic Security Office
Department of Economic Security Training Center

Reviewers:

Tom DiLisio
Krister Engdahl
Thou Ny
Patricia O'Sullivan
Carol Padovan
Jeffrey Patton
Latha Seshadri
Noel Sukhram

Attendees at Exit Conference:

Michael Wisehart, Assistant Director, DERS
Molly Bright, Deputy Assistant Director, DERS
Roberta Blyth, Deputy Assistant Director, DERS
Kelly Hart, Administrator, Employment Engagement Administration, DERS
Marla Lazere, Administrator, Reemployment Assistance Administration, DERS
Karen Nelson Hunter, WIOA Coordinator, DERS
Sherry Seaman, Administrator, Quality Assurance & Integrity Administration, DERS
David Steuber, Administrator, Finance & Business Operations Administration, DERS
Brian Persons, Deputy Administrator, Information Technology Administration, DERS
John R. Bailey, Acting Regional Administrator, ETA
Karen Connor, Division Chief, ETA

Tom DiLisio, Systems Analyst, ETA
Thou Ny, Program Analyst, ETA
Carol Padovan, Federal Project Officer, ETA
Latha Seshadri, Federal Project Officer, ETA
Krister Engdahl, Federal Project Officer, ETA

Purpose:

The purpose of the review was to determine if the grants/programs are operating in compliance with all applicable Federal laws, regulations, policies, and other grants management requirements.

Grants/Programs Reviewed

Wagner Peyser Grants

WIOA Title I and III

Migrant Seasonal Farm Worker

Time Period Covered:

October 2016 to September 2018

Tools used to Conduct Review:

ETA Core Monitoring Guide

FINDINGS

Finding 1: Nineteen Tribal Nations (NTN) Local Workforce Development Board (Local Board) Composition is Non-compliant with WIOA Requirements and is not Fulfilling Fiscal Agent Roles.

Indicator: 1.a.1

Condition:

WIOA requires that Local Board membership must be composed of 51 percent businesses. The NTN Local Board roster does not meet this requirement. Of the 14 members listed, 11 are categorized as “business (tribal government).” The narrative attached to the roster states that “Tribal Government is considered as Business; therefore, each Tribal appointee is a business representative.”

A tribal government does not automatically qualify as a business under WIOA. Tribal representatives may be appointed as representatives of businesses on a Local Board so long as they meet the criteria under WIOA.

The business representatives on a Local Board must be owners of businesses, CEOs of businesses, or other business executives or employers with optimum policymaking or hiring authority; represent businesses that provide high-quality, work-relevant training and development in in-demand industries; and must be appointed from individuals nominated by local business organizations and business trade associations. In addition to any Tribal government entities that may fit the criteria, Tribal-approved businesses or Tribal Enterprises endorsed by Tribal councils, or other businesses legally operating on tribal land, who also meet the criteria, could be business representatives.

WIOA also requires that the local fiscal agent, as designated by the Local Area CEO(s), fulfills certain roles, including receiving the funds, ensure sustained fiscal integrity and accountability according to Federal regulations, financial reporting, etc. The NTN Local Board is the designated fiscal entity for the NTN Local Area, but it leaves some roles to the individual tribes to do (e.g. financial reporting, maintaining proper accounting and adequate documentation, procuring contract or obtaining written agreements, ensuring an independent audit of all employment and training programs). Not only is this practice non-compliant, but it has resulted in a lack of oversight to ensure NTN's service providers maintain compliance with WIOA. Examples at the time of this review include:

- Gila River Indian Community and San Carlos Apache Tribe had not executed their Intergovernmental Agreements (IGA's) for Program Year (PY) 2018 WIOA funds;
- Colorado River Indian Tribe, Quechan Tribe, Hopi Tribe, and San Carlos Apache Tribe had not responded to outstanding documents requested for the FY 18 monitoring reviews.
- Colorado River Indian Tribe, San Carlos Apache Tribe, Cocopah/NTN, Hopi Tribe, and Quechan Tribe regularly submit responses to findings letters, mandated reports (such as monthly expenditures, and close out) that are several months late.

The rest of the NTN Local Area designated fiscal agent roles have been given to the State to fulfill. These include distributing the funds to service providers via each individual NTN Tribe; providing technical assistance for financial issues to subrecipients, conducting and performing financial and performance monitoring of service providers. Since these functions are part of what the state must monitor Local Boards for, this creates a conflict of interest.

Cause: Under WIA, the NTN Local Board was allowed to use a "substantially similar" composition to meet the requirement for business members, but the change in Local Board composition under WIOA has not been implemented. Regarding the fiscal agent roles, the NTN is composed of 13 Tribes, which are sovereign nations, and do not accept the authority of the Local Board to fulfill the required roles of a fiscal agent.

Criteria: WIOA section 107(b)(2) and 20 CFR 679.320(a) and (b) outline the requirements for Local Boards to be composed of 51 percent businesses and meet other criteria. 20 CFR 679.420 (a) – (c) describes the roles of the designated fiscal agent.

Corrective Action: The membership composition of the NTN Local Board must meet the WIOA requirement for 51 percent of members being businesses that fit certain criteria.

The NTN Local Board must provide the State with documentation that its appointed members meet the following criteria: owners of businesses, CEOs of businesses, or other business executives or employers with optimum policymaking or hiring authority; represent businesses that provide high-quality, work-relevant training and development in in-demand industries; and must be appointed by individuals nominated by local business organizations and business trade associations. So long as they meet this criteria, they can be representatives from Tribal Government entities, Tribal Enterprise, Tribal businesses or businesses approved by Tribes to do business on Tribal lands.

The NTN Local Board must either fulfill all of the roles of the fiscal agent, or the NTN Local Area CEO's must designate another fiscal agent, other than AZ DES/DERS. The NTN Local Board must provide the State documentation that it is fulfilling all of the required fiscal agent roles, or the NTN Local Area CEO's must provide the State with documentation that they have designated another entity to perform them.

This finding may be resolved when the State provides the Region with documentation that NTN Local Board has met the Local Board composition requirements, and has either begun to fulfill all the roles of fiscal agent, or the NTN CEO's have designated another entity as fiscal agent that is fulfilling all of the required roles.

Finding 2: Most Local Boards not Fulfilling all Required Functions

Indicator: 1.a.1

Condition: Under WIOA the local workforce development board (Local Board) is assigned significant responsibilities that it must carry out to be recertified, in partnership with the Chief Elected Official (CEO) that appoints members. WIOA statute and regulations view the Local Boards as active, participatory leaders and decision-makers, and not merely an advisory group to the CEO or program operator. Paraphrasing 20 CFR 679.220, 670.300 and 670.310, Local Areas are the areas in which Local Boards oversee their functions, and the purpose of the Local Workforce Development Boards is to provide strategic and operational oversight in collaboration with partners to develop a high quality workforce system; assist in the achievement of the state plan vision and operational goals, and maximize and continue to improve the quality of services. The Local Board also sets policy for its local area and develops the local plan.

WIOA assigns authority to the CEO in numerous areas such as the development of local board by-laws, board appointments, the designation of a fiscal agent, and certainly a role in setting strategic direction. WIOA statute and regulations state that all Local Board functions are in partnership with Chief Elected Officials (CEO's). However, the CEO lacks authority to decide which statutory functions the Local Board will fulfill or how they will be fulfilled, and there are required functions which neither the CEO nor the State may subsume. For example, the Local Board has the authority to choose whether to add certain responsibilities to the fiscal entity designated by the CEO, and selects the service providers and one stop operator.

During the review, we saw that in most Local Areas, the CEO or CEO-designated staff had assumed or subsumed some of the functions of the Local Board. Whether or not this was in agreement with the Local Board, some functions belong to the Local Board, with the CEO acting in a partnership role that enables the Local Board to fulfill its functions.

In the case of the NTN Local Board, the State has been fulfilling some of these functions, such as conducting oversight of workforce investment activities, and others, such as ensuring the appropriate use and management of WIOA funds, were fulfilled by the individual tribes.

Some examples of our concerns, based on our review of written documentation; board member, and board staff, interviews, include:

- The State, as part of the re-certification process for Local Boards, required all Local Boards to certify that they had in place a CEO/Board Agreements that outline the roles of both, in compliance with State policy. However, a review of the CEO/Local Board agreements revealed that most did not meet all of the requirements, and some were not in place.
- None of the CEO/Board Agreements, or staff and board interviews, indicated that the Local Boards provided direction (or had knowledge regarding their authority to give direction) regarding the functions of the CEO-designated fiscal entity.
- In some of the CEO/Local Board Agreements, it stated that the Local Board only had responsibility for the budget for “Local Board activities”, but not administrative or operational activities, effectively negating the Local Board’s required function to ensure appropriate use and management of funds.
- In some of the CEO/Board agreements for Local Boards, and CEOs, there were statements that Local Boards “serve in an advisory role to the CEO” or “recommend policy to the CEO.” Such statements effectively negate the ability of those Local Boards to fulfill their WIOA-required functions.
- The Maricopa CEO/Board Agreement does state that the Local Board selects service providers, yet it also states that the CEO “as the grantee...designates the County Human Services Department (HSD), as the Title I youth service provider.” There is no reference to the Local Board’s input on this, nor how HSD was also selected to be the service provider for Adult and DW services. According to Local Board members interviewed, the Local Board wanted to procure service providers, but the CEO’s designated staff refused to conduct a procurement. The CEO/CEO-designated staff may not refuse to allow the Local Board to fulfill this required Local Board function.
- None of the CEO/Board Agreements, or staff and board interviews, indicated that the Local Boards have authority to hire staff (including the director). Some agreements just designated County staff, without reference to the Local Board’s choice in the matter, and some didn’t mention it at all.
- With the exceptions of City of Phoenix and Pinal County, none of the Local Board members interviewed knew the amount of their local area’s Title I-B funding allocation, including the budget, and only saw the budget after the CEO had completed it. In the case of Maricopa, the budget was provided by the CEO’s designated service provider, which contradicts what is in their CEO/Local Board Agreement about this function.
- The NTN Local Board has not fulfilled the functions of a Local Board for oversight and management of funds for youth, adult, dislocated worker activities and the one stop system; and ensuring appropriate use management and investment of funds to maximize performance outcomes. Instead, these functions are being fulfilled by the individual NTN Tribes and the State.

We have provided an attachment which details specifically what we observed for each Local Area. **Cause:** There has been a lack of understanding of the respective functions of the CEO, the fiscal agent, and the Local Boards, possibly left over from WIA. It has resulted in Local Board functions being fulfilled and in some cases subsumed, by the CEO, fiscal agent, and the service provider. In the case of the NTN Local Board, the State fulfilled some of the functions because the NTN Local Board requested it, and others it gives to individual Tribes to perform.

Criteria: 20 CFR 679.300 – 370(a)-(q) outlines the requirements for a Local Board, the CEO, and the fiscal agent, including the vision and purpose, definition, and functions for Local Boards. 679.310(c) describes the agreement that CEOs and Local Boards may enter that describes the respective roles and responsibilities of each; Workforce Arizona Council Local Governance Policy 01-2016 requires that CEOs and Local Boards have these agreements. 20 CFR 679.430 outlines the requirement to have an agreement when multiple roles are fulfilled. WIOA section 107(c)(2)(C)(A)(ii) and Workforce Arizona Council Local Governance Policy 01-2016 describes the Governor's authority to decertify a Local Board for failure to carry out required functions.

Corrective Action: The State must ensure and document that all Local Boards are fulfilling their required functions before re-certifying the Local Boards. This should include:

- Ensuring the CEO's (including all CEOs within Local Areas with multiple CEOs), fiscal agents and CEO-designated staff (if different), service providers, administrative entities, Local Board members and Local Board staff are made aware of these requirements.
- The Local Boards must provide to the State a signed agreement, that fully and correctly outlines the WIOA-required roles, and responsibilities for execution, for all parties as described at 679.310(c) and required by the Workforce Arizona Council Local Governance Policy 01-2016. The process for creating the agreement should be documented within the official meeting minutes posted electronically.
- If appropriate, and the State's policy allows it, this agreement may be combined with the agreement that is required when individual organizations (Local Boards/CEOs/Fiscal Agents, etc.) have multiple roles, as described at 679.430.

To resolve this finding, the State must provide the Region with documentation that it has completed this, so that all 12 Local Boards have either been enabled to perform all of their required functions, and re-certified, or that the State is taking the steps required at 107(c)(2)(C)(A)(ii) and Workforce Arizona Council Local Governance Policy 01-2016.

Finding 3: Non-compliant or Missing Agreements to Avoid Conflict of Interest for Organizations that Perform More than One Role.

Indicator: 1.a.1

Condition: WIOA requires that organizations within Local Areas that perform in more than one role, such as local fiscal agent, Local Board staff, one stop operator, or direct provider of services (including youth, career, and direct training services) must develop an agreement with the Local Board and CEO to clarify how the organization will carry out its responsibilities while demonstrating compliance with WIOA and corresponding regulations, relevant financial and administrative regulations, and the State's conflict of interest policies.

Through a review of the agreements, organizational charts, local plans and interviews of 6 of the 12 local board staff and board members, we identified that some organizations performing multiple functions in Local Areas did not have agreements that met WIOA, and State policy organizational requirements for how roles were to be carried out in such a way as to avoid conflicts of interest, i.e. with firewalls in place. In some cases, the agreements were not provided. Below is a list of the Local Boards with our observations of their agreements, organizational charts, contact lists, local plans, and for those we visited, what we observed about their organizational structure that was relevant.

<p><i>City of Phoenix Local Board</i></p>	<ul style="list-style-type: none"> Given the newly separated administrative structures of the Local Board and the current City of Phoenix career service provider, the City should have an agreement that clearly outlines how a conflict of interest is to be avoided, ensuring that the Local Board is able to fulfill its role as the selector, and terminator for cause, of service providers. At the time of this review, there was no agreement in place that outlined how conflict of interest would be avoided.
<p><i>Coconino County Local Board</i></p>	<ul style="list-style-type: none"> The organizational chart shows Carol Curtis as Career Center Director, Administrative Entity, and parallel to the Workforce Board, under Dr. Marie Peoples. The chart does not show how, or if, the Local Board is staffed, but the State's Master Contact List has Carol Curtis listed as the Local Board Director, as well, which indicates she fills this role. The monitoring letter from AZ DES/DERS is addressed to Carol Curtis, indicating that she is acting in the Local Board's oversight role. The CEO/Board Agreement (section IV, A. Local Plan), states that to develop the Local Plan, "a Coconino County Workforce Team will assist in the development of the Coconino County Local Plan." At the time of this review, there was no agreement in place that outlined how conflict of interest would be avoided.

<p><i>Maricopa County Local Board</i></p>	<ul style="list-style-type: none"> • The Maricopa CEO/Board Agreement did not contain a description of all WIOA-related functions of the CEO, fiscal agent, and Local Board, and how conflict of interest was to be avoided, especially given that the Board of Supervisors' (BOS) designated administrative entity, Human Services Department (HSD), is the employer of the Local Board staff, the fiscal agent, and the Title 1-B service provider, and the BOS has appointment authority over the Local Board. • The agreement stated that it avoided conflict of interest by the "firewall" of having two separate budgets for HSD and WDB, but given that the Local Board staff and the HSD service provider both answer to the same supervisor, this doesn't explain how conflict of interest would be avoided. HSD also performs program monitoring, including performance oversight, for itself, which presents a potential conflict of interest, and must be addressed within the agreement. • The role of the contract and fiscal units within HSD are not described; they are in the same department as the service provider. • The agreement states that Local Board members "serve at the pleasure of BOS", but does not identify how a conflict of interest is to be avoided. For example, if Local Board members disagree with the BOS or BOS-designated staff (HSD) over procurement of service providers, the agreement should explain how a conflict of interest will be avoided.
<p><i>Mohave La-Paz</i></p>	<ul style="list-style-type: none"> • Mohave County has multiple roles including fiscal agent, administrative entity, and service provider for youth services. • At the time of this review, there was no agreement in place that outlined how conflict of interest would be avoided.

<i>Nineteen Tribal Nations</i>	<ul style="list-style-type: none"> • The Cocopah tribe is the fiscal agent, staffs the Local Board, and serves as the one stop operator. • This requires an agreement between the CEO and the Local Board that identifies how the role of fiscal agent, one stop operator and Local Board, are carried out without conflict of interest, in compliance with the State's policy for conflict of Interest.
<i>Northeastern Local Board</i>	<ul style="list-style-type: none"> • CEO designated staff serve as fiscal agent, and staff the Local Board. At the time of this review, the Local Board Director was also performing multiple functions – Local Board Director and Title I-B service provider. • At the time of this review, there was no agreement in place that outlined how conflict of interest would be avoided.
<i>Pima County Local Board</i>	<ul style="list-style-type: none"> • Within its local plan, Pima County Community Services provides Board staff, oversees the Title I-B services, provides the services, and acts as the administrative entity and fiscal agent. • The Master Contact List provided by the State, as well as the Pima County Local Plan, shows staff from Pima Community Services in multiple roles, including staff to the Local Board and Local Operations, and fiscal agent. • At the time of this review, there was no agreement in place that outlined how conflict of interest would be avoided.
<i>Pinal County Local Board</i>	<ul style="list-style-type: none"> • The Local Board has procured all service providers, but Pinal County staffs the Local Board and is the CEO. • At the time of this review, there was no agreement in place that outlined how conflict of interest would be avoided.
<i>Santa Cruz County Local Board</i>	<ul style="list-style-type: none"> • On the State's Master Contact List, Maritza Cervantes of Santa Cruz County, is listed as Local Board staff, one stop operator and program director.

	<p>The organizational chart also reflects Maritza Cervantes as manager over Title II, Adult Education, Title I-B services, one stop coordinator, and other grants. It appears all staff work for the same organization, Santa Cruz County, and under the direction of the County, which is also the designated fiscal agent.</p> <ul style="list-style-type: none"> • At the time of this review, there was no agreement in place that outlined how conflict of interest would be avoided.
<i>Southeastern Local Board</i>	<ul style="list-style-type: none"> • The Master Contact List provided by the State for this review lists Vada Phelps as the Director of Southeastern Arizona@Work (AJC); One Stop Operator, and Director of the Southeastern Workforce Board. This indicates her roles include direct supervision over including one stop services, finances, and grant administration. • A copy of the contract for Cochise County for One Stop Operator shows Vada Phelps, as director of Arizona@Work Southeastern, as providing staff, and the organizational chart provided shows a staff person under Ms. Phelps's direct supervision. • At the time of this review, there was no agreement in place that outlined how conflict of interest would be avoided.
<i>Yavapai County Local Board</i>	<ul style="list-style-type: none"> • In the local plan, it notes that the Northern Arizona Council of Governments (NACOG) provides administrative functions to the Board, is the administrative entity and fiscal agent, provides Title I-B services, and is the one stop operator. The plan also notes that NACOG discharges all duties assigned to the Yavapai Board of Supervisors. • The organizational chart and State Master Contacts list show that Teri Drew, an employee of the Northern Arizona Council of Governments (NACOG) is the Local Board Regional Director, as well as Director of Operations.

	<ul style="list-style-type: none"> • It also shows Leah Clickavage, also employed by NACOG, as one stop operator and the Operations Manager. Part of the described role for this position describes her as responsible for ensuring service delivery staff operate in compliance with WIOA. • At the time of this review, there was no agreement in place that outlined how conflict of interest would be avoided.
<i>Yuma County Local Board</i>	<ul style="list-style-type: none"> • The State Master Contact List and the Yuma Organizational chart shows staff from Yuma Private Industry Council (YPIC) fulfilling multiple roles, including staff to the Local Board, Local Operations, service provision, monitoring of services, and fiscal agent. • At the time of this review, there was no agreement in place that outlined how conflict of interest would be avoided.

Criteria: 20 CFR 679.430 outlines the requirement, when multiple roles are performed by the same entity, to have an agreement between the CEO and the Local Board that describes how conflict of interest will be avoided. Arizona State Conflict of Interest Policy #8 outlines the organizational requirements for avoiding conflict of interest in Arizona.

Corrective Action: The State must ensure and document that all Local Boards comply with its State Conflict of Interest Policy, and have in place CEO/Local Board agreements that demonstrate how they meet the requirements within WIOA and the State’s policy for conflict of interest. If appropriate, and allowed within State policy, this agreement may be combined with the agreement that is described at 679.310.

To resolve this finding, the State must provide the Region with documentation that it has completed this.

Finding 3. Some Local Boards Non-compliant with the “Sunshine” Provision

Indicator: 1.a.1

WIOA requires that Local Boards conduct business in an open manner as described in the “sunshine provision” of WIOA. Though the State has provided official guidance, technical assistance, and a venue (Arizona@Work website) for this, when we reviewed Local Board websites, we noted that all but 3 (City of Phoenix, Maricopa, and Pinal) Local Boards were non-compliant with this provision:

City of Phoenix	All required information provided
Coconino County	Missing: board minutes previous to Feb 20, 2019; process and results of OSO procurement; by-laws
Maricopa County	All required information provided
Mohave-La Paz	Missing: all required information (we did find one Board meeting announcement)
Northeastern	Missing: process and results of OSO procurement; Local Plan, grants; by-laws
Nineteen Tribal Nations	Missing: board minutes past 2014; process and results of OSO procurement; bylaws
Pima County	Missing: process and results of OSO procurement
Pinal	All required information provided
Santa Cruz County	Missing: board meeting minutes; process and results of OSO procurement; board members and affiliations; by-laws
Southeastern	Missing: board minutes past Sept. 2017; process and results of OSO procurement, local plan, by-laws
Yavapai	Missing: all required information
Yuma	Missing: process and results of OSO procurement, minutes prior to 2017, by-laws

Cause: The State has provided regular guidance on this requirement. Some Local Boards have not complied with it.

Criteria: WIOA section 107(e), 20 CFR 679.390 (a) – (f), and Workforce Arizona Council Local Governance Policy 01-2016, section IX, describe the requirements for Local Boards to conduct business in an open manner.

Corrective Action:

The State must ensure that Local Boards comply with the Sunshine provision, which requires conducting business in an open manner, making available to the public, on a regular basis through electronic means and open meetings, information about the activities of the Local Board. These include:

- Information about the local plan, before submission of the plan;
- A list and affiliations of Local Board members;
- Selection of the one stop operators;
- Award of grants for contracts to eligible training providers of workforce investment activities including providers of youth workforce investment activities;
- Minutes of all formal meetings of the Local Board, and Local Board bylaws, including all elements listed in 679.310(g)

To resolve this finding, the State must provide assurance that all 12 Local Boards are meeting this requirement.

Finding 5: Not all Required Partners are Contributing to One-Stop Infrastructure Costs

Indicator: 1.b.4

Condition: Our review of the Infrastructure Funding Agreements (IFAs) at both the City of Phoenix and the County of Maricopa showed that both entities did not identify or include contributions from several required core partners. Our review disclosed the following:

- a. The Maricopa County Memorandum of Understanding (MOU) – Infrastructure Agreement (IFA) did not properly identify the infrastructure costs that all core partners would be required to fund, did not include a methodology for entities not physically located at the AJC and did not include contributions from Job Corps, Migrant Seasonal Farm Workers (MSFW), Adult Education, Senior Community Service Employment Program (SCSEP), Carl Perkins, HUD employment programs, Youth Build, Native American employment programs (INAP), Re-entry Opportunity (REO) and the Unemployment Insurance Program (UI). We noted that all of the infrastructure related costs were allocated only among the entities that occupied space at the AJC.
- b. The City of Phoenix MOU-IFA properly identified the infrastructure costs but did not include a methodology for entities not physically located at the AJC to contribute to these costs. The IFA did not include contributions from the MSFW, SCSEP, Adult Education, Job Corps, Trade, Carl Perkins, HUD E&T, YouthBuild, INAP, REO, and UIS programs which are not physically located at the AJCs.

Cause: The State and the local WDBs have not developed an allocation methodology for core partner entities who are not physically located at the AJC to fund infrastructure costs that reflect the level of benefit received by these entities.

Criteria: 20 CFR 678.700-678.755 identifies the requirements for funding infrastructure costs by all core partner entities. In Training and Employment Guidance Letter Number (TEGL) Number 17-16, "Infrastructure Funding of the One-Stop Delivery System," ETA established a deadline of January 1, 2018, for IFAs to be executed in each local area.

Corrective Action: ETA will close this finding when the state submits information that demonstrates that a) the state has provided guidance on the methodology to be used to allocate the IFA costs amongst the applicable core partners, b) all core partners in all local areas are contributing the appropriate share to the infrastructure costs per the IFA, and c) that the state has taken action to address those situations in which core partners are not contributing per the signed IFA currently and retroactively to January 1, 2018.

This should be addressed through a review of all local WDB Infrastructure Funding Agreements (IFAs) to assess core partner contributions per the IFAs. Where core partners are not contributing, the state must take action to ensure local areas will contribute each year, including retroactively.

Finding 6: Excess Cash on Hand

Indicator: 3.c.1

Condition: The ETA-9130 quarterly financial reports submitted by the Arizona Department of Economic Security (AZ DES) identified \$1,688,405 in excess cash on hand. Our review disclosed eight quarterly reports with excess cash (cash received less cash disbursed). The amount of excess cash approximates one week of funding for all ETA grant programs operated by the AZ DES.

Cause: The AZ DES has a process and procedure to determine estimate cash needs of each grant; however, the agency is drawing in excess of immediate needs based on the application of state indirect costs allocated to these grant programs. This finding was also noted in the prior ETA monitoring report issued.

Criteria: 2 CFR 200.305(b) requires that the state as pass-through entity must minimize the time elapsing between the transfer of funds from the United State Treasury. 2 CFR 200.305 also requires that the state must limit the amount of funds transferred to the minimum required to meet the state's actual and immediate cash needs.

Corrective Action: ETA will close this finding when the state submits to ETA a) an updated cash drawdown and payment management system (including policies and procedures) and b) information that demonstrates the effectiveness of the updated system for the ETA-9130 reports for the quarter ending June 30, 2019. To achieve this, the state must immediately re-evaluate their method for distributing indirect costs to federal grants to ensure that AZ DES does not draw cash in excess of immediate needs and disbursement. This includes improving the process for capturing and recording cash requests from the local areas sub-recipients, techniques used to project state-level expenditures, a method of reconciling and liquidating excess cash on hand, and an ongoing assessment and evaluation process to limit and minimize the amount of funds drawn for the state's actual and immediate cash needs.

Finding 7: Space Usage is Not Aligned with Reed Act Equity

Indicator: 2.c.2

Condition: Our review disclosed that the AZ DES has four real properties that contain Reed Act equity totaling \$395,673 which are not being utilized in accordance with the requirements of General Administrative Letter 05-94 and Unemployment Insurance Program Letter 39-97. The amounts of Reed Act equity that must be immediately returned to the State's Unemployment Trust fund is as follows:

1. 1720 West Madison Avenue, Phoenix, AZ (\$3,940)
2. 207 East McDowell Avenue, Phoenix, AZ (\$129,135)
3. 4635 South Central Street, Phoenix, AZ (\$127,812)
4. 301 Pine Street, Kingman, AZ (\$134,786)

Cause: The AZ DES was unaware of these real properties held unamortized Reed Act equity. The facilities are not being used by AZ DES to deliver Unemployment Insurance or Wagner Peyser services to the public and are not in use presently.

Criteria: General Administrative Letter 05-94 and UIPL 39-97 require that Reed Act equity be occupied by either the Unemployment Insurance or Wagner Peyser programs. Unamortized Reed Act funds may only be used to pay unemployment insurance benefits.

Corrective Action: The AZ DES must immediately take action to move the Reed Act equity in these four real properties or must immediately deposit non-federal funds to the State's Unemployment Trust Fund as required by GAL 05-94 and UIPL 39-97.

Finding 8: Missing Required Terms and Conditions in Sub-award Agreements

Indicator: 2.d.5

Condition: The AZ DES sub-award agreements, the intergovernmental agreement (IGA) and interagency service agreement (ISA) do not contain all required terms and conditions. All of the instruments related to WIOA services and funding must include the terms and conditions required in the grant agreement, WIOA regulations and Uniform Guidance requirements. The IGA and ISA sub-grant agreements did not contain all of the federal award requirements, including special terms and conditions. Specifically, the missing federal award terms and conditions include the appropriations and public policy requirements. Examples of the missing appropriations requirements include the Buy American Notice, Prohibition on Contracting with Corporations with Felony Criminal Convictions, and Reporting of Waste, Fraud, and Abuse. Other examples of public policy requirements that were missing in the agreements include the Executive Orders—12928, 13043, 13513, and 13166, Veteran's Priority Provisions, and Prohibition on Trafficking in Persons. In addition, ISA Number ADS 18-003048 (DES to Governor's Office) does not contain a provision of sanctions and noncompliance, monitoring, and oversight of sub-recipients. Further, there were no references to the Uniform Guidance nor the WIOA regulations that govern these funds.

Cause: The grantee continued to employ a standard boilerplate agreement that had not been updated.

Criteria: The Uniform Guidance at 2 CFR 200.331(a)(2), requires that the pass-through entity must impose all Federal requirements to its sub-recipients so that Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.

Corrective Action: To close this finding, the grantee must update the sub-award agreements to include all requirements, terms, and conditions of the Federal award. The grant requirements including the terms and conditions can be found in the ETA WIOA formula grant award agreements. The grantee must send an updated grant agreement (IGA and ISA) boilerplates to the Regional Office.

Finding 9: Grant agreements do not clearly distinguish the role of a sub-recipient from a contractor.

Indicator: 2.f.1

Condition: The AZ DES intergovernmental agreement (IGA) boilerplate does not clearly distinguish the role of a sub-recipient from a contractor. The AZ DES uses a vendor/sub-recipient determination form to distinguish a sub-recipient from a contractor (we note that the determination form uses the term “vendor”; to be consistent with the UG, the term “contractor” would be correct). For example, the determination form established the City of Phoenix as sub-recipient for IGA Number 148431-0. The instrument for the formal agreement -- the IGA -- refers to the City of Phoenix as a contractor and vendor. As sub-recipients are subject to a different set of rules and responsibilities than of those as contractors, the ADES must clearly distinguish the two entities for procurement and sub-award purposes.

Cause: After the entity has been identified as a sub-recipient and a sub-award is made, the IGA that AZ DES uses as a legal instrument for grant awards refers to the sub-recipient as a contractor or vendor.

Criteria: The Uniform Guidance at 2 CFR 200.330, requires that “a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a sub-recipient or a contractor.”

Corrective Action: ETA will close this finding when the grantee submits to ETA an IGA boilerplate that demonstrates that the correct terms are deployed in the IGA. This includes the submission of grant agreements and processes that clearly defines and identifies a sub-recipient from a contractor as provided in the Uniform Guidance at 2 CFR 200.330.

Finding 10: Lack of Monitoring Statewide Activity Projects

Indicator: 2.f.4

Condition: The State did not conduct oversight or monitoring of the Governor’s Office awards to sub-recipients. The AZ DES has a grant agreement with the Governor’s Office in the amount of \$6,755,111 to implement statewide activities and projects; \$6,231,833 was awarded to nine or more sub-recipients. When serving as a pass-through entity, the Governor’s Office must perform oversight responsibilities, including the onsite monitoring of sub-recipients to ensure Federal funds are used for authorized purposes.

Cause: The AZ DES stated that the Governor’s Office conducted risks assessment of the sub-recipients, but had not yet conducted any onsite monitoring of the sub-recipients.

Criteria: The Uniform Guidance at 2 CFR 200.331(d) requires that “a pass-through entity must monitor the activities of the sub-recipient as necessary to ensure that the sub-award is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the sub-award; and that sub-award performance goals are achieved.”

Corrective Action: ETA will close this finding when AZ DES submits to ETA a listing of onsite monitoring reviews the Governor's Office conducted of the sub-recipients. The listing should include the date of and a summary of any findings.

NOTED PRACTICES

The practices described below are noted for the record to provide a fuller picture of grant activities. Their inclusion here constitutes neither a specific endorsement nor a recommendation for future funding

NOTED PRACTICE 1

State Technical Assistance for Local Boards.

The State has a comprehensive and thorough system for providing technical assistance (TA) to Local Boards. TA is provided by ad hoc request, based on needs observed through or as a result of monitoring; includes TA to Eligible Training Providers (ETP), and is based on input from the State MIS system user group ("AJC"). This process helps to assure that Local Boards have what they need to be successful.

NOTED PRACTICE 2:

AZ Monitoring Tool

The State has developed a monitoring tool that track what compliance issues or concerns identified have been identified for each Local Board, and the tool may be used to track the status of findings resolution, common issues, and to plan TA. The tool allows the State to take a more systemic approach to how it provides system oversight.

Noted Practice 3:

Arizona Second Chance Centers

The State received the 2019 NASWA Pinnacle Award for Workforce Development for its Second Chance Centers. These use statewide set-aside funds to staff Arizona@Work services in prisons to help incarcerated individuals get jobs before release. They have formed community partnerships to ensure resources like social security cards, access to housing, job training, use of the internet, and transportation using Lyft and Uber. The program has included additional funding streams, most recently Supplemental Nutrition Assistance Program Employment and Training services (SNAP E & T) and has held employer hiring forums to educate employers on hiring ex-offenders. In the Yuma correctional facility, they have added a registered apprenticeship program for sheet metal.

Noted Practice 4:

Advanced Manufacturing Certificate

Three Local Boards, Pima, Pinal and Maricopa, worked together to develop an advanced manufacturing certificate to meet the needs of this sector, which is a priority to all of them. This helps to reduce duplication of effort and expense while ensuring standardization for both industry and workers,

Noted Practice 5:

City of Phoenix Located Arizona@Work American Job Centers and Youth Services in the Area with the Highest Need Populations

The City of Phoenix Local Board chooses to locate its Arizona@Work services in neighborhoods that have the highest concentration of populations with barriers, such as poverty, drug and addiction issues, crime rates, English as a Second Language (ESL), etc. Sites such as the Marcos DeNiza Center, located in a building within a HUD Jobs Plus community, make services both tailored to meet the needs of these populations and far more accessible.

Noted Practice 6:

Use of the Complaint System by All DES Locations

Each State Workforce Agency (SWA) must establish and maintain a Complaint System. The State Administrator must have overall responsibility for the operation of the Complaint System. At the ES office level, the manager must be responsible for the operation of the Complaint System and report monthly to the SMA on the status of complaints. Arizona has developed an all-day training that all staff must attend to explain the purpose and scope of the Complaint System. The Participant Guide and the Leader's Guide was developed by the DES Training Unit. It is a comprehensive overview that allows all DES employees to understand the importance and need for the Complaint System. We are impressed in the improvement in the Complaint System from our last review in March 2014, when DES did not have Complaint regulations in the DES Wagner-Peyser Policy Manual Section 800 Complaints and Discontinuation of Services. It is a guide that could be replicated for other SWAs to use as a training guide.

Specific issues identified with Local Board functions based on review of CEO/Local Board Agreements, other documents like Local Plans, websites, etc.) and interviews with Board members and staff.

Local Area	CITY OF PHOENIX	COCONINO	MARICOPA	MOHAVE-LA PAZ	NORTH EASTERN	NTN	PIMA	FINAL	SANTA CRUZ	SOUTH EASTERN	YAVAPAI	YUMA
Signed agreement provided as described at 679 310 and as required under State Policy	Not available - at the time of this review, the agreement was being developed. However, much of what is required for this is covered within their Local Board by laws.	Yes	Yes	Yes	At the time of this review, the agreement had not yet to be developed.	At the time of this review, the agreement had either yet to be developed, or was not provided.	At the time of this review, the agreement had either yet to be developed, or was not provided.	Yes - attachment of CEO in Local Plan	At the time of this review, the agreement had either yet to be developed or was not provided.	At the time of this review, the agreement had either yet to be developed or was not provided.	At the time of this review, the agreement had either not been developed, or was not provided.	Yes
The CEO/Local Board Agreement, other documentation, or interview indicates that Local Board roles are not limited to "advisory" to the CEO or make recommendations for policy to the CEO.	Yes. Interviews with staff and board members indicate that they are not limited to advisory or recommendation capacity. There needs to be a written agreement.	No. Agreement specifically states that Local Board is "advisory" to the CEO.	Yes, the agreement indicates that they do have appropriate authority to fulfill in some aspects, but contradicts this in others (identified in other categories on this table). Interviews with Local Board members indicate that they are not allowed to fulfill certain functions as outlined in the signed agreement.	Yes. The signed agreement does not contain a statement or other indication that the Local Board serves only in an advisory or policy recommendation role.	No. Interviews with board members and staff indicate that Local Board does not have this authority.	Yes. There was no CEO/Local Board agreement available; the website for NTN Local Board indicates that the Board sets some policy.	No. Website states that the Local Board "provides recommendations on policy and oversight." and so does the Local Board bylaws (page 1 of 13, dated 11/22/16).	Yes. Conversations with the Local Board and their website made it clear they have the required authority. But a written agreement needs to be in place for §679 310.	No. Interviews with board members and staff made clear that the Board does not have authority to fulfill certain functions, such as oversight and budget.	No. At the time of this review, there was no signed agreement and no other documentation that indicated this.	No. At the time of this review, there was no CEO/Local Board agreement available to us. A review of the most recent Local Plan indicated that the Local Plan was developed "under the direction" of the Local Board, but a signed agreement clearly outlining this is needed.	Yes

Local Areas	CITY OF PHOENIX	COCONINO	MARICOPA	MOHAVE-LA PAZ	NORTH EASTERN	NTN	PIMA	PINAL	SANTA CRUZ	SOUTH EASTERN	YAVAPAI	YUMA
Signed CEO/Local Board agreement, or other documentation or interviews indicates how Local Board ensures appropriate use and management of funds provided for subtitle B for the youth, Adult, DW and one stop system	To some extent interviews and by-laws indicated the Local Board had decision-making authority, but it was not clear to what extent over this function.	No Agreement states that the Local Board will "conduct oversight" but it does not identify what that consists of. Also states that the Local Board will develop a budget for its activities but does not clarify whether this includes operational and administrative activities.	No Agreement states that the Local Board will "conduct oversight" but it also states that the Local Board will develop a budget for its activities but does not clarify whether this includes operational and administrative activities.	Yes The signed CEO/Local Board agreement states that the Local Board has this oversight. It should contain more detail, however, rather than just listing the function.	No. There was no signed CEO/Local Board agreement in place, but interviews with Local Board members and staff indicated that the Local Board does not fulfill this function.	No. The NTN Local Board is the designated fiscal agent, but the NTN does not perform this function. The NTN has funds separately and the State performs this function for each of them.	There was no CEO/Local Board agreement in place, and interviews with the Local Board members did not indicate that they were involved with this function. According to Local Board bylaws developed by the BOS, the Pima Local Board serves in an advisory capacity, this doesn't indicate that they have an oversight role.	Yes. The signed CEO/Local Board agreement does state this is one of the functions of the Local Board, but needs to provide more detail about how the function is performed.	No. We saw no documentation that would indicate this, and interviews with Local Board members did not indicate that this is part of their functions.	No. At the time of this review, there was no signed agreement and we saw no other documentation that indicated this.	No. There was no CEO/Local Board agreement made available, and other documentation is not clear, but we could find no other documentation that the Local Board performs this function.	To some extent Arizona's Work-Yuma is designated fiscal agent, the functions are not outlined so we could not determine if the Local Board had a choice over the 3 fiscal agent functions that they get to direct whether or not the fiscal agent performs. This should be clearer, but as long as they can document that it was the Local Board's decision, it should be fine.
Agreement or other documentation or interviews indicates that Local Board ensures the appropriate use, management, and investment of funds to maximize performance outcomes	To some extent interviewed by-laws indicated the Local Board had decision-making authority, but it was not clear to what extent over this function.	No Agreement states that the Local Board will "conduct oversight" but it does not identify what that consists of. Also states that the Local Board will develop a budget for its activities but does not clarify whether this includes operational and administrative activities.	No Agreement states that the Local Board will "conduct oversight" but it also states that the Local Board will develop a budget for its activities but does not clarify whether this includes operational and administrative activities.	Yes The signed CEO/Local Board agreement states that the Local Board has this oversight. It should contain more detail, however, rather than just listing the function.	No. At the time of this review there was no signed CEO/Local Board Agreement in place, and we found no other documentation that interviewed this. Interviews with Local Board members indicated that they were not involved in this function.	No. The NTN Local Board is the designated fiscal agent, but interviews with State staff indicates that the NTN does not perform this function. Rather, each NTN Tribe has funds separately and the State performs this function for each of them.	There was no CEO/Local Board agreement in place, and interviews with the Local Board members did not indicate that they were involved with this function. According to Local Board bylaws developed by the BOS, the Pima Local Board serves in an advisory capacity, this doesn't indicate that they have an oversight role.	Yes. The signed CEO/Local Board agreement does state this is one of the functions of the Local Board, but needs to provide more detail about how the function is performed.	No. We saw no documentation that would indicate this, and interviews with Local Board members did not indicate that this is part of their functions.	No. At the time of this review, there was no signed agreement and we saw no other documentation that indicated this.	No. We saw no documentation indicating that the Local Board fulfills this function, since the Local Board serves in an advisory capacity, according to the bylaws, this indicates that they do not.	This is not addressed directly, other than negotiation of performance. It may be in the description, if any, of the fiscal agent roles.

Local Area	CITY OF PHOENIX	COCORINO	MARICOPA	MOHAVE-LA PAZ	NORTH EASTERN	NTN	PIMA	PINAL	SANTA CRUZ	SOUTH EASTERN	YAVAPAI	YUMA
Agreement, or other documentation, or interviews, indicate that Local Board has authority in hiring of staff to the board	There is currently no CEO/Local Board agreement. This should be addressed in it. We saw no other documentation to indicate this, and did not ask the question when we interviewed Local Board members.	No. It does not address this.	No.	Yes. The signed CEO/Local Board agreement does state that this is one of the Local Board functions. It only cites the function, however, the agreement should indicate how this is done.	No. At the time of this review there was no signed CEO/Local Board Agreement in place, and we found no other documentation that referenced this. Interviews with Local Board members indicated that they were not involved in this function.	We do not have documentation to indicate whether it does or not. This should be included in the CEO/Local Board Agreement.	We saw no documentation regarding this, other than that the Local Board serves in an advisory capacity to the BOS, which indicates otherwise. This must be addressed in the signed CEO/Local Board Agreement, when it is developed.	It was not addressed within the signed CEO/Local Board Agreement.	We do not have documentation to indicate whether it does or not. This should be included in the CEO/Local Board Agreement.	We do not have documentation to indicate whether it does or not. This should be included in the CEO/Local Board Agreement.	We do not have documentation to indicate whether it does or not. This should be included in the CEO/Local Board Agreement.	No. This is not addressed. The agreement should cover this.
Agreement or other documentation, including interviews, indicates whether the Local Board directed fiscal entity to procure contracts or obtain written agreements, conduct financial monitoring of service providers, ensure audit of service providers, or otherwise performs these functions	Yes. There is currently no CEO/Local Board agreement, this should be addressed in it. We saw no other documentation to indicate this but interviews with Local Board members indicates that they may.	No. It does not address this.	Yes and no. The agreement states that staffing will be provided for the Local Board by the Maricopa County Assistant Manager's Office, but it needs to state that choice of staff (including what staff to have, as well as choice of who to employ) is the Local Board's.	It was not addressed within the signed CEO/Local Board agreement.	We do not have documentation to indicate whether it does or not. This should be included in the CEO/Local Board Agreement.	We do not have documentation to indicate whether it does or not. This should be included in the CEO/Local Board Agreement.	We do not have documentation to indicate whether it does or not. This should be included in the CEO/Local Board Agreement.	It was not addressed within the signed CEO/Local Board Agreement.	We saw no documentation that indicates this. It was not discussed during the Local Board interviews. It should be addressed in the signed CEO/Local Board Agreement.	We saw no documentation that indicates this. It should be addressed in the signed CEO/Local Board Agreement.	We do not have documentation to indicate whether it does or not. This should be included in the CEO/Local Board Agreement.	To some extent. Arizona's Work-Yuma is designated fiscal agent, it is unclear how that decision was made, or what specific responsibilities the Fiscal Agent has. This could be clearer, but as long as they can document that it was the Local Board's decision, it should be fine.
Agreement or other documentation, or interviews, indicates that Local Board (not CEO) selects service providers and terminates for cause	While they do not have the CEO/Local Board agreement, this is addressed in their by-laws.	No. Agreement states that Local Board will select service providers, but gives no details about how this will be done in partnership with the CEO, and does not reference termination for cause as a Local Board role.	Yes and no. It states at that the BOS, as grant recipient, designates the HSD as youth service provider; this is a Local Board role, not a BOS role. There is no specific reference to Adult and DW services. However, it states at section VIII, D.2.6) Selection of Operators and Providers (p 11) that it is the responsibility of the Local Board to select service providers. Interviews with local board staff and board members indicated that an expressed desire of the Local Board to competitively procure service providers was refused by the BOS.	We saw no documentation that indicates this.	We do not have documentation to indicate whether it does or not. This should be included in the CEO/Local Board Agreement.	We saw no documentation that indicates this.	We saw no documentation that indicates this.	We saw no documentation that indicates this.	We saw no documentation that indicates this.	We saw no documentation that indicates this.	We saw no documentation that indicates this. It should be addressed in the signed CEO/Local Board Agreement.	Yes

Local Area	CITY OF PHOENIX	COCONINO	MARKICOPA	MOHAVE/PAZ	NORTH EASTERN	NTN	PIMA	FINAL	SANTA CRUZ	SOUTH EASTERN	YAVAPAI	YUMA
Agreement or other documentation, or interviews, indicates the Local Board selects the One Stop Operator	Yes. This needs to be covered in their CEO/Local Board Agreement, but is not indicated within their by-laws.	No. The agreement states that the OSO will be appointed by the CEO and Local Board, not selected by the Local Board through competitive procurement.	Yes	Yes	No. Their website indicates that a competitive procurement occurred, but not whether selection was the choice of the Local Board. This should be included in the CEO/Local Board Agreement.	Yes	The Local Board serves only in an advisory capacity while they were involved, they likely did not have the function. The CEO/Local Board agreement should address this.	Yes	We saw no documentation concerning this. It must be addressed when the signed CEO/Local Board Agreement is developed.	No. The only documentation we saw was the contract for one stop operator. It did not indicate the Local Board's role.	We saw no documentation that indicates this.	Yes
Agreement or other documentation indicates that the Local Board develops budget for WIOA activities (includes all parts, not just Local Board budget)	Probably. We saw no documentation, and did not ask the question. It is not addressed within the by-laws.	No. It states that the Local Board develops the budget, but it must be approved by the service provider as well as CEO.	Yes, but during staff and board member interviews, this was not occurring for the provision and administration costs.	Yes - though the agreement is not specific as to whether it includes operational and administrative funds	We saw no documentation that indicates this	We saw no documentation that indicates this	We saw no documentation that indicates this.	Yes - though the agreement is not specific as to whether it includes operational and administrative funds	We saw no documentation that indicates this.	We saw no documentation that indicates this.	We saw no documentation that indicates this.	Conditional yes - does the "Local Board activities," budget described within the agreement cover the budget for service providers and admin?
Agreement describes how Local Board participates in and has decision making authority for negotiating performance measures	Yes. This is addressed in their by-laws. It should be addressed in the signed CEO/Local Board Agreement.	No. It states that the Local Board will do this, but not how it will do it in partnership with the CEO.	Yes. It includes service providers, administered by the BOS/ASD, in the approval process, which is a clear conflict of interest.	Yes, it was in the signed agreement	We saw no documentation of this	We saw no documentation of this.	We saw no documentation of this	Yes, it was in the signed agreement	We saw no documentation of this.	We saw no documentation of this.	We saw no documentation of this.	Yes, it was part of the signed agreement
Agreement or other documentation indicates how other functions as listed at 679 370 (a)-(h), (i), (m-q) are carried out.	To some extent. Most required functions are addressed in their by-laws, but there should be a written agreement that covers all, and with more detail as to how functions are carried out.	No. Missing activities listed at 679 370(k), (l), (m) and (n) (g), (h), (i), (j) and (k)	No. Although there is a list of functions in the agreement listed on Page 8, it very loosely addresses the categories of functions for the Local Board, and must be expanded to ensure all are included. There is a document that was sent as part of this review that does outline all of the required activities as described at 679 370(k), (l), (m) and (n). This could be an attachment, but must include more detail about how the functions are performed and be officially part of the agreement.	Yes, though it only lists the activities, not how they are to be carried out	No, there is currently no signed CEO/Local Board Agreement. Interviews with board members indicate they are fulfilling at least some of these functions, but it must be included in the signed agreement.	No. There is no signed CEO/Local Board Agreement, and we know that some Local Board functions are left to the State or individual tribes to perform.	No. Based on interviews, some required functions are carried out, but there must be the signed CEO/Local Board agreement to ensure all are included	Yes, although the functions are only listed in the signed CEO/Local Board Agreement. There should be more detail as to how they are carried out.	To some extent. We know from interviews of Local Board members that some functions are carried out, but there does not seem to be anywhere where they are listed and agreed to by the Local Board and CEO.	No. We have no documentation of the Local Board's functions.	To some extent. A look at the by-laws indicate that the Local Board is given some of the required functions, but they serve in an advisory role, which negates their performance of some functions.	To some extent. The signed CEO/Local Board agreement should give a better understanding about how these are carried out.

Local Areas	CITY OF PHOENIX	COCUONING	MARICOPA	MORHAVE-LA PAZ	NORTH EASTERN	NTN	PIMA	PINAL	SANTA CRUZ	SOUTH EASTERN	YAVAPAI	YUMA
Agreement or other documentation, including interviews, indicating Local Board selects the Board Chair	No. It is not addressed within their by-laws, and we saw no other documentation.	No - the agreement states that the CEO selects the Chair. This is a board function.	No. This must be addressed.	Yes	No, we have no documentation for how this process is carried out.	No, we have no documentation for how this process is carried out.	This is not addressed within their by-laws.	No. This is not addressed within the signed CEO/Local Board Agreement.	No. We have no documentation that indicates this.	No. We have no documentation that indicates this.	Yes. Addressed within their by-laws.	Yes

Waiver Request

The Arizona Department of Economic Security (DES) requests consideration of a waiver from the requirements outlined in WIOA Sections: 116(d)(4)(A), 20 CFR 667.230(5) and 122; 20 CFR 677.230 (a)(4) and (5); and 20 CFR 680 for Program Year 2018 and Program Year 2019. This request includes the collection of initial performance data as described in 20 CFR 680.450(e)(2). These requirements include the collection and reporting of performance-related data for all students participating in training programs listed on the State's Eligible Training Provider List (ETPL), and not just for those funded by WIOA Title I-B Programs.

DES recognizes the value and importance of monitoring provider performance to make data-driven decisions, and to provide informed consumer choice to WIOA Title I-B program participants. DES formed taskforces, including public and private training providers, and provided technical assistance to communicate ETPL Annual Reporting requirements, and plan for implementation. As reflected in waiver approvals for Idaho, Kansas, Missouri, North Carolina and South Carolina, Arizona has not been able to overcome complex reporting requirements, due, in part, to training providers' concerns regarding potential conflicts with the Family Education Rights and Privacy Act, and the lack of systems to collect and report performance data.

Barriers:

- Arizona's Case Management and Reporting System supported by America's Job Link Alliance (AJLA) needs enhancements to support the WIOA ETP Annual Report. The system is not currently capable of collecting performance data from training providers to produce the WIOA ETP Annual Report. AJLA is currently transitioning from an older platform to a newer platform, Ruby On Rails; the transition is delaying necessary system enhancements.
- Without the capacity to capture data, per bullet above, Arizona does not have the data to set performance thresholds.

Actions to Remove Barriers:

AJLA will enhance the system to enable data collection and reporting. Until the system is enhanced to capture data for all students, the Arizona Department of Economic Security will calculate training program performance outcomes and determine continued eligibility in Program Years (PY) 2018 and 2019 using only WIOA Title I-B participant data.

State Strategic Goal:

This waiver request supports, Goal 3, grow and develop a skilled workforce, as defined in Arizona's Unified Workforce Development Plan 2018 Modification Program Years 2016-2020. The goal was designed to achieve the vision of the WIOA in a pro-growth, pro-family, and anti-poverty manner. Education and advanced skill sets are imperative to meeting this goal.

Projected Programmatic Outcomes:

The approval of this waiver will:

- Maintain the available and diverse training program options for individuals utilizing Individual Training Accounts (ITAs) via the public workforce system, resulting in greater consumer choice;
- Maintain or lower costs due to a sustained number of training providers;
- Increase utilization of the ETPL by individuals pursuing training via ITAs;
- Promote partnerships and relationships between training providers and the ARIZONA@WORK partners; and
- Enhance the ability of local workforce development areas to respond quickly and efficiently to local job seeker and employer needs.

U.S. Department of Labor (DOL) Policy Priorities

This waiver request aligns with DOL policy priority for increasing access to training throughout the country, including in rural areas, and by expanding customer choice by not requiring removal of ETPL training programs that are unable to report performance on all students.

Impact to Individuals:

Through approval of this waiver, ETPs will be more willing to submit data on their WIOA Title I-B funded students and remain on the ETPL, thus allowing the ARIZONA@WORK system to continue delivering essential training services that meet the needs of the employers, job seekers, and workers.

Monitoring process:

DES will continue with its plan for enhancing the AJLA to calculate the performance of training programs using funding under WIOA Title I-B for participants and plans to

submit this data to DOL via the State Annual Report. DES will continue to provide technical assistance to training providers as more information becomes available on the AJLA enhancement, including informing training providers of performance collection requirements, WIOA ETP Annual Report submission procedures, and use of supplemental data in preparation of the PY 2020 WIOA ETP Annual Report. For PY 2018 and PY 2019, continued eligibility will be reviewed using performance data on WIOA Title I-B participants only. When performance data is available for all students participating in a training program, information from both data sets (all students and WIOA Title I-B participants) will be used to determine continued eligibility.

Assurance of Public Comment:

This request for waiver document was posted online on the DES website for a two-week public comment period. The Local Workforce Development Boards have been provided an opportunity to comment on this request.

Waiver Request

For Program Years 2018 and 2019, Arizona requests approval to waive the requirement (20 CFR § 681.550) that Individual Training Accounts (ITAs) be only available to Out-of-School Youth enrolled in the WIOA Title I-B Youth Program; therefore, enabling In-School Youth ages 18-21 to benefit from training listed on the Arizona's Eligible Training Provider List (ETPL). If approved, In-School Youth may use the ITA to purchase training services from training providers listed on ETPL, thus allowing Arizona to continue serving In-School Youth preparing to graduate high school and supporting their goals of entry into postsecondary education. This waiver encourages Youth Service Providers to continue supporting In-School Youth with postsecondary education and training activities allowing these youth to obtain industry-recognized credentials required for employment. The waiver provides increased consumer choice in training programs, thus allowing In-School Youth to choose any of the training programs listed on Arizona's ETPL rather than limiting programs procured for youth. Arizona can then assist youth beginning their postsecondary education by providing ITAs allowing them to complete their training program, provided the training program is listed on the ETPL.

Arizona served 3,769 Out-of-School Youth and 434 In-School Youth in PY 2017. Arizona continues focusing on serving Out-of-School with the goal of increasing outcomes and increasing the number of Out-of-School Youth applying for and receiving WIOA Title I-B Youth Program services. Arizona continues increasing awareness by building partnerships with organizations and programs that serve Out-of-School Youth.

In growing and developing a skilled workforce, as outlined in Goal #3 of the Arizona State Workforce Development Plan Modification 2018, training opportunities must be available to both Out-of-School and In-School Youth.

1. *The statutory and/or regulatory requirements the State would like to waive:*

Arizona requests approval to waive the requirement under 20 CFR 681.550 allowing use of ITAs to only Out-of-School Youth for attending training programs on the ETPL. Arizona requests ITAs also be available to In-School youth so they may attend training programs on the ETPL.

2. *Actions the State has undertaken to remove State or local barriers:*

N/A

3. *State the strategic goal(s) and Department of Labor priorities (i.e. expansion of apprenticeship, improved employer engagement, etc.) supported by the waiver:*

The waiver will support the implementation of the state plan by:

- a. Supporting the Workforce Development Plan, ARIZONA@WORK Goal #3 – Grow and develop a skilled workforce through assisting youth in obtaining industry-recognized credentials.
 - b. Encouraging transition of youth to postsecondary education and supporting their entry into career pathways, including those with low skill levels.
 - c. Encouraging Youth Service Providers to serve and support In-School Youth already enrolled in postsecondary education by issuing an ITA to assist with costs of the training program, therefore improving their success in completion of the training program.
4. *Projected programmatic outcomes resulting from implementation of the waiver:*

It is anticipated that more In-School Youth will obtain industry-recognized credentials as the result of gaining access to training programs listed on the ETPL. The WIOA Title I-B Youth Program's performance is expected to increase due to the state's Credential Attainment Rate.

5. *U.S. Department of Labor (DOL) Policy Priorities*

This waiver request aligns with DOL policy priority for increasing the number of youth who transition into postsecondary education. The waiver supports DOL's commitment to providing high quality services for youth, including opportunities for skills training for in-demand industries and occupations, that result in employment, enrollment in postsecondary education, and/ or registered apprenticeships.

6. *Individuals, groups, or populations benefitting from the waiver:*

- a. In-School Youth are supported during their transition from secondary education into postsecondary education. By issuing ITAs, youth may receive financial assistance to attend training listed on Arizona's ETPL, earn industry-recognized credentials, and become employed in jobs on a career pathway.

- b. In-School Youth already attending postsecondary education are supported to ensure completion of their training programs and obtaining an industry-recognized credentials and become employed in jobs on a career pathway.
 - c. In-School Youth benefit from increased consumer choice as Arizona's ETPL currently includes over 1,200 training programs. The ETPL also provides information regarding the related occupation, expected entry-level wage, training program cost, and training program performance information allowing youth to make an informed choice regarding their training options.
7. *How the State plans to monitor waiver implementation, including collection of waiver outcome information:*
- a. DES continues monitoring spending levels for Out-of-School Youth ensuring at least 75 percent of WIOA Title I-B Youth funds are spent on Out-of-School Youth.
 - b. DES continues monitoring to ensure ITAs issued to In-school and Out-of-School Youth are only being used for attending training programs listed on the ETPL.
 - c. DES also provides technical assistance for reengaging Out-of-School Youth and increasing enrollment with the LWDA's.
8. *Assurance of State posting of the request for public comment and notification to affected local workforce development boards:*

This request for waiver document was posted to the DES website for a two-week public comment period. The Local Workforce Development Boards were provided an opportunity to comment on this request.

Local Workforce Development Area Allocations- PY19

Arizona Department of Economic Security
Workforce Innovation and Opportunity Act (WIOA) Title I



ARIZONA@WORK™
Innovative Workforce Solutions

Arizona Economic Overview

- Arizona ranked 3rd in the Index of State Economic Momentum*
 - Driven by strong increases in Personal Income, Employment, and State Population

Change in Personal Income, 2017.4 to 2018.4

Rank	State	Percent
1	North Dakota	6.7%
2	South Dakota	6.6
3	Washington	6.5
4	West Virginia	6.3
5	Iowa	6.2
6	Arizona	5.9
7	Utah	5.9
8	Colorado	5.8
9	Nevada	5.8
10	Texas	5.7

Employment Change, February 2018 to February 2019

Rank	State	Percent
1	Nevada	3.5%
2	Utah	2.9
3	Arizona	2.7
4	Idaho	2.5
5	West Virginia	2.4
6	Florida	2.4
7	Texas	2.2
8	Georgia	2.2
9	Washington	2.0
10	South Dakota	2.0

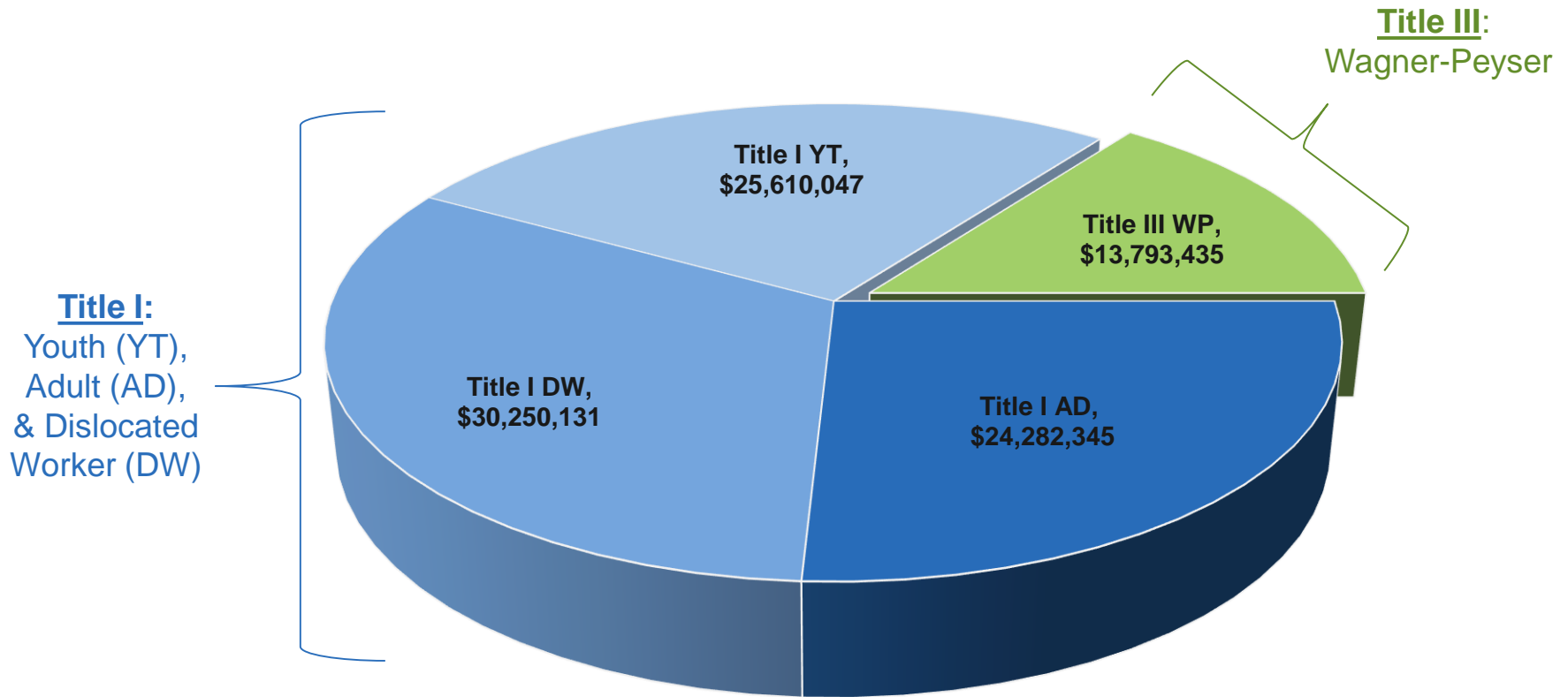
Percent Change in State Population, July 1, 2017 to July 1, 2018

Rank	State	Percent
1	Nevada	2.09%
2	Idaho	2.05
3	Utah	1.87
4	Arizona	1.74
5	Florida	1.54
6	Washington	1.48
7	Colorado	1.42
8	Texas	1.34
9	South Carolina	1.25
10	North Carolina	1.10

*Ranked by the Federal Funds Information for States (FFIS)



WIOA Title I & III Funding*



*Per TEGL 16-18 -- *Workforce Innovation and Opportunity Act (WIOA) Adult, Dislocated Worker and Youth Activities Program Allotments for Program Year (PY) 2019.*

Overview of WIOA Title I Funding

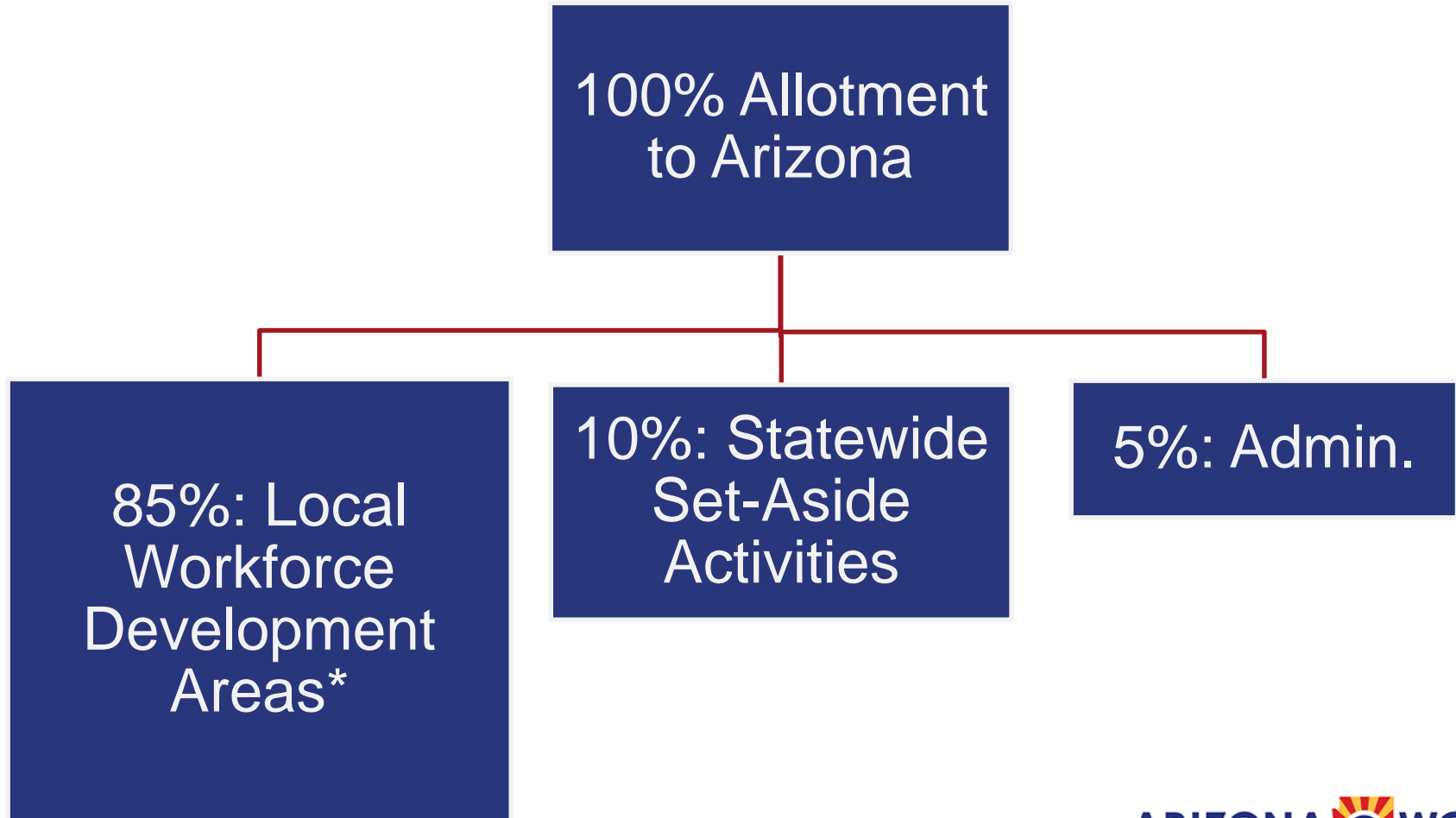
- Annual formula grant awarded by the Department of Labor (DOL) to States and outlying areas
- Three categories designated as separate programs:
 - Youth (YT)
 - Adult (AD)
 - Dislocated Worker (DW)
 - Rapid Response (RR) funds are a sub-set of DW, requiring the use of the same distribution methodology, with the State reserving 10% of DW for RR activities.
- Grant formula factors include:
 - Average number of unemployed individuals
 - Excess unemployed individuals
 - Disadvantaged youth/adults

DOL Allotment – Arizona

- **Arizona’s total PY19 allotment: \$80,142,523**
 - Arizona’s share of total WIOA Title I funding is roughly 2.7%
 - Economic Momentum in Arizona is strong, but relative to other States the funding formula factors did not improve as much.

Funding Category	PY18	PY19	Increase/ (Decrease)
Youth	\$22,132,740	\$25,610,047	15.7%
Adult	\$20,986,794	\$24,282,345	15.7%
Dislocated Worker	\$23,243,426	\$30,250,131	30.1%
Total	\$66,362,960	\$80,142,523	20.8%

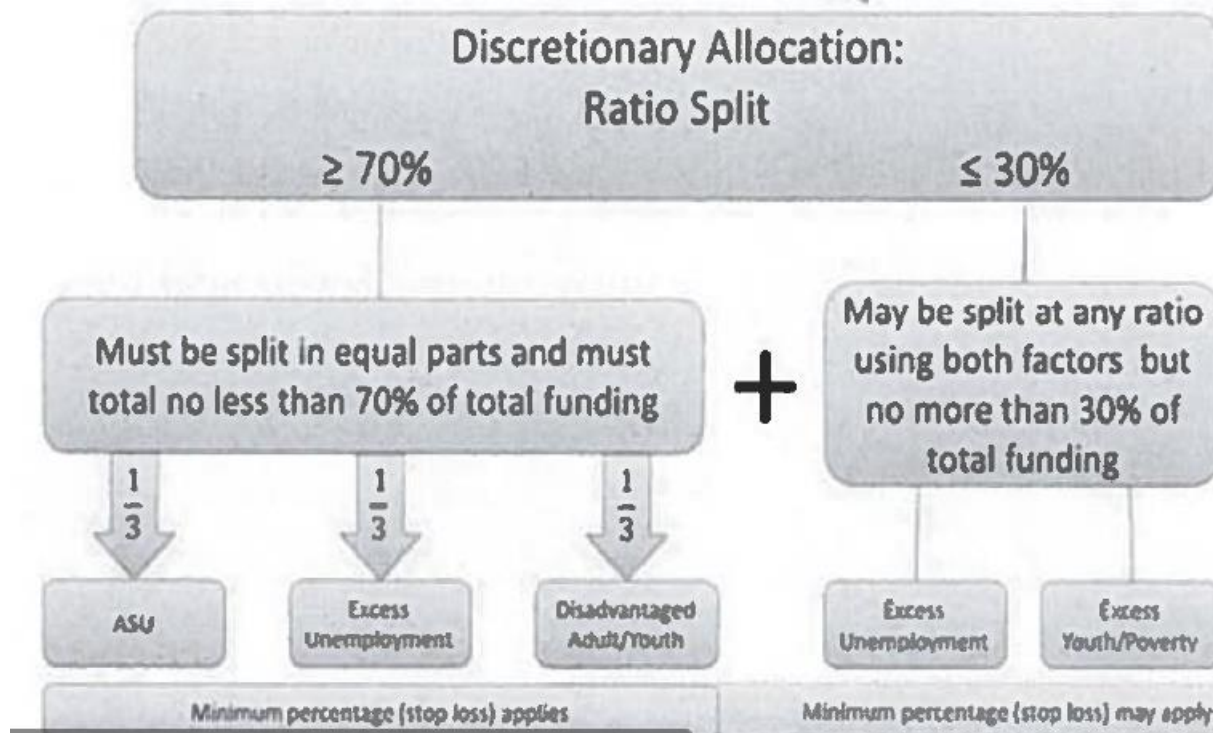
Distribution of Allotment



*Includes the Navajo Nation allocation

Discretionary Allocation methodology

- Arizona uses a discretionary allocation methodology for LWDA distribution of funds



Hold Harmless Provision

- “Hold Harmless/Stop Loss” requires a local area to receive an allocation percentage of at least 90% of the average allocation percentage of the past 2 years
 - Prevents drastic fluctuation in funding that may impact client services
 - Provision applied to all program allocations
- For PY19, the recommended options by the Arizona Workforce Association would result in funding increases for every local area over their PY18 allocations

YT- Recommended Option*

LWDA	PY 18 Allocation	Option 2	
		70/30 1.00 EYP	Increase/ (Decrease)
North Eastern Arizona (Apache/Navajo/Gila)	\$343,405	\$416,947	\$73,542
South Eastern Arizona(Cochise/Graham/Greenlee)	\$514,622	\$553,419	\$38,797
Coconino County	\$334,697	\$373,330	\$38,633
Maricopa County	\$4,280,797	\$4,846,949	\$566,152
Mohave/LaPaz	\$695,656	\$821,417	\$125,761
Navajo Nation	\$976,005	\$1,224,736	\$248,731
Phoenix, City of	\$3,551,197	\$3,802,794	\$251,597
Pima County	\$2,164,290	\$2,340,318	\$176,028
Pinal County	\$799,741	\$854,665	\$54,924
Santa Cruz County	\$330,522	\$451,201	\$120,679
Nineteen Tribal Nations	\$1,348,791	\$1,686,254	\$337,463
Yavapai County	\$422,927	\$453,164	\$30,237
Yuma County	\$3,050,179	\$3,943,346	\$893,167
Distribution 85%	\$18,812,829	\$21,768,540	\$2,955,711
Total Funds	\$22,132,740	\$25,610,047	\$3,477,307

*Recommended option by the Arizona Workforce Association (AWA) and least harm, greatest good option by the Office of Economic Opportunity (OEO).



AD- Recommended Option*

LWDA	PY 18 Allocation	Option 2	
		70/30 1.00 EP	Increase/ (Decrease)
North Eastern Arizona (Apache/Navajo/Gila)	\$333,254	\$391,996	\$58,742
South Eastern Arizona (Cochise/Graham/Greenlee)	\$517,432	\$548,791	\$31,359
Coconino County	\$234,051	\$270,051	\$36,000
Maricopa County	\$3,962,665	\$4,424,419	\$461,754
Mohave/LaPaz	\$749,753	\$858,338	\$108,585
Navajo Nation	\$906,689	\$1,118,512	\$211,823
Phoenix, City of	\$3,474,124	\$3,708,196	\$234,072
Pima County	\$2,023,077	\$2,304,238	\$281,161
Pinal County	\$861,584	\$917,594	\$56,010
Santa Cruz County	\$284,592	\$394,756	\$110,164
Nineteen Tribal Nations	\$1,253,028	\$1,575,678	\$322,650
Yavapai County	\$440,214	\$471,798	\$31,584
Yuma County	\$2,798,312	\$3,655,626	\$857,314
Distribution 85%	\$17,838,775	\$20,639,993	\$2,801,218
Total Funds	\$20,986,794	\$24,282,345	\$3,295,551

*Recommended option by the Arizona Workforce Association (AWA) and least harm, greatest good option by the Office of Economic Opportunity (OEO).



DW- Recommended Option*

After Hold Harmless	PY18 Allocation	Option 4	
			Increase/ (Decrease)
North Eastern Arizona (Apache/Navajo/Gila)	\$294,097	\$324,714	\$30,617
South Eastern Arizona(Cochise/Greenlee/Graham)	\$864,947	\$1,344,385	\$479,438
Coconino County	\$331,585	\$383,323	\$51,738
Maricopa County	\$5,275,040	\$6,568,379	\$1,293,339
Mohave/La Paz	\$506,150	\$533,931	\$27,781
Navajo Nation	\$544,863	\$550,004	\$5,141
Phoenix , City of	\$3,327,231	\$4,122,332	\$795,101
Pima County	\$2,886,555	\$4,440,748	\$1,554,193
Pinal County	\$950,476	\$1,002,612	\$52,136
Santa Cruz County	\$218,938	\$432,416	\$213,478
Nineteen Tribal Nations	\$611,130	\$830,627	\$219,497
Yavapai County	\$597,294	\$609,017	\$11,723
Yuma County	\$1,024,264	\$1,545,110	\$520,846
Distribution 75%	\$17,432,570	\$22,687,598	\$5,255,028
Total Funds	\$23,243,426	\$30,250,131	\$7,006,705

*Recommended option by the Arizona Workforce Association (AWA) and least harm, greatest good option by the Office of Economic Opportunity (OEO).



RR- Recommended Option*

After Hold Harmless	PY2018 Allocation	DW Option 4	Increase/ (Decrease)
North Eastern Arizona (Apache/Navajo/Gila)	\$35,292	\$38,966	\$3,674
South Eastern Arizona (Cochise/Greenlee/Graham)	\$103,794	\$161,326	\$57,533
Coconino County	\$39,790	\$45,999	\$6,209
Maricopa County	\$633,005	\$788,205	\$155,201
Mohave/La Paz	\$60,738	\$64,072	\$3,334
Navajo Nation	\$65,384	\$66,000	\$617
Phoenix , City of	\$399,268	\$494,680	\$95,412
Pima County	\$346,387	\$532,890	\$186,503
Pinal County	\$114,057	\$120,313	\$6,256
Santa Cruz County	\$26,273	\$51,890	\$25,617
Nineteen Tribal Nations	\$73,336	\$99,675	\$26,340
Yavapai County	\$71,675	\$73,082	\$1,407
Yuma County	\$122,912	\$185,413	\$62,502
State Holdback	\$232,434	\$302,501	\$70,067
Distribution 10%	\$2,324,343	\$3,025,013	\$700,671
Total Funds	\$23,243,426	\$30,250,131	\$7,006,705

*The Rapid Response allocation must be the same option as that selected for the Dislocated Worker allocation.



Summary

- **Arizona's total PY19 allotment: \$80,142,523**
 - 20.8% increase in funding over PY18
 - LDWA 85% Allocation: \$68,121,144
- **Options Recommended by the AWA:**
 - WIOA Title 1 Adult – Option 2
 - WIOA Title 1 Youth – Option 2
 - WIOA Title 1 Dislocated Worker – Option 4
 - *WIOA Title 1 Rapid Response – Option 4*
- **Questions?**

WI0A ADULT ACTIVITIES ALLOTMENTS BY LWDA
PY 2019 Allocation listed in TEGL 16-18, April 10, 2019

After Hold Harmless

LWDA	PY 18 Allocation	Formula	PY 18 Option Selected											
			Option 1		Option 2		Option 3		Option 4		Option 5			
			Increase/ (Decrease)	70/30 1.00 EU	Increase/ (Decrease)	70/30 1.00 EP	Increase/ (Decrease)	70/30 0.50 EU 0.50 EP	Increase/ (Decrease)	70/30 0.75 EU 0.25 EP	Increase/ (Decrease)	70/30 0.25 EU 0.75 EP	Increase/ (Decrease)	
North Eastern Arizona (Apache/Navajo/Gila)	\$333,254	\$342,722	\$9,468	\$342,722	\$9,468	\$391,996	\$58,742	\$350,133	\$16,879	\$342,722	\$9,468	\$371,424	\$38,170	
South Eastern Arizona (Cochise/Graham/Greenlee)	\$517,432	\$549,659	\$32,227	\$531,846	\$14,414	\$548,791	\$31,359	\$538,418	\$20,986	\$532,913	\$15,481	\$543,694	\$26,262	
Coconino County	\$234,051	\$225,569	-\$8,482	\$244,355	\$10,304	\$270,051	\$36,000	\$258,491	\$24,440	\$251,393	\$17,342	\$264,370	\$30,319	
Maricopa County	\$3,962,665	\$4,218,025	\$255,360	\$4,610,566	\$647,901	\$4,424,419	\$461,754	\$4,531,735	\$569,070	\$4,574,366	\$611,701	\$4,477,153	\$514,488	
Mohave/LaPaz	\$749,753	\$826,626	\$76,873	\$793,834	\$44,081	\$858,338	\$108,585	\$828,105	\$78,352	\$810,743	\$60,990	\$843,482	\$93,729	
Navajo Nation	\$906,689	\$1,096,301	\$189,612	\$999,643	\$92,954	\$1,118,512	\$211,823	\$1,066,181	\$159,492	\$1,032,925	\$126,236	\$1,092,797	\$186,108	
Phoenix, City of	\$3,474,124	\$3,708,196	\$234,072	\$3,708,196	\$234,072	\$3,708,196	\$234,072	\$3,708,196	\$234,072	\$3,708,196	\$234,072	\$3,708,196	\$234,072	
Pima County	\$2,023,077	\$2,138,357	\$115,280	\$2,138,357	\$115,280	\$2,304,238	\$281,161	\$2,152,445	\$129,368	\$2,138,357	\$115,280	\$2,229,649	\$206,572	
Pinal County	\$861,584	\$917,594	\$56,010	\$917,594	\$56,010	\$917,594	\$56,010	\$917,594	\$56,010	\$917,594	\$56,010	\$917,594	\$56,010	
Santa Cruz County	\$284,592	\$408,559	\$123,967	\$390,714	\$106,122	\$394,756	\$110,164	\$396,924	\$112,332	\$394,323	\$109,731	\$395,822	\$111,230	
Nineteen Tribal Nations	\$1,253,028	\$1,534,081	\$281,053	\$1,488,412	\$235,384	\$1,575,678	\$322,650	\$1,546,108	\$293,080	\$1,518,399	\$265,371	\$1,561,147	\$308,119	
Yavapai County	\$440,214	\$471,798	\$31,584	\$471,798	\$31,584	\$471,798	\$31,584	\$471,798	\$31,584	\$471,798	\$31,584	\$471,798	\$31,584	
Yuma County	\$2,798,312	\$4,202,506	\$1,404,194	\$4,001,956	\$1,203,644	\$3,655,626	\$857,314	\$3,873,865	\$1,075,553	\$3,946,264	\$1,147,952	\$3,762,867	\$964,555	
Distribution 85%	\$17,838,775	\$20,639,993	\$2,801,218	\$20,639,993	\$2,801,218	\$20,639,993	\$2,801,218	\$20,639,993	\$2,801,218	\$20,639,993	\$2,801,218	\$20,639,993	\$2,801,218	
Total Funds	\$20,986,794	\$24,282,345	\$3,295,551	\$24,282,345	\$3,295,551	\$24,282,345	\$3,295,551	\$24,282,345	\$3,295,551	\$24,282,345	\$3,295,551	\$24,282,345	\$3,295,551	

Formula = 1/3 ASU; 1/3 EU; 1/3 ED

ASU -- Local area relative share of total unemployed in Areas of Substantial Unemployment (ASU) (average 12 months ending 6/30/18)

EU -- Local area relative share of Excess Unemployed (EU) (average 12 months ending 6/30/18)

ED -- Local area relative share of Economically Disadvantaged (ED) Adults age 22 to 72 (American Community Survey (ACS) data 2011-2015).

EU -- Excess Unemployed Concentration; EP -- Excess Poverty Concentration

HH -- Hold Harmless No Stop/Gain Provision

Prepared by the Office of Economic Opportunity, April 26, 2019

WIOA YOUTH ACTIVITIES ALLOTMENTS BY LWDA
PY 2019 Allocation listed in TEGL 16-18, April 10, 2019

After Hold Harmless

LWDA	PY 18 Allocation	Formula	PY 18 Option Selected										
			Option 1		Option 2		Option 3		Option 4		Option 5		
			Increase/ (Decrease)	70/30 1.00 EU	Increase/ (Decrease)	70/30 1.00 EYP	Increase/ (Decrease)	70/30 0.50 EU 0.50 EYP	Increase/ (Decrease)	70/30 0.75 EU 0.25 EYP	Increase/ (Decrease)	70/30 0.25 EU 0.75 EYP	Increase/ (Decrease)
North Eastern Arizona (Apache/Navajo/Gila)	\$343,405	\$416,791	\$73,386	\$416,791	\$73,386	\$416,947	\$73,542	\$416,791	\$73,386	\$416,791	\$73,386	\$416,791	\$73,386
South Eastern Arizona(Cochise/Graham/Greenlee)	\$514,622	\$520,325	\$5,703	\$520,325	\$5,703	\$553,419	\$38,797	\$527,931	\$13,309	\$520,325	\$5,703	\$540,703	\$26,081
Coconino County	\$334,697	\$393,071	\$58,374	\$393,233	\$58,536	\$373,330	\$38,633	\$384,207	\$49,510	\$388,886	\$54,189	\$378,862	\$44,165
Maricopa County	\$4,280,797	\$4,462,036	\$181,239	\$4,901,859	\$621,062	\$4,846,949	\$566,152	\$4,881,307	\$600,510	\$4,892,491	\$611,694	\$4,864,950	\$584,153
Mohave/LaPaz	\$695,656	\$784,648	\$88,992	\$769,786	\$74,130	\$821,417	\$125,761	\$796,032	\$100,376	\$782,770	\$87,114	\$808,850	\$113,194
Navajo Nation	\$976,005	\$1,211,489	\$235,484	\$1,083,628	\$107,623	\$1,224,736	\$248,731	\$1,154,774	\$178,769	\$1,118,761	\$142,756	\$1,190,025	\$214,020
Phoenix, City of	\$3,551,197	\$3,802,794	\$251,597	\$3,802,794	\$251,597	\$3,802,794	\$251,597	\$3,802,794	\$251,597	\$3,802,794	\$251,597	\$3,802,794	\$251,597
Pima County	\$2,164,290	\$2,290,429	\$126,139	\$2,290,429	\$126,139	\$2,340,318	\$176,028	\$2,290,429	\$126,139	\$2,290,429	\$126,139	\$2,311,122	\$146,832
Pinal County	\$799,741	\$854,665	\$54,924	\$854,665	\$54,924	\$854,665	\$54,924	\$854,665	\$54,924	\$854,665	\$54,924	\$854,665	\$54,924
Santa Cruz County	\$330,522	\$434,224	\$103,702	\$411,610	\$81,088	\$451,201	\$120,679	\$432,598	\$102,076	\$422,086	\$91,564	\$442,109	\$111,587
Nineteen Tribal Nations	\$1,348,791	\$1,667,698	\$318,907	\$1,598,887	\$250,096	\$1,686,254	\$337,463	\$1,646,158	\$297,367	\$1,622,583	\$273,792	\$1,666,792	\$318,001
Yavapai County	\$422,927	\$453,164	\$30,237	\$453,164	\$30,237	\$453,164	\$30,237	\$453,164	\$30,237	\$453,164	\$30,237	\$453,164	\$30,237
Yuma County	\$3,050,179	\$4,477,206	\$1,427,027	\$4,271,369	\$1,221,190	\$3,943,346	\$893,167	\$4,127,690	\$1,077,511	\$4,202,795	\$1,152,616	\$4,037,713	\$987,534
Distribution 85%	\$18,812,829	\$21,768,540	\$2,955,711	\$21,768,540	\$2,955,711	\$21,768,540	\$2,955,711	\$21,768,540	\$2,955,711	\$21,768,540	\$2,955,711	\$21,768,540	\$2,955,711
Total Funds	\$22,132,740	\$25,610,047	\$3,477,307	\$25,610,047	\$3,477,307	\$25,610,047	\$3,477,307	\$25,610,047	\$3,477,307	\$25,610,047	\$3,477,307	\$25,610,047	\$3,477,307

Formula = 1/3 ASU; 1/3 EU; 1/3 ED

ASU -- Local area relative share of total unemployed in Areas of Substantial Unemployment (ASU) (average 12 months ending 6/30/18)

EU -- Local area relative share of Excess Unemployed (EU) (average 12 months ending 6/30/18)

ED -- Local area relative share of Economically Disadvantaged (ED) Youths age 16 to 21 (American Community Survey (ACS) data 2011-2015).

EU -- Excess Unemployed Concentration; EP -- Excess Poverty Concentration

HH -- Hold Harmless No Stop/Gain Provision

Prepared by the Office of Economic Opportunity, April 26, 2019

WIOA DISLOCATED WORKER ACTIVITIES ALLOTMENTS BY LWDA
PY 2019 Allocation listed in TEGL 16-18, April 10, 2019

Total Amount \$30,250,131
Percent to Allocate 75.00%
Allocation Amount \$22,687,598

Percent of Allocation

	Option 1	Option 2	Option 3	PY 18 Option Selected Option 4	Option 5	Option 6
Unemployment Concentration	80%	50%	5%	1%	10%	10%
Long term Unemployed	5%	1%	5%	1%	10%	10%
Declining Industries	10%	48%	80%	95%	60%	20%
Employment	5%	1%	10%	3%	20%	60%

Amount of Allocation

Unemployment Con	\$18,150,079	\$11,343,799	\$1,134,380	\$226,876	\$2,268,760	\$2,268,760
Long term UE	\$1,134,380	\$226,876	\$1,134,380	\$226,876	\$2,268,760	\$2,268,760
Declining Industries	\$2,268,760	\$10,890,047	\$18,150,079	\$21,553,218	\$13,612,559	\$4,537,520
Employment	\$1,134,380	\$226,876	\$2,268,760	\$680,628	\$4,537,520	\$13,612,559

LWDA Allocation Amounts

	PY18 Allocation	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)	
North Eastern Arizona (Apache/Navajo/Gila)	\$294,097	\$324,714	\$30,617	\$324,714	\$30,617	\$324,714	\$30,617	\$324,714	\$30,617	\$324,714	\$30,617	\$30,617	
South Eastern Arizona(Cochise/Greenlee/Graham)	\$864,947	\$937,147	\$72,200	\$1,073,877	\$208,930	\$1,290,761	\$425,814	\$1,344,385	\$479,438	\$1,174,122	\$309,175	\$937,147	\$72,200
Coconino County	\$331,585	\$359,996	\$28,411	\$379,353	\$47,768	\$381,860	\$50,275	\$383,323	\$51,738	\$378,722	\$47,137	\$378,023	\$46,438
Maricopa County	\$5,275,040	\$7,016,635	\$1,741,595	\$6,568,379	\$1,293,339	\$6,568,379	\$1,293,339	\$6,568,379	\$1,293,339	\$6,568,379	\$1,293,339	\$7,638,684	\$2,363,644
Mohave/La Paz	\$506,150	\$629,217	\$123,067	\$533,931	\$27,781	\$533,931	\$27,781	\$533,931	\$27,781	\$533,931	\$27,781	\$535,545	\$29,395
Navajo Nation	\$544,863	\$550,004	\$5,141	\$550,004	\$5,141	\$550,004	\$5,141	\$550,004	\$5,141	\$550,004	\$5,141	\$550,004	\$5,141
Phoenix , City of	\$3,327,231	\$4,550,701	\$1,223,470	\$4,263,841	\$936,610	\$4,122,332	\$795,101	\$4,122,332	\$795,101	\$4,219,080	\$891,849	\$4,803,292	\$1,476,061
Pima County	\$2,886,555	\$3,262,414	\$375,859	\$3,999,529	\$1,112,974	\$4,374,468	\$1,487,913	\$4,440,748	\$1,554,193	\$4,211,211	\$1,324,656	\$3,448,091	\$561,536
Pinal County	\$950,476	\$1,022,765	\$72,289	\$1,002,612	\$52,136	\$1,002,612	\$52,136	\$1,002,612	\$52,136	\$1,002,612	\$52,136	\$1,036,413	\$85,937
Santa Cruz County	\$218,938	\$282,410	\$63,472	\$401,958	\$183,020	\$427,083	\$208,145	\$432,416	\$213,478	\$409,639	\$190,701	\$256,490	\$37,552
Nineteen Tribal Nations	\$611,130	\$876,116	\$264,986	\$932,619	\$321,489	\$827,893	\$216,763	\$830,627	\$219,497	\$813,961	\$202,831	\$651,723	\$40,593
Yavapai County	\$597,294	\$609,017	\$11,723	\$609,017	\$11,723	\$609,017	\$11,723	\$609,017	\$11,723	\$609,017	\$11,723	\$609,017	\$11,723
Yuma County	\$1,024,264	\$2,266,462	\$1,242,198	\$2,047,764	\$1,023,500	\$1,674,544	\$650,280	\$1,545,110	\$520,846	\$1,892,206	\$867,942	\$1,518,455	\$494,191
Distribution 75%	\$17,432,570	\$22,687,598	\$5,255,028	\$22,687,598	\$5,255,028	\$22,687,598	\$5,255,028	\$22,687,598	\$5,255,028	\$22,687,598	\$5,255,028	\$22,687,598	\$5,255,028
Total Funds	\$23,243,426	\$30,250,131	\$7,006,705	\$30,250,131	\$7,006,705	\$30,250,131	\$7,006,705	\$30,250,131	\$7,006,705	\$30,250,131	\$7,006,705	\$30,250,131	\$7,006,705

Prepared by Office of Economic Opportunity, April 26, 2019.
 Unemployment Concentration - Unemployment Ratios, weighted for excess of state average (2018)
 Long Term Unemployment --- Insured Unemployed Exhausted Claimants 2017-18
 Declining Industries 2015 Q2- 2018 Q2. lowest 10% declining
 Employment -- Local Area Unemployment Statistics - Total Employment State Average (2018)



WIOA RAPID RESPONSE ACTIVITIES ALLOTMENTS BY LWDA
PY 2019 Allocation listed in TEGL 16-18, April 10, 2019

Total Amount \$30,250,131
Percent to Allocate 10%
Allocation Amount \$3,025,013
LWIA Allocation \$2,722,512

LWDA Allocation Amounts	PY 18 Option Selected												
	PY2018	DW	Increase/	DW	Increase/	DW	Increase/	DW	Increase/	DW	Increase/	DW	Increase/
	Allocation	Option 1	(Decrease)	Option 2	(Decrease)	Option 3	(Decrease)	Option 4	(Decrease)	Option 5	(Decrease)	Option 6	(Decrease)
North Eastern Arizona (Apache/Navajo/Gila)	\$35,292	\$38,966	\$3,674	\$38,966	\$3,674	\$38,966	\$3,674	\$38,966	\$3,674	\$38,966	\$3,674	\$38,966	\$3,674
South Eastern Arizona (Cochise/Greenlee/Graham)	\$103,794	\$112,458	\$8,664	\$128,865	\$25,072	\$154,891	\$51,098	\$161,326	\$57,533	\$140,895	\$37,101	\$112,458	\$8,664
Coconino County	\$39,790	\$43,200	\$3,409	\$45,522	\$5,732	\$45,823	\$6,033	\$45,999	\$6,209	\$45,447	\$5,656	\$45,363	\$5,573
Maricopa County	\$633,005	\$841,996	\$208,991	\$788,205	\$155,201	\$788,205	\$155,201	\$788,205	\$155,201	\$788,205	\$155,201	\$916,642	\$283,637
Mohave/La Paz	\$60,738	\$75,506	\$14,768	\$64,072	\$3,334	\$64,072	\$3,334	\$64,072	\$3,334	\$64,072	\$3,334	\$64,265	\$3,527
Navajo Nation	\$65,384	\$66,000	\$617	\$66,000	\$617	\$66,000	\$617	\$66,000	\$617	\$66,000	\$617	\$66,000	\$617
Phoenix , City of	\$399,268	\$546,084	\$146,816	\$511,661	\$112,393	\$494,680	\$95,412	\$494,680	\$95,412	\$506,290	\$107,022	\$576,395	\$177,127
Pima County	\$346,387	\$391,490	\$45,103	\$479,944	\$133,557	\$524,936	\$178,550	\$532,890	\$186,503	\$505,345	\$158,959	\$413,771	\$67,384
Pinal County	\$114,057	\$122,732	\$8,675	\$120,313	\$6,256	\$120,313	\$6,256	\$120,313	\$6,256	\$120,313	\$6,256	\$124,370	\$10,312
Santa Cruz County	\$26,273	\$33,889	\$7,617	\$48,235	\$21,962	\$51,250	\$24,977	\$51,890	\$25,617	\$49,157	\$22,884	\$30,779	\$4,506
Nineteen Tribal Nations	\$73,336	\$105,134	\$31,798	\$111,914	\$38,579	\$99,347	\$26,012	\$99,675	\$26,340	\$97,675	\$24,340	\$78,207	\$4,871
Yavapai County	\$71,675	\$73,082	\$1,407	\$73,082	\$1,407	\$73,082	\$1,407	\$73,082	\$1,407	\$73,082	\$1,407	\$73,082	\$1,407
Yuma County	\$122,912	\$271,975	\$149,064	\$245,732	\$122,820	\$200,945	\$78,034	\$185,413	\$62,502	\$227,065	\$104,153	\$182,215	\$59,303
State Holdback	\$232,434	\$302,501	\$70,067	\$302,501	\$70,067	\$302,501	\$70,067	\$302,501	\$70,067	\$302,501	\$70,067	\$302,501	\$70,067
Distribution 10%	\$2,324,343	\$3,025,013	\$700,671	\$3,025,013	\$700,671	\$3,025,013	\$700,671	\$3,025,013	\$700,671	\$3,025,013	\$700,671	\$3,025,013	\$700,671
Total Funds	\$23,243,426	\$30,250,131	\$7,006,705	\$30,250,131	\$7,006,705	\$30,250,131	\$7,006,705	\$30,250,131	\$7,006,705	\$30,250,131	\$7,006,705	\$30,250,131	\$7,006,705

Note: The Rapid Response allocation must be the same option as that selected for the Dislocated Worker allocation.

Prepared by Office of Economic Opportunity, April 26, 2019

ADULT -- HELD HARMLESS [HH] BY LWDA AND DISTRIBUTION METHOD
WIOA ADULT ACTIVITIES ALLOTMENTS BY LWDA
PY 2019 Allocation listed in TEGL 16-18, April 10, 2019

LWDA	Adult Formula After HH	Option 1 Adult 70/30 1.00 EU After HH	Option 2 Adult 70/30 1.00 EP After HH	Option 3 Adult 70/30 0.50 EU 0.50 EP After HH	Option 4 Adult 70/30 0.75 EU 0.25 EP After HH	Option 5 Adult 70/30 0.25 EU 0.75 EP After HH
Apahe/Navajo/Gila	HH	HH			HH	
Cochise/Greenlee/Graham		HH				
Coconino	HH					
Maricopa	HH					
Mohave/LaPaz						
Navajo Nation						
Phoenix, City of	HH	HH	HH	HH	HH	HH
Pima	HH	HH			HH	
Pinal	HH	HH	HH	HH	HH	HH
Santa Cruz						
Tribal						
Yavapai	HH	HH	HH	HH	HH	HH
Yuma						
TOTAL	7	6	3	3	5	3

Formula = 1/3 ASU; 1/3 EU; 1/3 ED

ASU -- Local area relative share of total unemployed in Areas of Substantial Unemployment (ASU) (average 12 months ending 6/30/18)

EU -- Local area relative share of Excess Unemployed (EU) (average 12 months ending 6/30/18)

ED -- Local area relative share of Economically Disadvantaged (ED) Adults age 22 to 72 (American Community Survey (ACS) data 2011-2015).

EU -- Excess Unemployed Concentration; EP -- Excess Poverty Concentration

HH -- Hold Harmless No Stop/Gain Provision

Prepared by the Office of Economic Opportunity, April 26, 2019

YOUTH -- HELD HARMLESS [HH] BY LWDA AND DISTRIBUTION METHOD
WIOA YOUTH ACTIVITIES ALLOMENTS BY LWDA
PY 2019 Allocation listed in TEGL 16-18, April 10, 2019

LWDA	Youth Formula After HH	Option 1 Youth 70/30 1.00 EU After HH	Option 2 Youth 70/30 1.00 EYP After HH	Option 3 Youth 70/30 0.50 EU 0.50 EYP After HH	Option 4 Youth 70/30 0.75 EU 0.25 EYP After HH	Option 5 Youth 70/30 0.25 EU 0.75 EYP After HH
Apache/Navajo/Gila	HH	HH		HH	HH	HH
Cochise/Greenlee/Graham	HH	HH			HH	
Coconino						
Maricopa	HH					
Mohave/LaPaz						
Navajo Nation						
Phoenix, City of	HH	HH	HH	HH	HH	HH
Pima	HH	HH		HH	HH	
Pinal	HH	HH	HH	HH	HH	HH
Santa Cruz						
Tribal						
Yavapai	HH	HH	HH	HH	HH	HH
Yuma						
TOTAL	7	6	3	5	6	4

Formula = 1/3 ASU; 1/3 EU; 1/3 ED

ASU -- Local area relative share of total unemployed in Areas of Substantial Unemployment (ASU) (average 12 months ending 6/30/18)

EU -- Local area relative share of Excess Unemployed (EU) (average 12 months ending 6/30/18)

ED -- Local area relative share of Economically Disadvantaged (ED) Youths age 16 to 21 (American Community Survey (ACS) data 2011-2015).

EU -- Excess Unemployed Concentration; EP -- Excess Poverty Concentration

HH -- Hold Harmless No Stop/Gain Provision

Prepared by the Office of Economic Opportunity, April 26, 2019

Dislocated Worker -- HELD HARMLESS [HH] BY LWDA AND DISTRIBUTION METHOD
WIOA Dislocated Worker ACTIVITIES ALLOMENTS BY LWDA
PY 2019 Allocation listed in TEGL 16-18, April 10, 2019

LWDA	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Apache/Navajo/Gila	HH	HH	HH	HH	HH	HH
Cochise/Graham/Greenlee Counties	HH					HH
Coconino County						
Maricopa Cty		HH	HH	HH	HH	
Mohave/La Paz		HH	HH	HH	HH	
Navajo Nation	HH	HH	HH	HH	HH	HH
Phoenix , City of			HH	HH		
Pima County	HH					
Pinal County		HH	HH	HH	HH	
Santa Cruz County						
Tribal Consortium						HH
Yavapai County	HH	HH	HH	HH	HH	HH
Yuma County						
TOTAL	5	6	7	7	6	5

Prepared by Office of Economic Opportunity, April 26, 2019



Martha M. @WORK

Martha M. @WORK

Arizona's Unified Workforce Development Plan

May 2019

ARIZONA @WORK™
Innovative Workforce Solutions

State Plan Requirements

Strategic Planning Elements

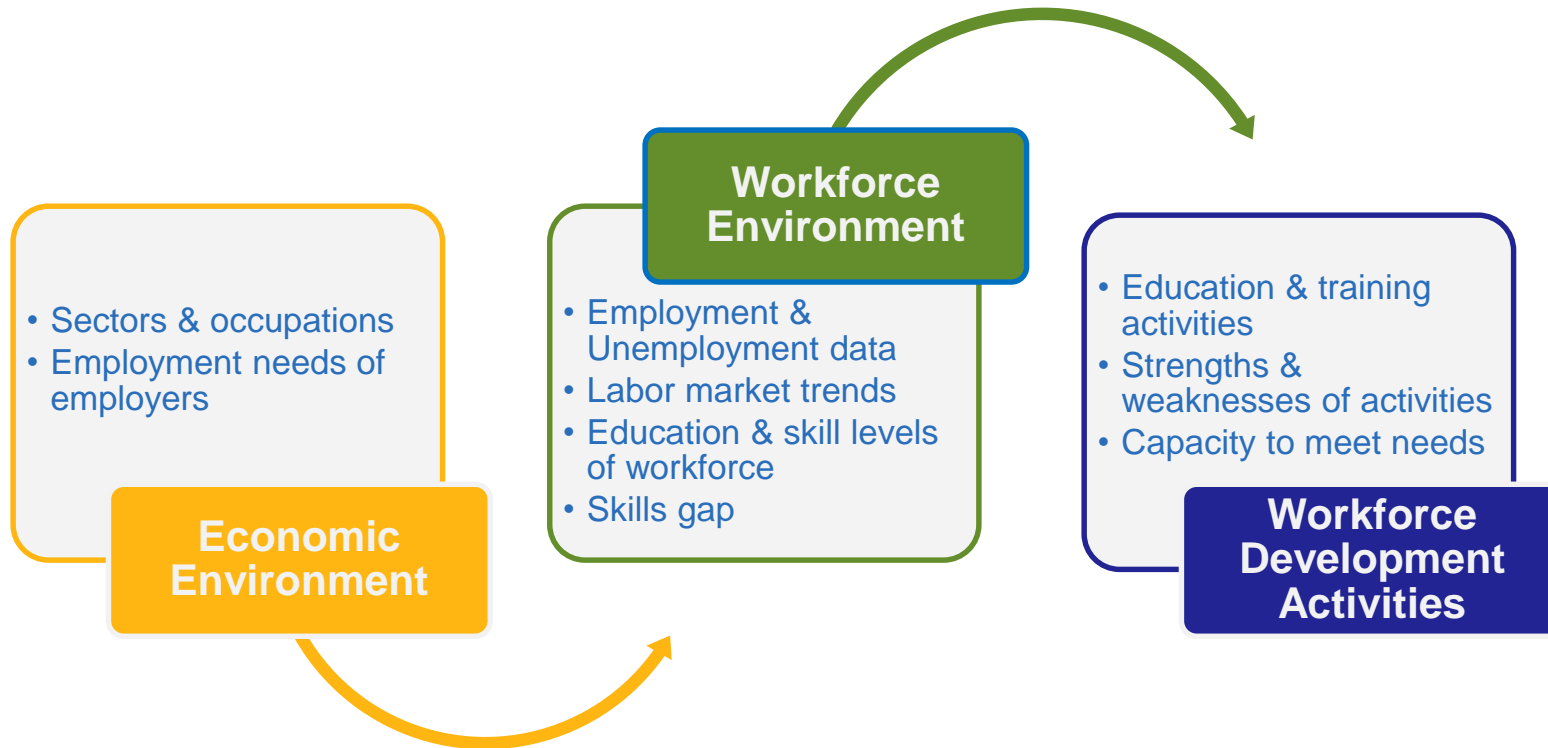
Operational Planning Elements

Common Assurances

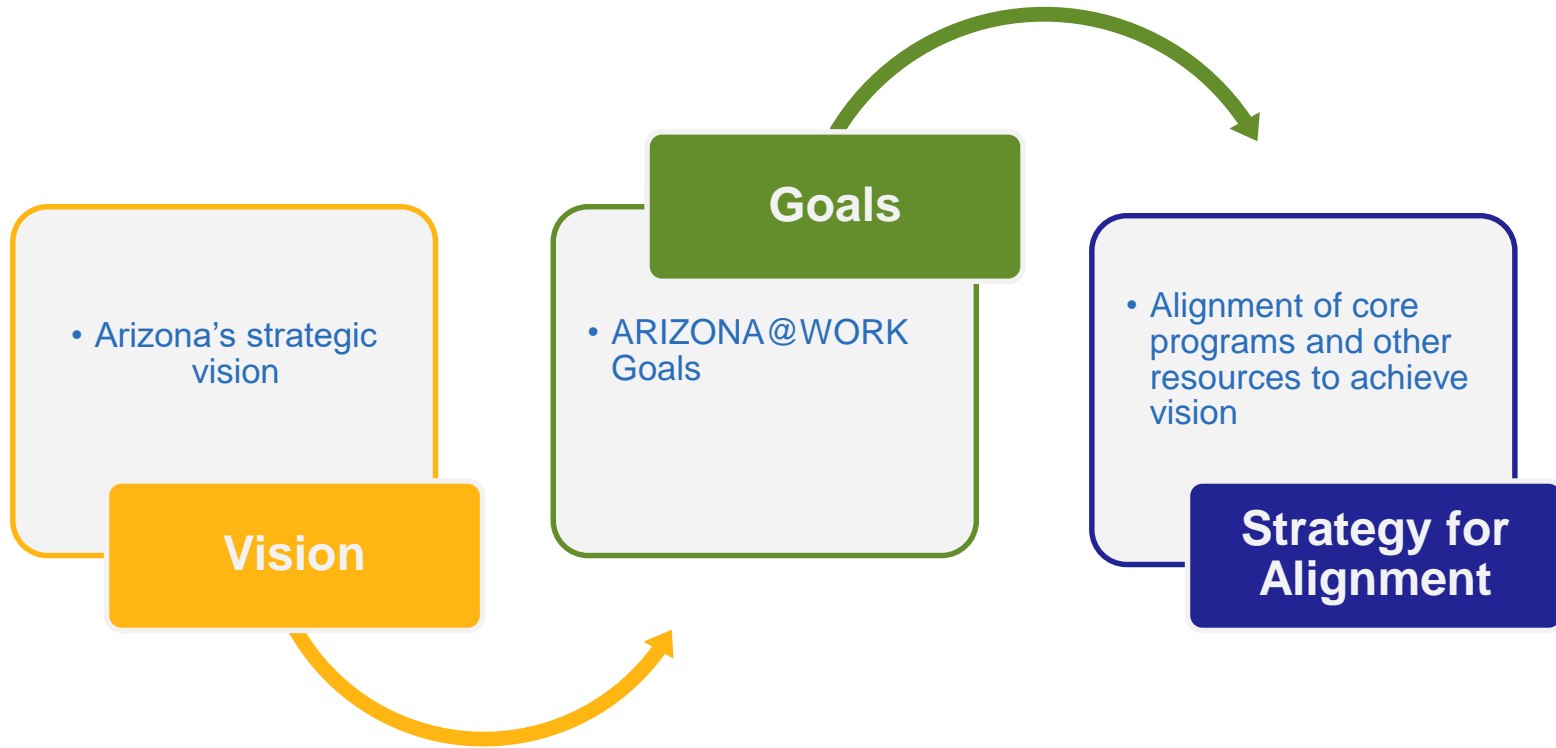
Program-Specific Requirements for Core Programs

Program-Specific Requirements for Partner Programs

Strategic Planning Elements



Strategic Planning Elements (cont'd)



Current Vision in State Plan (2016-2020):

Governor Ducey's vision: Build a pro-growth economy that provides opportunity for all and creates prosperous communities.

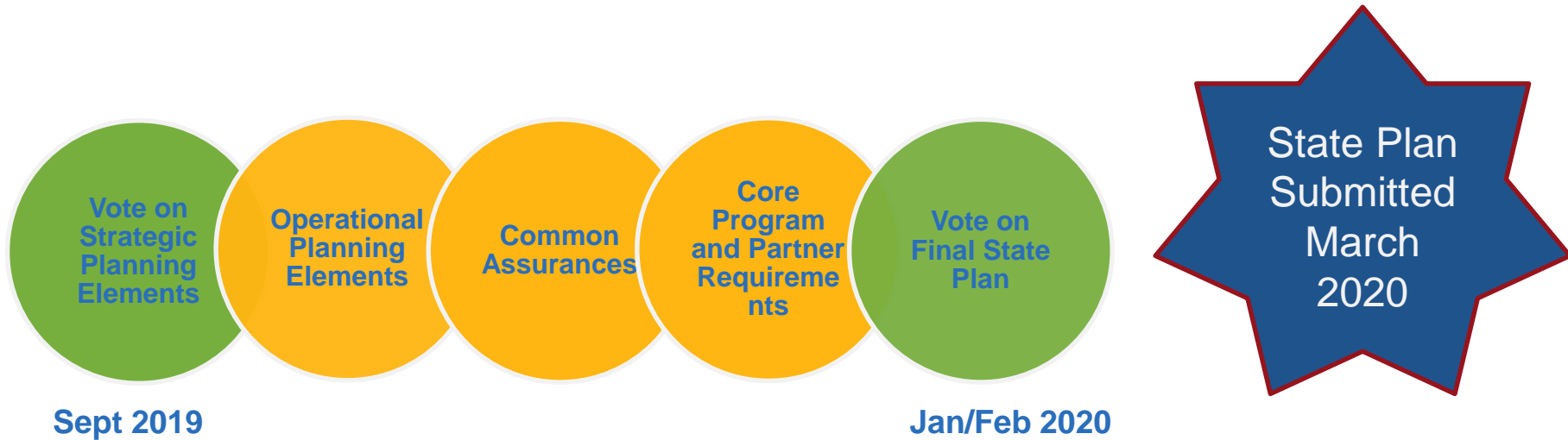
State Priorities Established by the Governor:

Government Working at the Speed of Business; Equal Access to Education; Opportunity for All; and Pro-Growth Economy

Current State Plan Goals and Strategies

Goal	Strategy
1. Create Partnerships and Strengthen Communication	<ol style="list-style-type: none"> <li data-bbox="589 218 1860 282">1. Raise Awareness and Build a Comprehensive Network of Partners <li data-bbox="589 289 1860 396">2. Formalize Communication Between Economic and Workforce Development Partners at the Statewide and Local Levels <li data-bbox="589 404 1860 494">3. Align Policies and Procedures Across Core Partners, Facilitating Collaboration, Data Sharing, and Alignment of Services
2. Promote a Customer-Centric System	<ol style="list-style-type: none"> <li data-bbox="589 508 1860 601">1. Develop a Workforce System and Services Accessible to All Employers and Job seekers, Including Individuals with Barriers <li data-bbox="589 608 1860 686">2. Integrate Standard and Consistent Processes Across Core Partners to Facilitate a Seamless Delivery of Services <li data-bbox="589 694 1860 736">3. Implement Consistent, High-Quality Staff Training Across Core Partners
3. Grow and Develop a Skilled Workforce	<ol style="list-style-type: none"> <li data-bbox="589 761 1860 839">1. Identify and Respond to High-Demand and Growing Industry/Employment Sectors at Local and Statewide Levels <li data-bbox="589 846 1860 925">2. Establish Model Career Pathways, Including Portable and Stackable Credentials and Soft-Skills Training, for Designated Industry Sectors <li data-bbox="589 932 1860 1003">3. Implement Increased Opportunities for Alternative Training and Education, Including Work-Based Training and Registered Apprenticeship Programs
4. Strengthen Data Utility and Reporting	<ol style="list-style-type: none"> <li data-bbox="589 1013 1860 1092">1. Establish Process of Data Linking Across Core Programs to Ensure Core Programs Are Able to Share Key Data Elements for Shared Clients <li data-bbox="589 1099 1860 1135">2. Promote Evidence-Based and Data-Driven Decision Making <li data-bbox="589 1142 1860 1192">3. Identify and Document Obstacles and Establish Continuous Improvement Through Outcomes Analysis and Reporting

Timeline for Council Action on State Plan



What information would be helpful for you to begin next steps for developing the strategic planning elements for the State Plan?

Workforce Innovation and Opportunity Act Local Governance Policy

**STATE WORKFORCE
POLICY #1**

**Workforce Innovation and Opportunity Act (WIOA) Local
Governance**

ISSUING AGENCY:

Workforce Arizona Council

SCOPE:

Workforce Arizona Council, Arizona Department of Economic Security, Arizona Commerce Authority/Office of Economic Opportunity, Local Workforce Development Boards, Local Workforce Administrative Entities and Fiscal Agents, One-Stop Operators, and Workforce System Stakeholders

REFERENCES:

Title I of the Workforce Innovation and Opportunity Act (WIOA) of 2014, (Pub. L. 113-128); WIOA Final Labor Rule, 20 CFR Subpart B WIOA Local Governance and Subpart C Local Boards Part 601, 651, 652 et al; 2 CFR 200, Uniform Guidance for Federal Financial Assistance, as applicable.

EFFECTIVE DATE:

~~February 16, 2017~~

OBJECTIVE:

This policy articulates the State's vision and purpose for the Local Workforce Development Boards (LWDBs), provides **requirements guidance** on the appointment and certification of LWDBs, outlines the roles, responsibilities and authority of the chief elected officials (CEOs) and the LWDBs in regards to the local ARIZONA@WORK system, and describes the process for Local Workforce Development Area (LWDA) designation.

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- I. Definitions
- II. LWDBs Established**
- III. Chief Elected Official Agreement for Consortia**
- IV. Shared Governance Agreement**
- V. Vision & Purpose of LWDB
- VI. LWDB Roles and Responsibilities
- VII. LWDB Recruitment Process
- VIII. LWDB Certification
- IX. LWDBs Conduct Business Openly
- X. LWDB Membership
- XI. Other LWDB Requirements**
 - Policymaking Authority of LWDB Members

Workforce Innovation and Opportunity Act Local Governance Policy

Prohibited LWDB Members

Authority to Hire LWDB Staff

Diverse Geographic Areas Represented

Represent Multiple Entities

LWDB Chair

Voting Privilege

Standing Committees

Bylaws

XII. LWDA Designation Request

XIII. LWDA Designation

XIV. Local Plan Modifications

I. DEFINITIONS:

Chief elected official -- The term "chief elected official" means--

(A) the chief elected executive officer of a unit of general local government in a LWDA; and

(B) in a case in which a LWDA includes more than one unit of general local government, the individuals designated under the agreement described in section 107(c)(1)(B).

In Arizona, the local workforce system is known as the local ARIZONA@WORK system.

In Arizona, the State Workforce Development Board is called the Workforce Arizona Council (WAC).

Local Workforce Development Area: A geographic area, designated by the Governor in accordance with WIOA Sec 106(b)(1)(B), to serve as a jurisdiction for the administration of workforce development activities using Adult, Dislocated Worker, and Youth funds allocated by the State and to coordinate efforts related to the other core programs at a local community level.

II. LWDBS ESTABLISHED: There shall be established, and certified by the Arizona Governor, a LWDB in each LWDA of the State to carry out the functions described in WIOA 107 (d) (and any functions specified for the LWDB under WIOA or the provisions establishing a core program) for such area. (WIOA 107(a))

Workforce Innovation and Opportunity Act Local Governance Policy

III. CHIEF ELECTED OFFICIAL AGREEMENT FOR CONSORTIA: If a LWDA includes more than one unit of general local government, the CEOs of such units must execute a written **consortia** agreement that specifies the respective roles **of the individual CEOs in the appointment of the members of the local workforce development board (LWDB) from the individuals nominated or recommended to be such members in accordance with eligible criteria, and in carrying out any other responsibilities assigned to CEOs under WIOA (WIOA 107 (c)(1)(B)(i and ii).**

~~Chief elected officials are liable in their official capacity and are not personally liable for misuse of WIOA funds.~~

If the CEOs are unable to reach agreement after a reasonable effort, the Governor may appoint the members of the LWDB from individuals nominated or recommended as specified in WIOA 107(c)(1)(B).

Workforce Arizona Council, as the designated representative of the Governor, provides the following ~~guidance on~~ **requirements** for this agreement:

A. Required inclusions. CEOs must enter into an agreement with each other that, at a minimum, includes the following sections:

- 1. Grant recipient and signatory.** ~~The written consortia agreement must identify that the CEOs are the grant recipient for the grant funds allocated to the LWDA under youth workforce investment activities (WIOA section 128) and adult and dislocated worker employment and training activities (WIOA section 133) or may designate an entity to serve as a local grant subrecipient for such funds or as a local fiscal agent (WIOA 107(d)(12)(B)(i)(II)).~~ **grant recipient authority to the LWDB.** Such designation shall not relieve the CEOs of the liability for any misuse of grant funds. If the CEOs will serve as the grant recipient, they must outline the process they will use to sign contracts and enter into agreements related to the WIOA. This may be accomplished by designating signatory authority to a lead CEO. ~~If a lead chief elected official is used in this capacity, chief elected officials must include the information outlined in the recommended inclusions Subsection B of this policy.~~
- 2. Liability of funds.** ~~The CEO in a LWDA shall be liable for any misuse of all local WIOA funds (i.e. WIOA section 128 and 133) as outlined in WIOA 107(d)(12)(B)(i)(I).~~ **The written agreement must** acknowledge financial liability and outline the process for determining each CEOs' share of responsibility. ~~as required in 20 CFR Part 667.705.~~ This determination could be based on allocation, population, expenditures, or other criteria determined by the CEOs. ~~Chief elected officials are liable in their official capacity and are not personally liable for misuse of WIOA funds.~~ I haven't been able to verify this anywhere.
- 3. Fiscal agent designation.** To assist in the administration of the grant funds, the CEOs may designate an entity to serve as a local fiscal agent as outlined in WIOA 107(d)(12)(B)(i)(II) and 20 CFR 679.420. **If the CEO designates a fiscal agent, the CEO must ensure this agent has clearly defined roles and responsibilities (20 CFR 679.420).**

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The appropriate role of fiscal agent is limited to accounting and funds management functions rather than policy or service delivery. If a fiscal agent is designated, the written agreement must describe the process for designation within the guidelines required by state and local procurement laws and policies.

4. **Local Board budget approval.** The LWDB shall develop a budget for the activities of the LWDB in the LWDA, consistent with the local plan and the duties of the LWDB under WIOA sec 107(d), subject to the approval of the CEO (WIOA 107(d)(12)(A)). The written consortia agreement must describe the process for reviewing and recommending the approval of the LWDB annual budget as required in WIOA 107(d)(12)(A) and 20 CFR 679.370(o) for the purpose of carrying out the duties of the LWDB. Every LWDA must have a LWDB budget that meets the requirements of includes only the costs of the LWDB staffing and related costs associated with carrying out the functions of the LWDB as stated in WIOA sec. 107(d) and 20 CFR 679.370.
5. **Participating Chief Elected Officials.** The agreement must contain the name, title, area represented, contact information, and signature of the participating CEOs in the LWDA as defined in the LWDA. The tribal nations representing LWDA's will identify appropriate signatures for their agreements.

~~A. Recommended inclusions. In order to improve the coordination and functionality of the local workforce system, the State Workforce Development Board recommends that the consortia agreements also address the following items:~~

6. **Designation of a Chief Elected Official.** CEOs are liable for all WIOA Title IB funds in the LWDA, and are required by the WIOA to approve or provide guidance on a number of LWDB activities. Workforce Arizona Council encourages CEOs to select one CEO who will act as a lead on behalf of the other CEOs. If a lead is appointed, the following information must be included in the written consortia agreement sent to the local administrative entity and kept on file for review by the state administrative entity:
 - a. Appointment process and term of the lead CEO;
 - b. Language designating the lead to serve as the signatory for the CEOs;
 - c. Outline the decisions that may be made by the lead on behalf of the CEOs;
 - d. Name, title, and contact information of the appointed lead.
7. **Amendment or change to the written consortia agreement.** The written agreement must outline the process that will be used for amendments or changes to the CEO consortia agreement including a description of how an election may or may not impact an existing agreement. All amendments or changes must be maintained at the local administrative entity office and available for monitoring by the Arizona Department of Economic Security.

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8. **Local Board member representation.** The written consortia agreement must outline how CEOs will ensure LWDB representation is fair and equitable across the LWDA.
9. **Communication.** The written consortia agreement must describe how the CEOs will communicate with each other regarding LWDB activities and determine how many times a year the CEOs will meet. Workforce Arizona Council encourages the CEOs of each LWDA to meet at least annually as a body to discuss the LWDB activities and the performance of the local workforce development system.

Determine how often a joint meeting ~~with the LWDB~~ between the CEOs and the LWDB will occur. LWDBs and CEOs may satisfy this joint meeting requirement through alternative methods of communicating acceptable to the Workforce Arizona Council. Workforce Arizona Council encourages LWDBs and CEOs to meet at least annually.

IV. SHARED GOVERNANCE AGREEMENT: As stated in WIOA 107(d) and 20 CFR 679.370, the CEO and the LWDB share governance responsibility for LWDB functions such as local planning, program oversight, negotiating local performance accountability measures, selection of One Stop Operators and providers, and approving a budget for LWDB activities. The LWDB and the CEO must enter into a written ~~partnership~~ agreement that describes how the parties will carry out their shared governance functions and meet other LWDB requirements such as membership criteria, setting local policy, and communicating with elected officials and the public. The ~~Workforce Arizona Council State Workforce Development Board~~, as the designated representative of the Governor, provides the following ~~requirements for guidance on~~ this agreement:

- A. **Required inclusions.** The LWDB and the CEO must enter into a written ~~partnership~~ agreement that, at a minimum, addresses the following subjects:
 1. **Local board membership.** WIOA Section 107(c)(1) authorizes CEOs to appoint the members of the LWDB in accordance with the criteria established by the Governor in partnership with the State Board (WIOA 107(b)(1)).
 - a. **Terms.** Outline the terms of LWDB member appointments and ensure that the terms are staggered so that only a portion of membership expires in a given year.
 - b. **Nomination and Appointment Process.** CEOs must establish a formal nomination and appointment process that is open and transparent, and ensures compliance with the membership criteria identified in this policy for composition of the LWDB. The nomination and appointment process must be documented in the written ~~partnership~~ agreement between the LWDB and the CEO(s).
 - c. **Nomination.** For each LWDB member position that requires a nomination, the nominating organization must submit to the appointing CEO of the LWDA a document or letter signed by the chief executive officer or designee identifying the

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- individual being nominated. The document or letter must also acknowledge the nominee's optimum policy-making authority and include documentation of curriculum vitae, resume or work history supporting the qualifications of the nomination.
- d. Appointment.** LWDB member appointments must be made by the appointing CEO and submitted to the local administrative entity either in a form of a letter, evidenced within minutes of meetings, or other official communication.
- e. Change in status.** Acknowledgement that LWDB members who no longer hold the position or status that made them eligible board members must resign or be removed by the CEO immediately upon notification to the LWDB chair of the change of status as a representative of that entity.
- f. Mid-term appointment.** LWDB members replacing out-going members mid-term will serve the remainder of the out-going member term unless the LWDB by-laws establishes a different procedure.
- g. Vacancies.** LWDB vacancies must be filled within 120 days of the vacancy. The CEOs in a LWDA are authorized to make all reappointments of members. Reappointments must be made within 120 days of the term expiration. In the event a vacancy cannot be filled within 120 days, the local administrative entity CEO must request a waiver in writing to the Workforce Arizona Council Manager Director of the State Workforce Development Board with an explanation of why a vacancy was not filled in the 120-day timeframe and a description of the process underway to fill the vacancy. The CEO local administrative entity must maintain written approval of the waiver request by the Workforce Arizona Council Manager Director of the State Workforce Development Board and will be monitored according to the process outlined in their approved waiver request.
- h. Removal.** LWDB members must be removed by the CEO if any of the following occurs: documented violation of conflict of interest, failure to meet LWDB member representation requirements defined in WIOA and this policy, or documented proof of malfeasance, fraud or abuse. LWDB members may be removed for other reasons outlined in the LWDB bylaws such as lack of attendance, etc. however, LWDBs must define the specific criteria that will be used to establish just cause and the process for such removal. The Department of Economic Security state administrative entity reserves the right to conduct an investigation regarding allegations of wrong doing that result in the removal of a board member. CEOs and LWDB chairs will be formally notified in advance of any such investigation and of the results.
- 2. Relationship between CEO and LWDB.** The shared governance partnership agreement shall establish the roles and responsibilities of the CEO and the LWDB along with a description of the partnership and specific responsibilities. The agreement must document a clear separation of duties and required firewalls between staff that perform

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governance functions and operation functions in organizations that serve multiple roles in the one stop delivery system (20 CFR 679.430).

- a. **Local plan requirements.** Describe how the local plan will be developed in partnership between the CEO and the LWDB.
 - b. **Budget and approval.** As referenced in WIOA 107(d)(12)(A), describe how the LWDB will develop its budget for the purpose of carrying out the duties of the LWDB and the process for obtaining the CEO's approval. ~~This does not include the local operation or administrative budgets.~~
 - c. **Selection of operators and providers.** Establish the guidelines and processes that will be followed by the LWDB for selection of each of the operators and providers for the LWDB in accordance with WIOA 107(d)(10)(A) through (E) and **Workforce Arizona Council** ~~State Workforce Development Board~~ policy, including the process for getting CEO agreement on the selections.
 - d. **Youth activities.** Describe if the LWDB will establish a standing youth committee (20 CFR 681.100), the composition of and appointment procedures for the standing youth committee (20 CFR 681.110) and the duties assigned to the standing youth committee (20 CFR 681.120). If the LWDB does not establish a standing youth committee, describe how the LWDB will carry out its responsibilities for youth activities under youth formula programs.
 - e. **Program oversight.** Establish the guidelines and process that will be followed to carry out the program oversight responsibilities outlined in WIOA 107(d)(8)(A) and (B) including how the CEO will be involved.
 - f. **Performance accountability measures.** Describe the process the LWDB will use to reach agreement with the CEO and the Governor on local performance accountability measures in accordance with WIOA 107(d)(9).
 - g. **Local Board System Policy Established by the LWDB.** Describe how the LWDB and the CEO will work in partnership to set policy for the local workforce development system. ~~process for approving local workforce policy.~~
 - h. **Local Board Bylaws.** Describe the process for amending the LWDB bylaws including any role the CEO has delegated to the LWDB in amending the bylaws (20 CFR 679.310).
 - i. **Memorandum of Understanding.** Describe the process for demonstrating CEO agreement on memorandum of understanding between workforce system partners and the LWDB.
3. **Authorized signatures.** The **shared governance partnership** agreement must be signed by the CEOs that have been identified as participating in the CEO agreement at the time of the signing and by the LWDB chair at the time of the signing.

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4. **Amendments, change, or election.** Any amendment or change to the ~~partnership~~ **shared governance** agreement, including notice of an election of a new CEO, notice of an election of a new LWDB chair, or amendment of any applicable **shared governance** ~~partnership~~ agreement(s), must be maintained at the local administrative entity office and available for monitoring by the state administrative entity.
5. **Communication with Elected Officials.** Establish requirements for informing the CEO on a regular basis regarding activities, performance outcomes, and budgets with at least one joint meeting held annually between the CEO and the LWDB. LWDBs and CEOs may satisfy this joint meeting requirement through alternative methods of communicating acceptable to the Workforce Arizona Council.

V. VISION AND PURPOSE OF LWDB: The vision for the LWDB is to serve as a strategic leader and convener of local workforce development system stakeholders. The LWDB partners with employers and the workforce development system to develop policies and investments to support workforce system strategies and support regional approaches including local and regional sector partnerships, career pathways, and high quality, customer-centered service delivery and service delivery approaches.

The purpose of the LWDB is to (20 CFR 679.300 b):

1. Provide strategic and operational oversight in collaboration with the required and additional partners and workforce stakeholders to help develop a comprehensive and high-quality workforce development system in the LWDA and larger planning region;
2. Assist in the achievement of Arizona's strategic and operational vision and goals as outlined in the Unified State Plan or Combined State Plan; and
3. Maximize and continue to improve the quality of services, customer satisfaction, and effectiveness of the services provided.

VI. LWDB ROLES AND RESPONSIBILITIES: As stated in WIOA sec. 107(d), 20 CFR 679.370, and **20 CFR 679.310(b)**, the LWDB must:

1. **Local Policy:** In partnership with the CEO, the LWDB sets policy for the portion of the statewide workforce development system within the LWDA and consistent with State policies (20 CFR 679.310 (b)).
2. **Local Plan:** Develop and submit a 4-year local plan for the LWDA, in partnership with the CEO and consistent with WIOA section 108 (20 CFR 679.370(a));

If the LWDA is part of a planning region that includes other LWDA's as designated by the Governor under 20 CFR 679.200 and 679.210, the LWDB in partnership with the CEO must develop and submit a regional plan in collaboration with the LWDBs and CEOs

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from other areas. (WIOA 106 (c)(2) and 20 CFR 679.510). The regional plan must incorporate the local plans from each LWDA in the planning region per 20 CFR 679.540 (a).

- 3. Labor Market Analysis:** In order to assist in the development and implementation of the local plan, conduct workforce research and regional labor market analysis to include:
 - a. Analyses and regular updates of economic conditions, needed knowledge and skills, workforce, and workforce development (including education and training) activities to include an analysis of the strengths and weaknesses (including the capacity to provide) of such services to address the identified education and skill needs of the workforce and the employment needs of employers;
 - b. Assistance to the Governor in developing the statewide workforce and labor market information system under the Wagner-Peyser Act for the region;
 - c. Other research, data collection, and analysis related to the workforce needs of the regional economy as the LWDB, after receiving input from a wide array of stakeholders, determines to be necessary to carry out its functions.
- 4. Convening, Brokering, Leveraging:** Convene local workforce development system stakeholders to assist in the development of the local plan under WIOA section 108 and 20 CFR 679.550 and in identifying non-Federal expertise and resources to leverage support for workforce development activities. Such stakeholders may assist the LWDB and standing committees in carrying out, convening, brokering, and leveraging functions at the direction of the LWDB.
- 5. Employer Engagement:** Lead efforts to engage with a diverse range of employers and other entities in the region in order to:
 - a. Promote business representation (particularly representatives with optimum policy-making or hiring authority from employers whose employment opportunities reflect existing and emerging employment opportunities in the region) on the LWDB;
 - b. Develop effective linkages (including the use of intermediaries) with employers in the region to support employer utilization of the local workforce development system and to support local workforce investment activities;
 - c. Ensure that workforce investment activities meet the needs of employers and support economic growth in the region by enhancing communication, coordination, and collaboration among employers, economic development entities, and service providers; and
 - d. Develop and implement proven or promising strategies for meeting the employment and skill needs of workers and employers (such as the establishment of industry and sector partnerships), that provide the skilled workforce needed by employers in the region, and that expand employment and career advancement opportunities for

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workforce development system participants in in-demand industry sectors or occupations.

6. Career Pathways Development: With representatives of secondary and post-secondary education programs, lead efforts to develop and implement career pathways within the LWDA by aligning the employment, training, education, and supportive services that are needed by adults and youth, particularly individuals with barriers to employment as defined in WIOA 3(24).

7. Proven and Promising Practices: Lead efforts in the LWDA to identify and promote proven and promising strategies and initiatives for meeting the needs of employers, workers and jobseekers (including individuals with barriers to employment) in the local workforce system, as well as in providing physical and programmatic accessibility, in accordance with section 188, if applicable, and applicable provisions of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.), to the one-stop delivery system.

Identify and disseminate information on proven and promising practices carried out in other LWDA for meeting such needs.

8. Technology: Develop strategies for using technology to maximize the accessibility and effectiveness of the local workforce development system for employers, and workers and jobseekers, by:

- a. Facilitating connections among the intake and case management information systems of the one-stop partner programs to support a comprehensive workforce development system in the LWDA;
- b. Facilitating access to services provided through the one-stop delivery system involved, including access in remote areas;
- c. Identifying strategies for better meeting the needs of individuals with barriers to employment, including strategies that augment traditional service delivery, and increase access to services and programs of the one-stop delivery system, such as improving digital literacy skills; and
- d. Leveraging resources and capacity within the local workforce development system, including resources and capacity for services for individuals with barriers to employment.

9. Program Oversight: Provide program oversight, in partnership with the CEO for the LWDA:

- a. Conduct oversight of youth workforce investment activities authorized under WIOA section 129(c), adult and dislocated worker employment and training activities under WIOA sections 134 (c) and (d); and the entire one-stop delivery system in the LWDA; and

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- b. Ensure the appropriate use and management of the funds provided under WIOA subtitle B for the youth, adult, and dislocated worker activities and one-stop delivery system in the LWDA; and
- c. Ensure the appropriate use, management, and investment of funds to maximize performance outcomes under WIOA section 116.

10. Local Performance Accountability Measures: Negotiate and reach agreement on local performance measures with the CEO and the Governor (WIOA section 116 (c)).

11. Infrastructure Costs: Negotiate with CEO and required partners on the methods for funding the infrastructure costs of one-stop centers in the LWDA in accordance with § 678.715 and State Workforce Policy #5 MOU and Infrastructure Costs policy.

12. Selection of One Stop Operators and Providers: With the agreement of the CEO for the LWDA, the LWDB selects the following providers in the LWDA, and where appropriate terminates such providers in accordance with 2 CFR part 200:

- a. Providers of youth work investment activities through competitive grants or contracts based on the recommendations of the youth standing committee (if such a committee is established). However, if the LWDB determines there is an insufficient number of eligible providers of youth workforce investment activities in a LWDA, the LWDB may award grants or contracts on a sole-source basis in compliance with State Workforce Policy #4 ARIZONA@WORK One Stop Operator and Service Provider Selection Policy. The LWDB may terminate for cause the eligibility of such providers.
- b. Eligible providers of training services consistent with the criteria and information requirements established by the Governor and WIOA sec. 122;
- c. Providers of career services through the award of contracts in compliance with State Workforce Policy #4 ARIZONA@WORK One Stop Operator and Service Provider Selection Policy., if the one-stop operator does not provide such services. (WIOA section 134(c)(2));
- d. Designate or certify one-stop operators through a competitive process as described in WIOA section 121(d)(2)(A), 20 CFR 678.600 – 678.635, and State Workforce Policy #4 ARIZONA@WORK One Stop Operator and Service Provider Selection Policy. Also, the LWDB may terminate for cause the eligibility of such operators.
- e. **Consumer Choice Requirements:** Work with the State to ensure there are sufficient numbers and types of providers of career services and training services serving the LWDA, services are provided in a manner that maximizes consumer choice and provides opportunities that lead to competitive integrated employment for individuals with disabilities. This includes eligible providers with expertise in assisting individuals with disabilities and eligible providers with expertise in assisting adults in need of adult education and literacy activities. (WIOA section 122 and paragraphs (2) and (3) of section 134(c))

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13. Coordination with Education Providers: Coordinate activities with education and training providers in the LWDA, including:

- a. Reviewing applications to provide adult education and literacy activities under title II for the LWDA to determine whether such applications are consistent with the local plan;
- b. Making recommendations to the eligible agency to promote alignment with such plan; and
- c. Replicating and implementing cooperative agreements to enhance the provision of services to individuals with disabilities and other individuals, such as cross training of staff, technical assistance, use and sharing of information, cooperative efforts with employers, and other efforts at cooperation, collaboration, and coordination. *Cooperative agreement* means an agreement entered into by a State designated agency or State designated unit under subparagraph (A) of section 101(a)(11) of the Rehabilitation Act of 1973.

14. Budget and Administration: Develop a budget for the activities of the LWDB, with approval of the CEO, and consistent with the local plan and the duties of the LWDB. ~~This does not include the local area operations or administrative budgets.~~ The LWDB budget includes all activities of the LWDB including the Title I budget amounts to be allocated for youth (section 133) and adult and dislocated worker (section 128) career services. The LWDB determines how much of the budget to allocate for these services and how to procure these services.

Budget Disbursal: The local grant recipient or an entity designated as the grant recipient shall disburse the grant funds for workforce investment activities at the direction of the LWDB, pursuant to the requirements of WIOA. The local grant recipient or entity designated as grant recipient shall disburse the funds immediately on receiving such direction from the LWDB (WIOA sec 107 (d)(12)(B)(i)(III)).

15. Accessibility for Individuals with Disabilities: Assess, on an annual basis, the physical and programmatic accessibility of all one-stop centers in the LWDA, in accordance with WIOA section 188, if applicable, and applicable provisions of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 *et seq.*).

16. ARIZONA@WORK Job Center Certification: Certification of ARIZONA@WORK job centers in accordance with 20 CFR § 678.800 and State Workforce Policy #6 Certification of the ARIZONA@WORK Job Centers.

VII. LWDB RECRUITMENT PROCESS: The LWDB is appointed by the CEO in each LWDA in accordance with State criteria established under WIOA 107(b)(2) and stated in this policy, and is certified by the Governor every two years, in accordance with WIOA 107(c)(2). The nomination and appointment process must be documented in the written **Bylaws and local shared governance agreement** between the LWDB and the CEO.

~~CEOs must establish a formal nomination and appointment process that is open and transparent, and ensures compliance with the membership criteria identified in this policy for composition of the LWDB.~~

If local conditions (i.e. for example, but not limited to, a rural area with fewer options available) make it impossible for a LWDA to fully comply with all of the membership criteria for the LWDB, the CEO may request a waiver in writing to the **Workforce Arizona Council Manager** for a specific membership type with an explanation of why this membership type cannot be filled in the LWDA and a suggested alternative to comply.

VIII. LWDB CERTIFICATION:

A. Local Board initial certification. For newly created LWDBs, the **Workforce Arizona Council State Workforce Development Board** will evaluate the composition of the LWDB to determine compliance with the membership criteria identified in this policy, which is consistent with WIOA membership requirements, and recommend certification to the Governor. LWDBs that existed prior to the implementation of WIOA must meet the WIOA membership criteria identified in this policy to be considered for certification.

B. Local Board Recertification.

1. Recertification will be conducted by the State once every two years. To be recertified, the LWDB composition must meet all membership requirements, the local workforce system activities comply with required LWDB responsibilities and enable the LWDA to meet local performance accountability measures and any prescribed outcomes as outlined in the local grant agreement, **and sustain fiscal integrity.**

If a LWDB meets all membership requirements, but fails to meet all performance measures and outcomes, certification will be granted for only a one-year review period, instead of a two-year period. At the end of the one-year review period, the recertification process will be repeated with an updated review of performance and membership composition. If this review shows the LWDB is meeting all performance measures and outcomes, a two-year certification will be granted.

2. During the two-year certification period, if more than 10% of the LWDB membership is removed for cause, a recertification must occur to ensure membership compliance and assess board stability.

C. Decertification.

1. A LWDB is subject to decertification under the following conditions:
 - a. Fails to meet all LWDB certification requirements; or
 - b. Fails to carry out required functions of the LWDB in WIOA 107(d); or

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- c. Fraud or abuse; or
 - d. Fails to meet the local performance accountability measures for two consecutive program years.
2. If a LWDB has been placed on a one-year review period due to a lack of meeting all performance measures and outcomes, and fails to meet performance measures and outcomes for a second-year, the LWDB may be decertified.
 3. A written notice and opportunity for comment will be provided prior to decertification.
 4. In accordance with WIOA section 107(c)(2)(c), if a LWDB is decertified, the Governor reserves the right to:
 - a. Require a new LWDB be appointed for the LWDA pursuant to a reorganization plan developed by the Governor, in consultation with the CEOs.
 - b. In consultation with the CEOs, redesignate a local workforce development area.

IX. LWDB CONDUCTS BUSINESS OPENLY: The LWDB must conduct its business in an open manner as required by WIOA sec. 107(e), by making available to the public, on a regular basis through electronic means and open meetings, information about the activities of the Local WDB (20 CFR 679.390). **The LWDB also must comply with Arizona's Open Meeting Law (A.R.S. Title 38, Chapter 3, Article 3.1) The LWDB must also post the required information on the State's ARIZONA@Work website (<https://arizonaatwork.com>) either by direct download or linkage to the LWDB website.** The required information includes:

- a. Information about the Local Plan, or modification to the Local Plan, before submission of the plan;
- b. List and affiliation of LWDB members;
- c. Selection of one-stop operators;
- d. Award of grants or contracts to eligible training providers of workforce investment activities including providers of youth workforce investment activities;
- e. Minutes of formal meetings of the Local WDB; and
- f. LWDB bylaws, consistent with § 679.310(g).

X. LWDB MEMBERSHIP: Workforce Arizona Council, in accordance with WIOA 107(b)(2), requires the following composition for each LWDB:

- A. The majority of the members of the LWDB must be representatives of business in the LWDA (**WIOA 107(b)(2)(A)**). At a minimum, two members must represent small business as

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defined by the U.S. Small Business Administration. Business representatives serving on local workforce development boards may also serve on the State Board. Each business representative must meet the following criteria:

1. Be owners of businesses, chief executives or operating officers of businesses, or other business executives or employers with optimum policymaking or hiring authority (**WIOA 107(b)(2)(A)(i)**);
2. Provide employment opportunities in in-demand industry sectors or occupations, and provide high-quality, work-relevant training and development opportunities to its workforce or the workforce of others (in the case of organizations representing business as per WIOA section 107(b)(2)(A)(ii); and
3. Be appointed from among individuals nominated by local business organizations and business trade associations (**WIOA 107(b)(2)(A)(iii)**);

A representative with *optimum policy-making authority* is an individual who can reasonably be expected to speak affirmatively on behalf of the entity he or she represents and to commit that entity to a chosen course of action.

As defined in WIOA section 3(23), *in-demand industry sector or occupation* means:

- a. An industry sector that has a substantial current or potential impact (including through jobs that lead to economic self-sufficiency and opportunities for advancement) on the State, regional, or local economy, as appropriate, and that contributes to the growth or stability of other supporting businesses, or the growth of other industry sectors; or
- b. An occupation that currently has or is projected to have a number of positions (including positions that lead to economic self-sufficiency and opportunities for advancement) in an industry sector so as to have a significant impact on the State, regional, or local economy, as appropriate.

The determination of whether an industry sector or occupation is in-demand shall be made by the State or LWDB, as appropriate, using State and regional business and labor market projections, including the use of labor market information.

- B. Not less than 20 percent of the members of each LWDB must be **representatives of the workforce**. ~~representatives~~. These representatives:
 1. Must include two or more representatives of labor organizations who have been nominated by local labor federations, or other representatives of employees (for areas where labor organizations do not exist);
 2. Must include one or more representatives (must be a training director or a member of a labor organization) of a joint labor-management, or union affiliated, registered apprenticeship program within the area. If no union affiliated registered apprenticeship programs exist in the area, a representative of a registered apprenticeship program with

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- no union affiliation must be appointed, if one exists;
3. May include one or more representatives of community-based organizations that have demonstrated experience and expertise in addressing the employment needs of individuals with barriers to employment, including organizations that serve veterans or that provide or support competitive integrated employment for individuals with disabilities; and
 4. May include representatives of organizations that have demonstrated experience and expertise in addressing the employment, training, or education needs of eligible youth, including representatives of organizations that serve out-of-school youth.
- C. The balance of membership for each LWDB must include:
1. At least one eligible provider administering adult education and literacy activities under WIOA title II. When there is more than one LWDA provider of adult education and literacy activities under title II, nominations are solicited from those particular entities (WIOA 107(b)(2)(C)(i));
 2. At least one representative from an institution of higher education providing workforce investment activities, including community colleges. When there are multiple institutions of higher education providing workforce investment activities nominations are solicited from those particular entities (WIOA 107(b)(2)(C)(ii)); and
 3. At least one representative from each of the following governmental and economic and community development entities:
 - a. Economic and community development entities;
 - b. The state Employment Service Office under the Wagner-Peyser Act (29 U.S.C. 49 et seq.) serving the LWDA; and
 - c. The programs carried out under title I of the Rehabilitation Act of 1973, other than section 112 or Part C of that title.
- D. In addition to the representatives enumerated above, the CEO may appoint other appropriate entities in the LWDA, including:
1. Entities administering education and training activities who represent local educational agencies or community-based organizations with demonstrated expertise in addressing the education or training needs for individuals with barriers to employment;
 2. Governmental and economic and community development entities who represent transportation, housing, and public assistance programs;
 3. Philanthropic organizations serving the LWDA; and
 4. Other appropriate individuals as determined by the CEO, **provided the individuals meet all other board member eligibility requirements established in this policy.**

XI. OTHER LWDB REQUIREMENTS

- A. Policymaking Authority of LWDB Members:** Members of the LWDB that represent organizations, agencies, or other entities shall be individuals with optimum policymaking authority within the organizations, agencies, or entities. (WIOA 107 (b)(5))
- B. Prohibited LWDB Members:** The LWDB ~~may~~ **must** not include members who are staff to the LWDB, ~~staff or board members of the one stop operator, and/or workforce service providers for~~ WIOA Title IB adult, dislocated worker, and youth providers, ~~programs,~~ or staff of the grant recipient/administrative entity or fiscal agent.
- C. Authority to Hire LWDB Staff:** WIOA sec. 107(f) grants the LWDB authority to hire a director and other staff to assist in carrying out the functions of the LWDB.
1. LWDBs must establish and apply a set of qualifications for the position of director that ensures the individual selected has the requisite knowledge, skills, and abilities to meet identified benchmarks and to assist in carrying out the functions of the LWDB.
 2. The LWDB director and staff must be subject to the limitations on the payment of salary and bonuses described in WIOA sec. 194(15).
 3. In general, LWDB staff only may assist the LWDB to fulfill its functions (20 CFR 679.400 (d)).
- D. Diverse Geographic Areas Represented:** The members of the LWDB shall represent diverse geographic areas within the LWDA. (WIOA 107(b)(5))
- E. Represent Multiple Entities:** An individual may be appointed as a representative of more than one entity if the individual meets all the criteria for representation for each entity.
- F. LWDB Chair:** The members of the LWDB must elect a chairperson from among the business representatives on the board. (WIOA 107(b)(3))
- G. Voting Privilege:** All required board members must have voting privilege. The CEO may convey voting privileges to non-required members.
- H. Standing Committees:** The LWDB may establish and **direct the activities of** standing committees to provide information and assist the Board in carrying out its responsibilities (20 CFR 679.360). **Such standing committees must be chaired by a member of the LWDB, may include other members of the LWDB, and must include other individuals appointed by the LWDB who are not LWDB members and who the LWDB determines have appropriate experience and expertise.**

Standing committees may include each of the following:

1. A standing committee to provide information and assist with operational and other issues relating to the one-stop delivery system, which may include representatives of the one-stop partners. (WIOA 107(b)(4)(A)(i))

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2. A standing committee to provide information and to assist with planning, operational, and other issues relating to the provision of services to youth, which must include community-based organizations with a demonstrated record of success in serving eligible youth (WIOA 107(b)(4)(A)(ii)). ~~WIOA further permits a Local Board to designate an existing Youth Council as a youth standing committee if the Youth Council fulfills the requirements of a standing committee (TEGL 23-14) (20 CFR 679.360).~~
 3. A standing committee to provide information and to assist with operational and other issues relating to the provision of services to individuals with disabilities. This includes issues relating to compliance with WIOA section 188, if applicable, and applicable provisions of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101) programmatic and physical access to the services, programs, and activities of the one-stop delivery system, as well as appropriate training for staff on providing supports for or accommodations to, and finding employment opportunities for, individuals with disabilities. (WIOA 107(b)(4)(A)(iii))
 4. The LWDB may designate other standing committees in addition to those specified in items 1-3 of this section. (WIOA 107(b)(4)(B))
 5. LWDBs may designate an entity in existence as of the date of the enactment of WIOA, such as an effective youth council, to serve as a standing committee as long as the entity meets the requirements of WIOA 107(b)(4) (20 CFR 679.360).
- I. **Bylaws:** The ~~CEO LWDB~~ must establish the initial bylaws for the LWDB in accordance with State policy and applicable local, ~~procedures, and applicable~~ state and federal laws (20 CFR 679.310). ~~The shared governance agreement between the CEO and the LWDB must identify any role the CEO has delegated to the LWDB for amending the bylaws.~~ At a minimum, the bylaws must address the following (20 CFR 679.310(g)):
1. **Establishment.** A statement that the LWDB is established in accordance with WIOA Section 107.
 2. **Name.** The name of the LWDB.
 3. **Purpose.** The vision and purpose for the establishment of the LWDB consistent with 20 CFR 679.300 (a) and (b).
 4. **Duties and responsibilities.** Acknowledge the duties and responsibilities as outlined in WIOA 107 (d), 20 CFR 679.370, the State Local Governance policy (SWP #1), and in the ~~shared governance partnership~~ agreement between the CEOs and the LWDB.

The bylaws must also describe the process to ensure LWDB members actively participate in convening the workforce development system's stakeholders, brokering relationships with a diverse range of employers, and leveraging support for workforce development activities (20 CFR 679.310 g.6).
 5. **Membership.** A description of membership as outlined in WIOA 107(b) and in the ~~shared governance partnership~~ agreement between the CEOs and the LWDB. The

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description must also include the term limitations and how the term appointments will be staggered to ensure only a portion of the membership expires in a given year (20 CFR 679.310 g.2).

The bylaws must also describe the process to notify the CEO of a LWDB member vacancy to ensure a prompt replacement nominee (20 CFR 679.310 g.3).

6. **Local Board chair election.** A description of the process used to elect a LWDB chair, including term details.
7. **Election of officers.** A description of the process used to elect officers, officer positions, terms, removal of officers, and specific officer roles and responsibilities.
8. **Meetings.**
 - a. Information on how often LWDB and committee meetings will be held;
 - b. Acknowledgement of open meeting requirements and compliance;
 - c. A description of the process of announcing regular and special meetings;
 - d. Acknowledgement that a quorum must consist of at least a simple majority of the currently appointed membership; and
 - e. Clarification as to whether phone and web-based meetings will be permitted.
9. **Delegation of Local Board duties.** Acknowledge that LWDB members will not be permitted to delegate any LWDB duties to proxies or alternates.
10. **Committees.** A list of standing committees including the descriptions for each and composition, and description of the process for creating ad hoc committees.
11. **Conflict of interest.** Acknowledgement that LWDB members must adhere to the following rules regarding conflict of interest:
 - a. A LWDB member may not vote on any matter that would provide direct financial benefit to the member or the member's immediate family, or on matters of the provision of services by the member or the entity the member represents.
 - b. A LWDB member must avoid even the appearance of a conflict of interest. Prior to taking office, LWDB members must provide to the LWDB chair a written declaration of all substantial business interests or relationships they, or their immediate families, have with all businesses or organizations that have received, currently receive, or are likely to receive contracts or funding from the LWDB. Such declarations must be updated annually or within 30 days to reflect any changes in such business interests or relationships. The LWDB must appoint an individual to review the disclosure information in a timely manner and advise the LWDB chair and appropriate members of potential conflicts.

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- c. Prior to a discussion, vote, or decision on any matter before a LWDB, if a member, or a person in the immediate family of such member, has a substantial interest in or relationship to a business entity, organization, or property that would be affected by any official LWDB action, the member must disclose the nature and extent of the interest or relationship and must abstain from discussion and voting on or in any other way participating in the decision on the matter. All abstentions must be recorded in the minutes of the LWDB meeting and be maintained as part of the official record.
 - d. It is the responsibility of the LWDB members to monitor potential conflict of interest and bring it to the LWDB's attention in the event a member does not make a self-declaration.
 - e. In order to avoid a conflict of interest, a LWDB must ensure that the LWDB's workforce service providers for WIOA Title IB adult, dislocated worker, and youth programs must not employ or otherwise compensate a current LWDB member or LWDB employee who is employed or compensated by the LWDB or its administrative entity, fiscal agent, or grant recipient to support the LWDB in carrying out its duties.
 - f. A LWDB must ensure that the LWDB, its members, or its administrative staff do not ~~directly control~~ **have any supervisory responsibility for** the daily activities of its workforce service providers, workforce system partners or contractors. **There must be complete separation between governance functions and operating functions within an organization including different reporting structures.**
 - g. LWDB members or their organizations may receive services as a customer of a local workforce service provider or workforce system partner.
- 12. Conflict resolution.** A detailed procedure for the LWDB to follow in regards to conflict that may arise among, but not limited to;
- a. Board members;
 - b. Service delivery partners;
 - c. Consortium partners.
- 13. Compensation and reimbursement of expenses.** A description of the policy on compensating LWDB members and reimbursing expenses.
- 14. Amendment.** A description of the process for amending the bylaws.
- 15. Compliance with law.** Acknowledgement stating, in execution of its business, the LWDB must comply with the WIOA and regulations as well as policies and directives from the **Arizona Department of Economic Security** ~~state administrative entity~~ and the **Workforce Arizona Council**. ~~State Workforce Development Board.~~

XII. LWDA DESIGNATION REQUEST

- A. A new or existing (areas previously designated under WIA) LWDA must request designation as a LWDA in writing to the Governor's Office. ~~Workforce Development Area Designation Petitions submitted to the Arizona Department of Economic Security also will be accepted during the period of transition from WIA to WIOA.~~ The written request or petition must include:
1. A CEO Official Agreement for Consortia as described in this policy, (if applicable);
 2. For newly configured LWDA's, a narrative regarding how the area meets the considerations outlined in Section 106(b)(1)(B);
 3. For existing workforce areas, certification that the area performed successfully and sustained fiscal integrity for the 2-year period preceding enactment of WIOA (July 1, 2012-June 30, 2014);
 4. A list of LWDB members, to include composition categories and contact information;
 5. Identification of grant recipient/fiscal agent and signature of lead official;
 6. Documentation that public input was solicited and any comments received; and
 7. Signatures of CEOs from the petitioning counties.
- B. Written requests from LWDA's will be received and reviewed according to the following process:
1. All formal written requests (including *Workforce Development Area Designation Petitions*) must be submitted to the Governor's Office with a ~~carbon~~ copy to the ~~Executive Director of the~~ Workforce Arizona Council ~~Manager~~ and the Department of Economic Security, ~~Division of Employment and Rehabilitation Services Re-Employment Administration.~~
 2. Petitions will be reviewed by the Executive Committee of and the full Workforce Arizona Council.
 3. A public comment period will be advertised and commence with opportunity for comment by representatives of LWDBs, CEOs, businesses, institutions of higher education, labor organizations, other primary stakeholders, and the general public regarding the designation of the LWDA (20 CFR 679.240).
 4. After the required public comment period, the Workforce Arizona Council will make a recommendation to the Governor.
 5. Final designation of LWDA's will be made by the Governor.

XIII. LWDA DESIGNATION

- A. WIOA 106(b) requires that the Governor designate LWDA's based on consideration of the extent to which the areas:
1. Are consistent with the labor market;
 2. Are consistent with regional economic development within the State; and
 3. Have available Federal and non-Federal resources necessary to effectively administer activities and provisions required by WIOA, including whether the areas have the appropriate education and training providers, such as institutions of higher education and area career and technical education schools.

B. Newly Configured Workforce Areas: Per WIOA 106(b)(4), the Governor may approve a request from any unit of general local government (including a combination of such units) for designation as a local workforce development area if the Workforce Arizona Council determines, based on the considerations described above, and recommends to the Governor, that such area should be designated.

C. Existing Workforce Areas: Per WIOA 106(b)(2), the Governor will approve a request for re-designation as a local workforce development area from any area that was designated as a LWDA for the two-year period preceding enactment of WIOA, performed successfully, and sustained fiscal integrity. Re-designation will be for a period of two years.

Per Section 106(e)(1), the term *performed successfully* means the LWDA met or exceeded the established levels of performance for each of the last two consecutive years for which data are available.

Per Section 106(e)(2), the term *sustained fiscal integrity* means that the Secretary has not made a formal determination, during either of the last two consecutive years, that either the grant recipient or the administrative entity of the area mis-expended funds provided under WIA due to willful disregard of the requirements of the provision involved, gross negligence, or failure to comply with accepted standards of administration.

D. Appeals: In accordance with WIOA 106(b)(5), if an existing workforce area requests but is not granted designation as a local workforce development area, the unit of general local government (including a combination of such units) or grant recipient may submit a written appeal to the State Workforce Development Board within 20 days of receiving written denial notification. Appeals submitted after this time will not be considered.

The appealing entity must explain why it believes the denial is contrary to the provisions of WIOA 106(b)(2). No other cause for appeal will be considered. The Workforce Arizona Council must consider and respond in writing to such an appeal within 20 days of its receipt.

If the petitioning entity is again denied such designation, further appeal to the Secretary of Labor may occur if the entity alleges that the area meets the requirements of WIOA 106(b)(2) or that the entity was not accorded procedural rights under the State appeal

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process described herein. All such appeals to the Secretary must be submitted within 15 days of receipt of the notification of denial by the Workforce Arizona Council on behalf of the Governor. The appealing entity must simultaneously notify the Governor and the Workforce Arizona Council of such an appeal to the Secretary. The Secretary will make a final decision within 30 days after the appeal is received. The Secretary will notify the Governor and the appellant in writing of the Secretary's decision.

XIV. LOCAL PLAN MODIFICATIONS

WIOA requires that each LWDB within a planning region, in partnership with the appropriate CEO, must review, prepare, and submit the local plan modification at the end of the first 2-year period of the 4-year local plan. The plan must identify and describe the policies, procedures, and local activities that carried out in the LWDA, consistent with the state plan (679.530, 679.580)

A. Modification Requirements for Local Plans:

1. The LWDB in partnership with the CEO must review, prepare, and submit local plan modifications that reflect changes to:
 - a. Labor market and economic conditions; and
 - b. Other factors affecting the implementation of the local plan including:
 - i. Significant changes in local economic conditions;
 - ii. Changes in available financing to support WIOA Title I and partner-provided WIOA services; and
 - iii. Changes to LWDB structure; and
 - iv. The need to revise strategies to meet local performance goals.
2. LWDBs must ensure the following information is also included in the local plan modifications:
 - a. Procurement requirements for youth service providers, as described in the WIOA Title I-B Youth Program policy section 202;
 - b. Definition of the “Requires additional assistance to complete an educational program or to secure and hold employment” criterion, as defined by the LWDB, that is used as part of the definition of “in-school” youth and “out-of-school” youth, as described in the WIOA Title I-B Youth Program Policy section 205.05;
 - c. The self-sufficiency income level, as a percentage of the Lower Living Standard Income Level, for the LWDA;

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- d. The definition of “underemployed” which may be used to determine whether employed adults and dislocated worker are in need of individualized career and training services through the WIOA Title I-B Adult and Dislocated Worker Programs:
 - i. Options defining “underemployed” are described in United States Department of Labor Training and Employment Guidance Letter TEGl 19-16, section 11).
 - ii. When the LWDA decides to use the self-sufficiency income for the LWDA in the local plan to define “underemployed”, the LWDA must ensure that the self-sufficiency income level has been reviewed and is set at the appropriate level.
 - e. Limitations to Individual Training Accounts, as described in the WIOA Title I-B Training Services policy section 504.02.D.
- B. Public Comment Period
1. To provide an adequate opportunity for public comment:
 - a. Make copies of the proposed local plan available to the public through electronic and other means, such as public hearings and local news media. The LWDB must also post the plan on the State’s ARIZONA@WORK website (<https://arizonaatwork.com>) either by direct download or linkage to the LWDB website;
 - b. Include an opportunity for comments by members of the public, including representatives of business, labor organizations, and education;
 - c. Provide no more than a 30-day period of comment of the plan before its submission to the State, beginning on the date which the proposed plan is made available, prior to its submission to the State;
 - d. The LWDB must submit any comments that express disagreement with the local plan to the State along with the plan; and
 - e. The LWDB must make information about the plan available to the public on a regular basis through electronic means and open meetings.
- C. Submission of Local Plans:
1. The modification of the local plan that is submitted to DES must include *track changes or changes must be highlighted* so that updates to the local plan may be identified.
 2. LWDBs must submit local plan modifications by due dates established periodically.
 3. Modifications must be submitted to the DES via email WIOAQandA@azdes.gov.

CONTACT ENTITY: Inquiries regarding this policy should be directed to the Workforce Arizona Council Manager at Ashley.Wilhelm@oeo.az.gov or 602-771-0482.

ARIZONA@WORK One Stop Operator and Service Provider Selection Policy

**STATE WORKFORCE
POLICY #4**

**ARIZONA@WORK One Stop Operator and Service Provider
Selection Policy**

ISSUING AGENCY:

Workforce Arizona Council

SCOPE:

Workforce Arizona Council, Arizona Department of Economic Security, Arizona Department of Education, Arizona Commerce Authority/Office of Economic Opportunity, Local Workforce Development Boards, Local Workforce Administrative Entities and Fiscal Agents, One-Stop Operators, and Workforce System Stakeholders

REFERENCES:

Title I of the Workforce Innovation and Opportunity Act (WIOA) of 2014, (Pub. L. 113-128); WIOA Final Regulations, 20 CFR Part 678 Description of the One-Stop System Under Title I of the WIOA; 20 CFR Part 679, 680, and 681; 2 CFR 200, Uniform Guidance for Federal Financial Assistance, as applicable.

EFFECTIVE DATE:

~~February 16, 2017~~

OBJECTIVE:

This policy provides local workforce development boards (LWDB) and other workforce system partners with instruction and guidance regarding the roles and responsibilities of the One-Stop Operator, **adult, dislocated worker, and youth career services providers** and the **competitive** selection processes required under WIOA. Note: The term one-stop delivery system is used interchangeably with ARIZONA@WORK Job Center service delivery system.

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- I. Definitions
- II. Roles Within the One-Stop Delivery System
- III. Roles and Responsibilities of the Local Fiscal Agent
- IV. Roles and Responsibilities of LWDB Staff
- V. Who May Be A One-Stop Operator
- VI. One-Stop Operator Roles and Responsibilities
- VII. Roles and Responsibilities of Adult, Dislocated Worker, and Youth Service Providers
- VIII. **Selection Processes for One-Stop Operator, and Adult, Dislocated Worker, and Youth Service Providers**
- IX. **Legally Binding Contracts Required with LWDB**

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X. Competitive Procurement Process

XI. Sole Source Procurement

XII. Process Required for LWDBs to Serve as One-Stop Operator and/or Adult, Dislocated Worker, and Youth Services Provider

~~XIII. Accountability~~

I. DEFINITIONS:

The **One-Stop Delivery System** brings together workforce development, educational, and other human resource services in a seamless customer-focused service delivery network that enhances access to the programs' services and improves long-term employment outcomes for individuals receiving assistance. One-stop partners administer separately funded programs as a set of integrated streamlined services to job seeker and employer customers. (20 CFR 678.300)

In Arizona, American Job Centers, also referred to as the one-stop delivery system, are known as **ARIZONA@WORK Job Centers**.

In Arizona, **the State Workforce Development Board** is called the **Workforce Arizona Council (WAC)**.

In Arizona, the **State Administrative Entity** is the Arizona Department of Economic Security for WIOA Title I, III, and IV funds and the Arizona Department of Education for WIOA Title II funds.

The term **service provider** includes providers of Title I adult, dislocated worker, and youth career services as defined by WIOA.

II. Roles Within the One-stop Delivery System

WIOA provides for five roles in the One-stop Delivery System: Fiscal Agent, Local Workforce Development Board (LWDB) staff, one-stop operator, direct services provider (adult, dislocated worker, and youth career services), and training services provider. The one-stop operator and direct services provider roles may be combined based on the direction of the LWDB; however, adherence to firewalls apply. (20 CFR 679.420, 20 CFR 679.400, 20 CFR 678.600, 20 CFR 680.160, 20 CFR 681.400, 20 CFR 680.300)

~~Currently, this policy does not include the local area designated as Nineteen Tribal Nations (NTN) because of their complicated structure, which is unique to Arizona.~~

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III. Roles and Responsibilities of the Local Fiscal Agent

- A. To assist in administration of the grant funds, the CEO may designate an entity to serve as a local fiscal agent. Designation of a fiscal agent does not relieve the CEO of liability for the misuse of grant funds. (20 CFR 679.420)
- B. If the CEO designates a fiscal agent, the CEO must ensure this agent has clearly defined roles and responsibilities. In general, the fiscal agent is responsible for the following functions: (20 CFR 679.420)
 - 1. Receive funds.
 - 2. Ensure sustained fiscal integrity and accountability for expenditures of funds in accordance with Office of Management and Budget circulars, WIOA and the corresponding Federal Regulations and State policies.
 - 3. Respond to audit financial findings.
 - 4. Maintain proper accounting records and adequate documentation.
 - 5. Prepare financial reports.
 - 6. Provide technical assistance to sub-recipients regarding fiscal issues.
- C. At the direction of the LWDB, the fiscal agent may have the following additional functions (20 CFR 679.420):
 - 1. Procure contracts or obtain written agreements.
 - 2. Conduct financial monitoring of service providers.
 - 3. Ensure independent audit of all employment and training programs.

IV. Roles and Responsibilities of LWDB Staff

~~WIOA sec. 107(f) grants Local WDBs authority to hire a director and other staff to assist in carrying out the functions of the Local WDB. (20 CFR 679.400)~~

~~A. Local WDBs must establish and apply a set of qualifications for the position of director that ensures the individual selected has the requisite knowledge, skills, and abilities to meet identified benchmarks and to assist in carrying out the functions of the Local WDB. (20 CFR 679.400)~~

~~B. The Local WDB director and staff must be subject to the limitations on the payment of salary and bonuses described in WIOA sec. 194(15). WIOA sec 194 (15)(A) states "None of the funds available under this title shall be used by a recipient or subrecipient of such funds to pay the salary and bonuses of an individual, either as direct costs or~~

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~~indirect costs, at a rate in excess of the annual rate of basic pay prescribed for level II of the Executive Schedule under section 5313 of title 5, United States Code.” (20 CFR 679.400)~~

~~C. In general, Local WDB staff only may assist the Local WDB fulfill the required functions at WIOA sec. 107(d). (20 CFR 679.400)~~

- A. The LWDB staff roles and responsibilities include, but are not limited to:
1. Convene system stakeholders to assist in the development of the local plan;
 2. Prepare and submit local plans (as required under sec. 107 of WIOA);
 3. Negotiate local performance accountability measures;
 4. Assist the LWDB in developing and submitting a budget for activities of the LWDB in the local area.
 5. Monitoring and evaluating the management and operations of all programs funded by the LWDB;
 6. Conduct the competitive selection process for one-stop operators and direct services providers, **unless the LWDB participates in the competitive procurement process described in Section XII B;**
 7. Monitoring operators/service providers at comprehensive or affiliate sites for performance, quality of service, cost effectiveness, and reporting on performance to the Board; (Note: Items 1-7 are taken from 20 CFR 678.620 b1)
 8. Any other functions specifically assigned to the LWDB ~~in WIOA section 107(d).~~

V. Who May Be One-Stop Operators:

- A. One-Stop Operators may be a single entity (public, private, or nonprofit) or a consortium of entities. If the consortium of entities is one of the one-stop partners, it must include a minimum of three of the required one-stop partners. In a consortium, all contractual responsibility must rest solely with one legal entity serving as the fiscal agent. A consortium must also be selected through a competitive procurement process.
1. The One-Stop operator may operate one or more one-stop centers. There may be more than one one-stop operator in a local area.
 2. One-Stop operators may include the following entities:
 - a. An institution of higher education;
 - b. An Employment Service State agency established under the Wagner-Peyser Act;

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- c. A community-based organization, nonprofit organization, or workforce intermediary;
 - d. A private for-profit entity;
 - e. A government agency;
 - f. A LWDB, with approval of the CEO and the Governor; or
 - g. Another interested organization or entity, which is capable of carrying out the duties of the one-stop operator. Examples may include a local chamber of commerce or other business organization, or a labor organization.
3. Elementary schools and secondary schools are not eligible as one-stop operators, except that a nontraditional public secondary school such as a night school, adult school, or an area career and technical education school may be selected.
- B. To eliminate any potential conflicts of interest or the appearance of conflicts of interest, and conduct fair and open competitive processes, the LWDB must develop a written plan of how it will operate with firewalls that are compliant with WIOA and Uniform Guidance at 2 CFR Part 200, subpart D. **See State Workforce Policy #8 Conflict of Interest for guidance.**

~~Examples of compliance may include, but are not limited to: 1) the LWDB and its staff exist in an organization separate and distinct from the organization that acts as the One stop operator and/or service provider; or 2) staff to the LWDB operates in one department of the organization and the One stop operator and/or service provider operates in another separate and distinct department within the same organization. Departments must demonstrate different reporting structures.~~

~~Per WIOA, there must be appropriate firewalls between staff providing services and staff responsible for oversight and monitoring of services. The same person or department cannot both provide services and oversee the provision of those services. (Joint WIOA Final Rule, page 55898; Federal Register, Vol 81, no. 161, August 19, 2016)~~

~~C. LWDB staff only may assist the LWDB to fulfill its functions (20 CFR 679.400 (d)).~~

VI. One-Stop Operators Roles and Responsibilities:

- A. The LWDB must determine the roles and responsibilities of the One-Stop operator(s) prior to conducting the procurement process. The competition for a one-stop operator must clearly articulate the role of the one-stop operator (20 CFR 678.620 a).
- B. At a minimum, the one-stop operator must coordinate the service delivery of required one-stop partners and service providers (20 CFR 678.620 a).
- C. LWDBs may establish additional roles of one-stop operator, including, but not limited to (20 CFR 678.620 a):

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1. Coordinating service providers across the one-stop delivery system;
 2. Being the primary provider of services within the center;
 3. Providing some of the services within the center;
 4. Coordinating service delivery in a multi-center area, which may include affiliated sites.
- D. A one-stop operator may not perform the following functions (20 CFR 678.620 b1):
1. Serve as staff to the LWDB (20 CFR 679.400 (d));
 2. Convene system stakeholders to assist in the development of the local plan;
 3. Prepare and submit local plans (as required under sec. 107 of WIOA);
 4. Be responsible for oversight of itself;
 5. Manage or significantly participate in the competitive selection process for one-stop operators;
 6. Select or terminate one-stop operators, adult, dislocated worker, and youth services providers;
 7. Negotiate local performance accountability measures; and
 8. Develop and submit a budget for activities of the LWDB in the local area.
 9. Any other functions specifically assigned to the LWDB. ~~by WIOA 107(d).~~
- E. The State and Local Workforce Development Boards must ensure that, in carrying out WIOA programs and activities, one-stop operators:
1. Disclose any potential conflicts of interest arising from the relationships of the operators with particular training service providers or other service providers;
 2. Do not establish practices that create disincentives to providing services to individuals with barriers to employment who may require longer term career and training services; and
 3. Comply with Federal regulations and procurement policies relating to the calculation and use of profits, including those at 20 CFR 683.295, the Uniform Guidance at 2 CFR chapter II, and other applicable regulations and policies.
- F. The LWDB is responsible for the oversight of the one-stop operator.

VII. Roles and Responsibilities of Adult, Dislocated Worker and Youth Services Providers

Adult and Dislocated Worker Career Services

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- A. The applicable career services to be delivered by required one-stop partners are those services listed in § 678.430 that are authorized to be provided under each partner's program (20 CFR 678.425). Career services must be provided through the one-stop delivery system.
- B. Working with the State, the LWDB satisfies the consumer choice requirement for career services by (20 CFR 679.380 b):
 1. Determining the career services that are best performed by the one-stop operator consistent with 20 CFR §§ 678.620 and 678.625 and career services that require contracting with a career service provider;
 2. Identifying a wide-array of potential career service providers and awarding contracts where appropriate including to providers to ensure:
 - a. Sufficient access to services for individuals with disabilities, including opportunities that lead to integrated, competitive employment for individuals with disabilities;
 - b. Sufficient access for adult education and literacy activities.
- C. The LWDB is responsible for the oversight of adult and dislocated worker career services programs.

Youth Services

- A. WIOA section 129(c)(2) includes 14 youth services program elements:
 1. Tutoring, study skills training, instruction and evidence-based dropout prevention and recovery strategies that lead to completion of the requirements for a secondary school diploma or its recognized equivalent (including a recognized certificate of attendance or similar document for individuals with disabilities) or for a recognized post-secondary credential;
 2. Alternative secondary school services, or dropout recovery services, as appropriate;
 3. Paid and unpaid work experiences that have academic and occupational education as a component of the work experience, which may include:
 - a. summer employment opportunities and other employment opportunities available throughout the school year;
 - b. pre-apprenticeship programs;
 - c. internships and job shadowing; and
 - d. on-the-job training opportunities;
 4. Occupational skill training, which includes priority consideration for training

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programs that lead to recognized post-secondary credentials that align with in-demand industry sectors or occupations in the local area involved, if the Local Board determines that the programs meet the quality criteria described in WIOA sec. 123;

5. Education offered concurrently with and in the same context as workforce preparation activities and training for a specific occupation or occupational cluster;
 6. Leadership development opportunities, including community service and peer-centered activities encouraging responsibility and other positive social and civic behaviors;
 7. Supportive services;
 8. Adult mentoring for a duration of at least 12 months that may occur both during and after program participation;
 9. Follow-up services for not less than 12 months after the completion of participation;
 10. Comprehensive guidance and counseling, which may include drug and alcohol abuse counseling, and referrals to counseling, as needed by individual youth;
 11. Financial literacy education;
 12. Entrepreneurial skills training;
 13. Services that provide labor market and employment information about in-demand industry sectors or occupations available in the local area, such as career awareness, career counseling, and career exploration services; and
 14. Activities that help youth prepare for and transition to post-secondary education and training.
- B. The LWDB is responsible for the oversight of youth programs.

VIII. Selection Processes for One-Stop Operator, and Adult, Dislocated Worker, and Youth Service Providers

The LWDB must determine the method of selection for the one-stop operator, and adult, dislocated worker, and youth services providers, in compliance with WIOA requirements.

- A. One-Stop Operator: The LWDB must select the one-stop operator through a fair and open competitive process at least once every 4 years (WIOA sec. 121(d)(2)(A), 20 CFR 678.605). The State may require, or a LWDB may choose to implement, a competitive selection process more than once every four years. (20 CFR 678.605a)

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- B. Adult/Dislocated Worker Career Services:** Career services may be provided directly by the one-stop operator or through contracts with direct service providers that are approved by the LWDB. (20 CFR 680.160).
1. Career services provided directly by the one-stop operator must be competitively procured through the one-stop operator procurement process. **If providing career services is not included in the one-stop operator procurement, the LWDB cannot award a contract to be a career services provider to the one-stop operator unless the contract is awarded through a competitive procurement process and proper firewalls are established and documented.**
 2. The LWDB must determine the process for selecting and awarding contracts to adult and dislocated worker service providers not provided by the one-stop operator. The process for awarding these contracts must be in compliance with Arizona Conflict of Interest regulations (ARS 38-501 through 38-511). If LWDB decides to competitively procure these services, the process must be conducted in accordance with the Uniform Guidance at 2 CFR parts 200 and 2900, applicable State and local procurement laws, **and procedures articulated in this policy.**
 3. **If the LWDB does not select and award contracts to career service providers through a competitive procurement process, the LWDB must document in writing the process and selection criteria used to award these contracts.**
- C. ~~The grant recipient/fiscal agent has the option to provide directly some or all of the youth workforce investment activities. (20 CFR 681.400 a)~~**

Youth Services: The LWDB may determine that the grant recipient or designated fiscal agent may “provide directly some or all of the youth workforce investment activities.” The LWDB must determine whether to directly provide the WIOA youth program elements that they can most efficiently and cost-effectively provide, such as labor market and employment information and services that are part of program design including assessment, supportive services and follow-up services (TEGL 21-16).

- ~~1.2.~~ If a LWDB chooses to award ~~grants or~~ contracts to youth service providers to carry out some or all of the youth workforce investment activities, the LWDB must award such ~~grants or~~ contracts on a competitive basis, in accordance with the Uniform Guidance at 2 CFR parts 200 and 2900, applicable State and local procurement laws, and the **procedures articulated in this policy** (WIOA sec. 123).

~~subject to the exception explained below at paragraph (b)(4) of this section: (20 CFR 681.400 b)~~

- ~~2.3.~~ The LWDB must identify youth service providers based on criteria established in the State Plan (including such quality criteria established by the Governor for a training program that leads to a recognized postsecondary credential) and take into consideration the ability of the provider to meet performance accountability measures based on the primary indicators of performance for youth programs.

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- ~~3. If the LWDB establishes a standing youth committee under § 681.100 it may assign the committee the function of selecting of grants or contracts.~~
- ~~b. Where the LWDB determines that there are an insufficient number of eligible youth providers in the local area, such as a rural area, the LWDB may award grants or contracts on a sole source basis in accordance with the Uniform Guidance at 2 CFR parts 200 and 2900, applicable State and local procurement laws.~~

IX. Legally Binding Contracts Required with LWDB

- ~~A. The LWDB must execute a legally binding agreement, which may take the form of a written contract or another type of agreement, such as an MOU with each one-stop operator, adult, dislocated worker, and youth services providers. Note: Per TEGL 15-16, the use of an MOU to memorialize the agreement between a LWDB and a one-stop operator is different from the MOUs that are required between the LWDB and its one-stop partners. An MOU between a LWDB and a one-stop operator must be in the form of a legal binding agreement.~~
- ~~B. The (legally binding) written agreement is required for all providers regardless of whether the provider was selected through a competitive procurement or some other method determined by the LWDB.~~
- ~~C. Essential Contract Elements: All contracts, agreements, or MOUs between the LWDB and the one-stop operator or other providers must include the essential elements of a legally executed and binding written agreement, and contain at a minimum the following:~~
- ~~1. Statement of Work (SOW). The SOW specifies the period of performance or the start and end date of the contract. It also specifies the services to be performed including measurable performance goals to be delivered under the contract, agreement, or MOU.~~
 - ~~2. Authorized Officials and Purpose. Authorized officials are persons authorized to enter into and sign legally binding agreements and must be on record as the signatory official. Signatures of the offeror/bidder and offeree (LWDB) must be contained as part of the written contract.~~
 - ~~3. Additional contractual terms and conditions. Contracts, agreements, and MOUs must include such standard terms and conditions that are either required by the State, Local Area, or the Federal agency as national, State, or local policy requirements. The contract, agreement, or MOU must identify that one-stop operators or providers are subrecipients of Federal funds and must follow the Uniform Guidance at 2 CFR part 200, including the contractual provisions in 2 CFR 200.326 and 2 CFR part 2900.~~

X. Competitive Procurement Process

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- A. LWDBs must use a competitive process based on the principles of competitive procurement in the Uniform Administrative Guidance set out at 2 CFR 200.318 through 200.326, State and local procurement law, and the Arizona Conflict of Interest law (ARS 38-501 thru ARS 38-511). ~~No later than July 1, 2017, one-stop operators selected under the competitive process described in 20 CFR 678.605 (section VIII above) must be in place and operating the one-stop center. (20 CFR 678.635 a)~~

The competitive procurement must include the following:

1. Requests for proposals must be publicly advertised in a paper of general circulation, through qualified vendor/interested parties lists, and must be available electronically through the LWDB website and the State's ARIZONA@WORK website. The request for proposals must include a reasonable period of time for potential vendors to respond. Any response to publicized requests for proposals must be considered to the maximum extent practical (2 CFR 200.320 d1);
 2. The request for proposals must identify all evaluation factors and their relative importance (2 CFR 200.320 d1);
 3. The request for proposals must not include restrictive or unreasonable terms that would limit competition (2 CFR 200.319 c1). For example, specifying that there are no funds attached to the requested procurement would be an unreasonable term. (*Joint WIOA Final Rule, page 55901; Federal Register, Vol 81, no. 161, August 19, 2016*)
 4. Proposals must be solicited from an adequate number of qualified sources (2 CFR 200.320 d2);
 5. The LWDB must have a written method for conducting technical evaluations of the proposals received and for selecting recipients (2 CFR 200.320 d3);
 6. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered (2 CFR 200.320 d4);
- B. The LWDB must document their procurement procedures in writing to reflect the standards outlined in the Uniform Guidance (2 CFR 200.318 thru 200.326). The procedures must ensure that all solicitations:
1. Incorporate a clear and accurate description of the technical requirements for the services to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. (2 CFR 200.319 c1)

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2. Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals. (2 CFR 200.319 c2)
 3. The LWDB must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. The LWDB must not preclude potential bidders from qualifying during the solicitation period. (2 CFR 200.319 d)
- C. The LWDB also must maintain written standards of conduct regarding individual and organizational conflict of interest (“firewalls”) (2 CFR 200.318).
- D. Supporting documentation must be retained to sufficiently record the procurement process and be made available for monitoring. The LWDB must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. (2 CFR 200.318 i)
- E. The LWDB must ensure that the procurement process is conducted in a manner that ensures full and open competition. To ensure objective contractor performance and eliminate unfair competitive advantage, any organization that develops or drafts specifications, requirements, statements of work, or invitations for bids or requests for proposals, or manages or conducts the competition for a one-stop operator or service provider must be excluded from competing for such procurements (2 CFR 200.319 a).
- F. The LWDB must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts. (2 CFR 200.318 b)
- ~~G. A LWDB may enter into a contract with the successful bidder selected through the competitive procurement process. In addition to the Local Board's specific operating expectations of the One-Stop Center Operator, the contract must include the applicable Federal contract provisions contained in Appendix II to Part 200 Contract Provisions for Non-Federal Entity Contracts Under Federal Awards (2 CFR 200.326).~~

XI. Sole Source Procurement Process

A sole source procurement is a contract entered into without a competitive process, based on a justification that only one known source exists or that only one single supplier can fulfill the requirements. Procurement by sole source will be permitted only if (2 CFR 200.320 (f)):

- A. Documented research and analysis of market conditions and other factors lead to a determination that:
1. There is only one entity that could serve as a one-stop operator as defined by the LWDB; or

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2. Unusual and compelling urgency will not permit a delay resulting from competitive solicitation; or
 3. Results of the competition conducted by sealed bids or competitive proposals were determined to be inadequate.
- B. To gain approval for a sole source procurement, the LWDB must complete the following process:
1. Submit to the **Workforce Arizona Council** ~~State Workforce Development Board~~ written justification for requesting approval of a sole source procurement which includes information such as:
 - a. A description of the unique features that prohibit competition;
 - b. Documented research conducted to verify the vendor as the only known source;
 - c. A description of the marketplace to include distributors, dealers, resellers, etc.;
 - d. Written documentation describing the entire process used in making such a selection.
 2. Publicly advertise in a paper of general circulation, through the LWDB website, and through the State's ARIZONA@WORK website, a public notice of the intent to sole source the one-stop operator procurement or other service provider procurements to allow potential vendors to indicate interest in bidding on the sole source procurement. The notice of intent to procure through sole source must include a contact source for potential vendors to indicate their interest in bidding and must include a reasonable period of time for potential vendors to respond. Submit a copy of the published notice with the request for a sole source procurement.
 3. Submit the written agreement between the LWDB and the CEO to clarify how the organization will carry out its responsibilities while demonstrating compliance with the WIOA and corresponding regulations, relevant Office of Management and Budget circulars, and the State's conflict of interest policy (20 CFR 679.430). Sole source procurement must include appropriate conflict of interest policies and procedures, which conform to the specifications in 20 CFR 679.430 **and State policy** for demonstrating internal controls and preventing conflict of interest.
 4. Within 30 days of receiving a complete request for approval of the results of a sole source procurement, the **Workforce Arizona Council** ~~State Workforce Development Board~~ or its Executive Committee will review the request and recommend approval to the Governor, disapprove, or request more information. If approved, a sole source procurement contract would be for a term of one year after which a determination is made as to whether a sole source contract is

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warranted or if competition is available to conduct a competitive selection process.

5. Nothing in this policy prevents the Governor from exercising his/her authority according to WIOA requirements.

XII. Approval of LWDBs for Role of One-Stop Operator and/or Service Provider

- A. Under WIOA, a LWDB may only serve as the one-stop operator and/or adult, dislocated worker, or youth career services provider with the approval of the CEO in the local area and the Governor. Specifically, without approval from the Governor, LWDBs cannot serve as service providers or one-stop operators. The LWDB is prohibited from serving as a training provider without obtaining a waiver from the Governor. (20 CFR 679.410)

The LWDB is considered to be serving as the one-stop operator or adult, dislocated worker, or youth service provider, if any staff serving the LWDB also have any supervisory responsibility for staff providing services within the organization. There must be complete separation between governance functions and operating functions within an organization including different reporting structures.

- B. Process Required for LWDB To Serve as One-Stop Operator/Service Provider

A LWDB must complete the following process if it wishes to serve in the role of one-stop operator, which must be competitively procured, or a service provider. ~~awarded through competitive procurement:~~

1. The LWDB must win the procurement through the competitive procurement or sole source procurement procedures required in this policy (only when competitive procurement is required);
2. Create a written agreement between the LWDB and the CEO that identifies how the LWDB will ensure fair and clear performance monitoring and clear separation of LWDB staff and operations staff. The LWDB must establish sufficient conflict of interest policies and procedures (“firewalls”) and these must be approved by the Governor (20 CFR 678.610 d).
 - a. Conflict of interest policies and procedures must include procedures to ensure fair and clear performance monitoring and clear separation of LWDB staff and operations staff must be documented and implemented.
 - b. Monitoring responsibilities include, but are not limited to:
 - i. Gathering performance data and providing regular updates to the LWDB and the Workforce Arizona Council;
 - ii. Evaluating and reporting compliance to the provisions of WIOA and state policies; and
 - iii. Ensuring the local staff receive, understand and use LMI data to guide service delivery and decision-making.

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- C. Provide evidence that the CEO in the local area agrees to the selection of the LWDB as the one-stop operator/service provider.
- D. The LWDB must submit the following to the **Workforce Arizona Council** ~~State Workforce Development Board~~ for review:
1. **For competitive procurement:**
 - a. Copy of the request for proposals. ~~as specified in section VII a and b.~~
 - b. Copy of the published public notice.
 - c. Copy of written agreement between LWDB and CEO ensuring clear separation of staff and performance monitoring.
 - d. Letter documenting that the CEO agrees to the choice of the LWDB as the one-stop operator **or service provider.**
 2. **For sole source procurement:**
 - a. Written research and market analysis that led to determination of sole source.
 - b. Copy of published notice of intent to sole source and any responses.
 - c. Copy of written agreement between LWDB and CEO ensuring clear separation of staff and performance monitoring.
 - d. Letter documenting that the CEO agrees to the choice of the LWDB as the one-stop operator **or service provider.**
 3. **For the LWDB as a service provider not procured competitively:**
 - a. **Copy of the written documentation of the process and selection criteria the LWDB used to award the service contract.**
 - b. Copy of written agreement between LWDB and CEO ensuring clear separation of staff and performance monitoring.
 - c. Letter documenting that the CEO agrees to the choice of the LWDB as the service provider.
- E. Within 30 days of a complete request, if the Workforce Arizona Council or its Executive Committee determines that **a procurement process has been carried out in good faith**, and the firewalls and monitoring plan are sufficient, the request for the LWDB to serve as the one-stop operator or **adult, dislocated worker, or youth career service provider** will be forwarded to the Governor with the Workforce Arizona Council's recommendation for approval. If the Workforce Arizona Council determines that **there are deficiencies in the processes used**, or that the firewalls and monitoring plan are not sufficient, the request will be returned to the LWDB for revision. **A detailed explanation of the recommendation will be provided in writing to the**

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proposing LWDB. The LWDB may make improvements and resubmit the request to the Workforce Arizona Council.

- F. Where a LWDB acts as a one-stop operator, the **Workforce Arizona Council** ~~State Workforce Development Board~~ must ensure certification of one-stop centers in accordance with 20 § 678.800. (20 CFR 679.410 a 3)

~~For LWDB's serving as the service provider only (i.e. services are not defined and procured as part of the One stop Operator role), the entity that includes both the staffing to the LWDB and the staffing to provide services does not have to complete items 1-5, and E.1-E.4.~~

~~1. Conduct research and market analysis to identify possible vendors and document the results in writing.~~

~~2. If the market research and analysis identify potential vendors, the operator/service provider procurement must occur through the competitive procurement process outlined in section X. Consistent with Uniform Guidance, the LWDB must use a neutral third party organization to conduct the procurement process with no involvement from the LWDB or its staff. If the LWDB exists in the same organization, but in a separate department from the One stop operator/service provider, the LWDB and its staff may be involved in the procurement process only if there is no involvement from the department providing services in the procurement process.~~

~~3. If the research and market analysis conclude that the LWDB is the only potential source for this service, complete the written justification for requesting approval of a sole source procurement as specified in section XI b.1.~~

~~4. Publicly advertise in a paper of general circulation, through the LWDB website, and through the WAC website, a public notice of the intent to sole source the one stop operator procurement to allow potential vendors to indicate interest in bidding on the sole source procurement. The notice of intent to procure through sole source must include a contact source for potential vendors to indicate their interest in bidding and must include a reasonable period of time for potential vendors to respond.~~

~~If the notice of intent to procure through sole source results in potential vendors interested in bidding on the procurement, the operator/service provider procurement must occur through the competitive procurement process outlined in section X. Consistent with Uniform Guidance, the LWDB must use a neutral third party organization to conduct the procurement process with no involvement from the LWDB or its staff.~~

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5. If the notice of intent to sole source results in the LWDB as the only potential source for this service, the LWDB may request selection as the One-stop operator as a sole source.

Per WIOA, there must be appropriate firewalls between staff providing services and staff responsible for oversight and monitoring of services. The same person or department cannot both provide services and oversee the provision of those services. (Joint WIOA Final Rule, page 55898; Federal Register, Vol 81, no. 161, August 19, 2016)

For a Sole Source Procurement, submit items 1, 2, 5, and 6 below. For a competitive procurement, submit items 3, 4, 5, and 6 below. All requests must include items 5 and 6.

XIII. Accountability

The WAC will review all procurement and firewall documentation to ensure compliance with federal law and state policy. This will include any justifications for sole source procurement, staff structures, and conflict of interest policies for operators, service providers and board staff.

If the WAC determines that a procurement process has been carried out in good faith and that appropriate firewalls exist within the local area, the WAC will refer the request for approval of the procurement to the Governor. If it is determined that there are deficiencies in the processes used or firewalls established, the WAC will return the request to the LWDB. A detailed explanation of the recommendation will be provided in writing to the proposing LWDB. The LWDB may make improvements and resubmit the request to the WAC.

CONTACT ENTITY: Inquiries regarding this policy should be directed to the Workforce Arizona Council Manager at Ashley.Wilhelm@oeo.az.gov or 602-771-0482.

MEMORANDUM

Date: May 16, 2019

To: Ashley Wilhelm, Director, Workforce Arizona Council

From: Karen Kurtz, Consultant

RE: Background on Final Draft of Revisions to Policy #1 and Policy #4

State Workforce Policy #1 WIOA Local Governance

Background: This policy was originally adopted by Workforce Arizona Council in June 25, 2015 based on WIOA Proposed regulations as published in the Federal Register on April 16, 2015. The WIOA final regulations were published on August 16, 2016 and some minor amendments to this policy were made in February 2017. In concert with the creation of State Policy #8 Conflict of Interest Policy, the local governance policy was reviewed against the final regulations and the current understanding of conflict of interest. The only new provision recommended in this policy is to change some topics included in the local consortia agreements and the shared governance agreements from recommended to required. This is an attempt to create greater transparency and clarity in the relationships these agreements cover. Since the previous draft, a new requirement was added related to linking or posting local board materials to the State workforce website, as recommended during a recent visit by Department of Labor officials. Any other changes in this revised policy already exist in one or more of the following sources: State Workforce policy, the WIOA law, WIOA final regulations, or an existing TEGL. These are all sources that already require local area compliance; therefore, these policy revisions should not be construed as imposing a significant new burden.

Feedback Comments Received:

A. Additional Comment Received: *Since the previous draft, a new requirement was added related to linking or posting local board materials to the State workforce website, as recommended during a recent visit by Department of Labor officials. What is the summation of USDOL recommendations? **Response: This is based on comments made to the WAC Manager during the site visit because the posting required under WIOA could not be easily found on all LWDB websites.***

I. Definitions

1. Two definitions were added to refer to the proper names of the workforce system and the State Council.

Feedback Comments Received:

A. Please define local area is CEO, WDB, Grant Recipient or Administrative Entity. **Response: The term local area has a specific meaning in WIOA, namely a local workforce investment area designated under section 106 of the law. The CEO and WDB have designated authority and**

duties assigned within the local area as specified in the law. There is no separate grant recipient or administrative entity. The CEO serves as the local grant recipient unless the CEO reaches an agreement with the Governor.

- B. Definition of Local Workforce Development Area. TEGL 27-14 offers, in part, the following which I feel is helpful in describing/defining the local areas and recommend its insertion into the definition: *“The purpose of a local area is to serve as a jurisdiction for the administration of workforce development activities using Adult, Dislocated Worker, and Youth funds allocated by the State and to coordinate efforts related to the other core programs at a local community level.”* ***Response: A definition that incorporates most of the language from TEGL 27-14 and some language from the law has been added to the revised policy. This definition illustrates that the governance responsibility for Title I funded activities is different from Title II through IV activities.***

II. LWDBs Established:

- 1. This section was added directly from the WIOA law to underscore the importance and authority of the local workforce development board. Also, this section makes clear that the functions of the board are not restricted to the functions listed in WIOA section 107 (d). There are other duties listed in WIOA, the final rules, and potentially in laws related to core programs that involve the local board.

Feedback Comments Received:

- A. *“(and any functions specified for the local board under WIOA or the provisions establishing a core program) for such area.”* Please define intention here. ***Response: The intention is as stated above to clarify that the local board has specific authority granted under WIOA. Not all of the local board’s authority is listed in 107(d).***
- B. Item II, Local Board Change comment to - Delete Open parenthesis after WIOA 107 (d) and end sentence after ... specified for the local board under WIOA. ***Response: The language in the parenthesis clarifies that there are places in the law outside of 107(d) where WIOA grants authority and/or responsibility to the local board. The intention of this policy is to align with the provisions of WIOA regarding the role of the local board in the workforce system.***
- C. Please note local governance is a shared responsibility with all Workforce Innovation and Opportunity Act (WIOA) Partners. We recommend policies be referenced to all Titles for statewide compliance. ***Response: Local governance occurs primarily through the local board, which includes representation from all of the required WIOA partners. However, the Local Board’s authority over the local workforce system is not the same for Titles II-IV as it is for Title I. Therefore, it is not appropriate to reference all Titles in every policy.***

III. Chief Elected Official Agreement for Consortia:

1. The first paragraph of this section was modified to include specific language from the law (sec 107) related to what should be included in the consortia agreement. The statement regarding personal liability of Chief Elected Officials for misuse of WIOA funds was a carryover from the pre-WIOA policy. The statement could not be verified in WIOA, which is why deletion is recommended.
2. The existing policy requires that the consortia agreements include the topics of grant recipient and signatory, liability of funds, fiscal agent designation, local board budget approval, participating Chief Elected Officials, and process for amending the consortia agreements. The topics of designating a lead chief elected official, ensure local board representation is fair and equitable, and communication within the consortia and between the chief elected officials and the local boards are recommended, but not required topics under the existing policy. This revised policy recommends that all of the topics currently recommended should be required in the consortia agreements.
3. The grant recipient and signatory section is amended to clarify what is meant by all local WIOA funds (i.e. Title I youth, adult and dislocated worker funds only).
4. The fiscal agent designation section has a statement added requiring that the fiscal agent's role is clearly defined. 20 CFR 679.420 includes specific roles that the: fiscal agent is responsible for performing and additional roles that may be assigned by the Local Workforce Development Board. The following statement was added since the original draft: "The appropriate role of fiscal agent is limited to accounting and funds management functions rather than policy or service delivery." This additional clarification taken directly from the WIOA Part VI Labor Final Rule (page 56105).
5. The Local Board budget approval section includes a clarification that the local board is responsible for developing the budget for the local board activities. The written consortia agreement must describe the process the Chief Elected Officials will use to review and approve the local board's budget. The confusion has been the interpretation of "the duties of the local board under WIOA sec 107(d)". The interpretation recommended here is that the local board should be determining the budget for the entire allocation of youth (section 128) and adult and dislocated worker (section 133) funding received by the local area. For example, it is the local board's responsibility to determine how much funding to allocate to service providers and how services should be procured. It would be a conflict of interest if an administrative entity that included both service staff and governance staff would carve out funding for service operations before the local board determined how much to allocate and how to procure these services.
6. The section on designation of a chief elected official clarifies that the information related to the chief elected official acting as the lead should be included in the consortia agreement rather than kept on file with the state administrative entity. The entire consortia agreement should be sent to the state administrative entity.

Feedback Comments Received:

- A. In a case in which a local area includes more than one unit of general local government, the chief elected officials of such units **may** execute an agreement that specifies the respective roles of the individual chief elected officials—**Response: The provision to require a consortia agreement instead of leave it as optional has been in State policy under WIA and is recommended to continue under WIOA. Since the law specifies a role for the Governor if the chief elected officials do not reach agreement, it is recommended that the State continue with the provision to require a consortia agreement.**
- B. Throughout the document, the word “guidance” has been changed to “requirement.” I am concerned that this language reduces local control over the establishment and oversight of local workforce development boards and systems. **Response: The State Council has as one of its functions the development and continuous improvement of the State’s workforce development system. In this policy, the State Council has established a common framework in the form of topics to be addressed in writing by all of the local areas to ensure a level of consistency statewide. However, the details of how the local area addresses each of these required topics is to be determined at the local level.**
- C. Local Board budget approval. - We recommend adding partner shared cost language. **Response: State Workforce Policy #5 MOU and Infrastructure Costs Policy outlines the process from creating the MOU with workforce system partners, which includes cost sharing guidelines. It’s not clear how the shared cost topic fits in this policy section, which is requiring Chief Elected Officials to describe how they will be involved in reviewing and approving the local board budget.**

Additional Comment Received: The MOU is an agreement between the local board and local WIOA partner programs. For example, One Stop Operators are to report to the local workforce board. If there are shared costs in the MOU/IFA to fund the OSO – then it would be part of the local board budget. There could be other shared costs agreed to in the MOU that could be part of the local board budget. **Response: Again, the topic of the shared costs is covered in SWP #5. This section of SWP #1 covers how CEOs in a LWDA that has a consortia agreement will review and approve the Title I budget created by the LWDB.**

Additional comment received: Under Local Board budget approval - a state policy and definition of cost sharing would be very beneficial to system building in the state which is under WAC authority. **Response: See answer above. Recommend contacting the WAC Manager directly to discuss the cost sharing issue since this comment is being repeated.**

Additional comment received: Under Local Board budget approval How else are “board activities” being defined here? **Response: Board activities are being defined as stated in WIOA sec. 107(d), 20 CFR 679.370, and 20 CFR 679.310(b). See section VI of State Workforce Policy #1.**

Additional Comment Received: Why not use this language? § 679.370(o) What are the functions of the Local Workforce Development Board? States: “Develop a budget for the activities of the Local WDB, with approval of the chief elected official and consistent with the

*local plan and the duties of the Local WDB” It does not call for the specificity proposed in this policy. If the local board is not providing youth and career services as part of its “activities” then these should not be required in its budget. **Response: This comment illustrates exactly why the additional specificity is included in the policy. The commenter assumes that the LWDB includes the funding for the providers and one stop operator in its budget only if the LWDB itself will be providing the service directly. However, WIOA is very specific in assigning responsibility for selecting youth and adult service providers to the LWDB with the agreement of the CEO. The LWDB must award contracts, which it will need a budget to do. In fact, the WIOA law and regulations assigns the creation and administration of the Title I budget only to the LWDB. This function is not assigned to the fiscal agent, CEO, grant recipient, or service providers. Therefore, no change is recommended to this section.***

- D. Designation of Chief Elected Official - “The CEO is required to monitor the activities of the Board.”? Please identify “activities” to be monitored. **Response: The CEO is not required to “monitor the activities of the local board.” WIOA 107(d) lists the roles and responsibilities of the local board. Some of the responsibilities are carried out in partnership with the CEO; others require agreement or approval of the CEO. Some functions are assigned solely to the local board. See section VI of this policy.**

Additional comment received: It would be helpful to define the different responsibilities of the CEOs and the LWDB. **Response: See section VI of this policy.**

- E. Communication - Please provide clarification – what is meant by “...meet at least once a year just as CEOs”? **Response: The intention is for the CEOs to meet with each other (i.e. the parties to the written consortia agreement) annually, at a minimum, to discuss the activities of the local workforce board and the performance of the local workforce system.**

Additional Comment Received: Under communication - is it suggested that CEOs meet with all WIOA Partners party to consortia agreements? **Response: The consortia agreement includes only CEOs and only impacts those LWDBAs that include more than one unit of general local government. It is suggested that the CEOs meet with the LWDB at least annually.**

- F. CEO Liability - If removing CEOs liability for misuse of funds, where does the liability fall? **Response: The policy does not remove CEO liability for misuse of funds. This assignment of liability is stated in the WIOA law and cannot be removed by the State or local subrecipient. See section III.A.2 in the Governance policy.**

- G. Additional Comment Received: The fiscal agent can develop/implement *fiscal* policy. **Response: This is not consistent with the WIOA final rule. If a change in “fiscal” policy is needed, the fiscal agent could recommend a change to the LWDB and request a policy change. The fiscal agent does not have policy making authority for the local workforce system.**

IV. Shared Governance Agreement

1. The first paragraph of this section changes the term guidance to requirements in an effort to create greater transparency in addressing the issues relevant to the local board and the Chief Elected Official relationship.
2. The Nomination and Appointment Process section is in the existing policy in the current section VI Local Board Recruitment Process. It was moved to this section to consolidate all topics required for the Shared Governance Agreement in one place.
3. Under Removal (item h), the term “however” was added to underscore the existing text that requires local boards to define specific criteria to establish just cause and a process for removing a member of the local board.
4. A statement has been added to the section named Relationship between CEO and LWDB to document a clear separation of duties and required firewalls between staff that perform governance functions and operations functions. This change is recommended to emphasize the conflict of interest requirements in the new State conflict of interest policy and is consistent with 679.430, which requires a written agreement “to clarify how the organization will carry out its responsibilities while demonstrating compliance with WIOA and corresponding regulations, relevant Office of Management and Budget circulars, and the State’s conflict of interest policy” when an entity serves in more than one role.
5. A new item 2.h was added to the section named Relationship between CEO and LWDB to clarify that WIOA and the final rules (20 CFR 679.310 g) assign the authority to establish the LWDB bylaws to the CEO. The shared governance agreement should identify if the CEO will delegate any role to the LWDB for any amendments to the bylaws after the initial bylaws are established. Changes to section XI. Other LWDB Requirements – I.Bylaws was also made to bring this topic in compliance with 20 CFR 679.310. These changes were made based on informal feedback received during a recent visit from Department of Labor representatives.

Feedback Responses Received:

- A. "The State Workforce Development Board, as designated representative of the Governor, provides" That is incorrect the Executive order 2015-10 does not articulate that the WAC represents the Governor. Besides it is an advisory volunteer non-legal entity in Arizona.
Response: Per the Workforce Arizona Council (WAC) by-laws, the Governor is a member of the WAC. The by-laws also provide that “The Council shall have the powers necessary to carry out its purpose and accomplish its functions as outlined in the WIOA, 29 U.S.C. § 3151(b), and any amendments thereto, A.R.S. § 41-1542, and any amendments thereto, and under Executive Order No. 2015-10.”

Additional Comment Received: Please share State by-laws with local areas. **Response: The WAC bylaws are available on the State’s website.**

- B. Nomination and Appointment Process – “Contained in our local bylaws.” **Response: It must also be included in the Shared Governance Agreement.**
- C. Local Board Membership a-c: “Item IV. A. b. and c. are totally way off telling elected officials how they will appoint members to Local Boards.” **Response: The State administrative entity conducts the evaluation process to determine if each local board is in compliance with the composition requirements and recommends approval or disapproval for certification to the Governor. Documentation and an open and transparent process is needed to confirm composition compliance and to ensure that the nomination process is free from conflicts of interest.**
- D. Vacancies - Item IV. A. g. Vacancies totally out of line excessive and not in Act. Rules or TEGs. **Response: The vacancy provisions have been in State policy since 2013 (pre-WIOA). The State has an interest in establishing parameters for local board viability since the Governor must certify the local boards every two years.**

Additional Comment Received: Insert language including the state admin agencies requirement to respond to such waiver requests within a designated period of time. **Response: No recommended changes. The WAC Manager understands the urgency and responds quickly to waiver requests. However, the first course of action will typically be to offer assistance to the local area to fill a vacancy rather than automatically approve a waiver.**

- E. Removals - Item IV A. h. removal deals with Board member removals. this is the Local Elected officials and Local Board issue. Not a DES issue as indicated in the last sentence. **Response: The removal provisions have been in State policy since 2013 (pre-WIOA). The State and the local CEO are liable for any misuse of funds; therefore, the State administrative entity has an interest in investigating allegations of wrongdoing. WIOA section 184 requires the Governor to conduct monitoring at least annually and require corrective action or impose sanctions if substantial violations occur. If the Governor fails to take action, the Secretary of Labor can impose sanctions on the State. Finally, the State has an interest in establishing parameters for local board viability regarding board composition and ensuring the absence of conflicts of interest in removing and appointing board members since the Governor must certify the local boards every two years.**

Additional Comment Received: Under removals - please add LWDBs have discretion to impose additional rules. Also, please note pre-WIOA is referenced, however this policy should only reflect WIOA. **Response: In fact, LWDBs must operate according to the bylaws established for the Board. Initially these bylaws are established by the CEO. Any role that the CEO delegates to the LWDB to amend the bylaws must be documented in the shared governance agreement. The reference to pre-WIOA is included only to document that these provisions have been around for awhile so should be well known to the LWDBs and CEOs.**

- F. Removals - “LWDB members must be removed by the CEO (add) at the recommendation of the WDB if any of the following occurs:” **Response: The CEO must act regardless of whether the local board recommends removal because the CEO is liable for any misuse of funds,**

adherence to Uniform Guidance, and ensuring compliance with local board composition requirements.

Additional Comment Received: The LWDBs do not have access to expenditures for misuse, please clarify. ***Response: A member of the LWDB does participate in decision-making regarding the selection of service providers and operators and potentially other contract decisions. Any of these decisions could be impacted by a conflict of interest, although hopefully this is a rare occurrence.***

Additional Comment Received: Maricopa County objects to the strenuous language regarding “just cause” for removal of LWDB members. The volunteers of this board serve at the pleasure of the CEO and this can be handled through local area bylaws. ***Response: The provisions requiring defining just cause have been in State policy since 2013. The LWDB governs in partnership with the CEO. As has been previously stated, the LWDB is granted specific authority in WIOA and its regulations that is separate from the duties of the CEO. The intent of the just cause provision is to ensure transparency and prevent potential conflict of interest or manipulation of the LWDB by the CEO. This especially important in LWDA where the grant recipient organization also serves as the service provider. Efforts to infringe on the LWDBs ability to competitively select service providers or organize the LWDB as a separate legal entity by removing board members could be construed as a conflict of interest. What constitutes just cause should be defined in the local area bylaws; however, removing a board member for any reason at any time would not constitute just cause. Here is an example from the City of Oakland, California LWDB bylaws: “They are removed from the Board for cause after a hearing before the Board and a majority vote in favor of removal, and are notified in writing of their removal. Among other things, conviction of a felony, misconduct, incompetence, inattention to or inability to perform duties, or absence from three (3) consecutive regular meetings or four (4) regular or special meeting absences in any one-year period except on account of illness or by permission of the Board Chair., shall constitute cause for removal.”***

- G. Relationship between CEO and LWDB (Page 6). The governance partnership agreement Recommend you use the term “consortia agreement” – to be consistent. ***Response: Agree that consistent language is desirable. This section of the policy is about the shared governance agreement (rather than the consortia agreement) and the language has been changed in the new revision.***
- H. Budget and approval. As referenced in WIOA 107(d)(12)(A), describe how the LWDB will develop its budget for the purpose of carrying out the duties of the LWDB and the process for obtaining the CEO’s approval. We request that the policy include language about “Fair Share” contributions as stated in the law. ***Response: As mentioned previously, fair share requirements are included in State Workforce Policy #5 MOU and Infrastructure Costs Policy.***
- I. Additional Comment Received: Local Board Policy - Is this policy for the LWDB or the Local Workforce Development System that is developed by the board? Does this also include developing policy, or just the ? ***Response: This is to describe how the LWDB and the CEO will***

work in partnership to carry out the shared duty of setting policy for the local workforce system. The language is clarified in the most recent revision.

VI. LWDB ROLES AND RESPONSIBILITIES

1. Upon review of WIOA and the final regulations, three local board roles were missing regarding the boards roles in setting policy for the local workforce development system (1), negotiating methods for funding infrastructure costs (11), and certifying one stop centers (16). The language in the policy comes from the law and the final regulations. Arizona has established statewide policy related to infrastructure costs and one stop center certification.
2. In local board role #14, language is added to clarify what is included in the local board budget. The local board is responsible for selecting operators and providers (see board duty #12); therefore, the local budget should include the amounts the local board wishes to allocate to these activities. When the local board and service provider are part of the same organization, the service provider department would have a more detailed budget for its portion of the local board budget, but not the entire local board budget.
3. The language regarding budget disbursement is taken directly from the law and is added to underscore the fact that the law authorizes a role for the local board that is distinct from the CEO (administrative entity) or fiscal agent.

Feedback Responses Received:

- A. Sets Local Policy - The draft policy indicates that the LWDB sets policy for the local system. What does this mean? Which entity is charged with enforcing these policies? **Response: 20 CFR 679.310(b) gives the local board the authority to adopt policies for the workforce system within the local area that are also consistent with State policy. The local board is also charged with enforcing these policies through its program oversight responsibility.**

Additional Comment Received: Under sets local policy - is this referring to sanctions in relation to enforcing policies? LWDB members volunteer and have no statewide system to access information to enforce policies. **Response: See the Governance Puzzle document referred to in the answer below for an extensive list of policy decisions assigned to the local board. Also, most non-profit organizations are governed by Board members serving without compensation (i.e. volunteers). The absence of compensation does not change their authority or ability to govern the organization including ensuring that policies are implemented. Typically, boards govern through the awarding or cancelling of contracts, and performance reviews, hiring and firing of their executive staff.**

- B. Sets Local Policy - 1. Expands the definition of the Role of Local Boards as stipulated in WIOA Section 107(d). **Response: As was identified in section II LWDBs Established, the roles of the local board under WIOA are not limited to those identified in WIOA 107(d). This provision is one example of this fact. The Governance Puzzle! Key WIOA Roles and Responsibilities, a Department of Labor publication, includes an extensive list of policy decisions and other functions assigned to the local board.**

- C. Sets Local Policy: In partnership with the chief elected official(s), the LWDB sets policy for the portion *What portion?* of the statewide ~~workforce development~~ WIOA system within the local area and consistent with State policies *when final* (20 CFR 679.310 (b)). **Response: The “portion” is the local workforce area, which is the area governed by the local board. Each of the State Workforce policies include an effective date on the policy cover page. No further documentation is needed.**
- D. Labor Market Analysis - (Page 9) Assistance to the Governor in developing the statewide workforce and labor market information system under the Wagner-Peyser Act WIOA – *not Wagner-Peyser* for the region; **Response: The statement in the WIOA law reads as follows: assist the Governor in developing the statewide workforce and labor market information system described in section 15(e) of the Wagner-Peyser Act (29 U.S.C. 491-2(e)).**

Additional Comment Received: Clarification needed as to what is meant by “...assist the Governor in developing the statewide workforce and labor market information system” – Section 15(e) of W-P provides a whole laundry list of elements - what is applicable to local areas and to what degree is “assist defined? **Response: Item #3 Labor Market Analysis under section VI of SWP #1 lists specific labor market analysis information needed for the local plan. This would seem to be a starting point for each LWDB to determine how they can assist.**

- E. Infrastructure Costs: The draft policy also states the that LWDB is to negotiate with the CEO and regional partners on methods of funding the infrastructure costs of the one-stop operator. The use of the term “negotiate” is a bit concerning, as it is unclear what this means in terms of binding agreements. It seems unusual to use this term to describe an interaction between a volunteer board and their appointing entity. **Response: The word negotiate is the term used in the law and the final regulations. Local boards are expected to enter into legally binding agreements in carrying out their functions, for example, with the one stop operator, youth, adult, and dislocated worker career service providers. State Workforce Policy #5 MOU and Infrastructure Costs Policy includes the requirement that the local board enter into a written agreement with the CEO and one stop partners.**

Additional Comment Received: Under Infrastructure costs - a state policy for all WIOA Partners would assist with system compliance and should request all Partner compliance. **Response: Previously, DES worked with a consultant and the local areas to address the issue of infrastructure cost sharing. This is not the appropriate venue to address any remaining cost sharing issues.**

- F. Infrastructure Costs (Page 10): Negotiate with CEO and required partners on the methods for *required cost share options for One Stop Center infrastructure* ~~funding the infrastructure costs of one stop centers in the local area~~ in accordance with § 678.715. **Response: As mentioned previously, fair share requirements are included in State Workforce Policy #5 MOU and Infrastructure Costs Policy. Reference to the policy has been added to the statement in the policy.**

- G. Selection of Operators and Providers, item a. However, if the LWDB determines there is an insufficient number of eligible providers of youth workforce investment activities in a local area, the LWDB may award grants or contracts on a sole-source basis in compliance with State **adopted** Workforce Policy (see State Workforce Policy #4). Please identify Policy and State Agency – WAC, OEO or DES. **Response: The full name of State Workforce Policy #4 is now included in the revision of this policy section. The agency is listed in the policy. It's unnecessary to say adopted policy since the State Workforce policies are not in effect until adopted by WAC.**

Additional Comment Received: Under Selection of Operators and Providers - Please note all WIOA Partners. **Response: This policy applies only to Title I funding as this is the only funding administered by the LWDB under WIOA.**

Additional Comment Received: References are made throughout this document to procurement and contractual actions being taken “in agreement” with the CEO. Maricopa County would like this language clarified to reflect formal approval of agreements by the CEO are necessary as the legal entity. See Section 12: Selection of Operators and Providers, as an example. **Response: It is the responsibility of each grant recipient to create the LWDB in a structure that allows the local board to fully execute the duties and authority granted to it under WIOA. The LWDB works in partnership with the CEO not as a subordinate to the CEO.**

- H. Selection of Operators and Providers, item c. Providers of career services through the award of contracts in compliance with State Workforce Policy #4, if the one-stop operator does not provide such services (see State Workforce Policy #4) Please note, the LWDB does not enter into contracts – they are not an entity. **Response: Please refer to TEGL 15-16, the LWDB must execute a legally binding document to award and offer and acceptance from a competitive procurement.**
- I. Selection of Operators and Providers, item e. types of providers of career services and training services serving the local area, services are provided in a manner that maximizes consumer choice and provides opportunities that lead to competitive integrated employment for individuals with disabilities. This includes eligible providers *ETPL?* with expertise in assisting individuals with disabilities and eligible providers with expertise in assisting adults in need of adult education and literacy activities. *Title II & Title IV? If so, please note those Titles in Policies.* (WIOA section 122 and paragraphs (2) and (3) of section 134(c)) **Response: This section is referring to the WIOA consumer choice requirements, which includes youth, adult and dislocated worker career and training services (so more than the ETPL) across all Titles included in WIOA.**
- J. Budget and Administration (Page 12): The LWDB budget is for all of the activities of the LWDB including the budget amounts to be allocated for youth and career services. The LWDB determines how much of the budget to allocate for these services and how to procure these services. Please identify how you are defining Career Services – Adult-Youth-Dislocated Worker, Titles II, III, IV? **Response: The local board only has authority over Title I adult and dislocated worker and youth workforce investment funds (Title I sections 128 and 133) and any other grants the local board is awarded for its activities.**

Additional Comment Received: True, but how does this reconcile with the authority of the local board to develop local policies for workforce system within the jurisdiction for which it is responsible? What about “fair share” and other shared costs - can the local board develop a policy stating that all partners will contribute to the cost of a OSO and include those shared contributions in its budget? **Response: There is plenty of opportunity for the LWDB to develop workforce policies for the Title I portion of the system and work collaboratively with the other local partners in the system to accomplish mutually beneficial goals. The Governance Puzzle document published by DOL lists 39 different roles and responsibilities where the LWDB is the only partner assigned to carry out the role.**

- K. Budget and Administration (Page 12): First paragraph the addition is way off base. Clearly goes way beyond the Law. Section 107 (d) (12) (A) "The local board shall develop a budget for the activities of the local subject to the approval of the chief elected official". **Response: The WIOA law and DOL’s final rules assign responsibility to the local board to develop a budget for the activities of the local board. One of the activities of the local board (item #12 in this policy) is the selection of operators and providers; therefore, the local board budget must identify the amount of funding that will be allocated to these activities. The local workforce system includes only the following roles in Title I: CEO, local board supported by its board staff, fiscal agent, one stop operator, and adult, dislocated worker and youth career services providers. Of all of these roles, WIOA assigns responsibility to develop a budget only to the local board with the approval of the CEO. The fiscal agent role is limited to accounting and funds management functions rather than policy or service delivery. The one stop operator and career services providers are contractors to the local board and must be monitored by the board. There is no distinct role called administrative entity or grant recipient; these roles are one and the same with CEO (WIOA 107(d)12B) and the CEOs role in developing the budget is defined by the law.**

Additional Comment Received: Under budget and administration - If the LWDB has no authority then why develop MOU/IPA agreements with all Partner programs? The LWDBs need authority to gain compliance from all Partners. Also, the CEOs sign IGAs not LWDBs. Contractors should be identified as sub-recipients. **Response: The LWDB has the responsibility to convene other workforce partners to create a local plan and to create an MOU on shared infrastructure costs. WIOA law and regulations contain specific provisions for sharing infrastructure costs, which are outlined in SWP #5. Any conflicts with the MOU should be addressed through a different venue. The IGA is a legal agreement between the CEO and DES to accept the Title I funding designated for the LWDA. The contracts referenced in this policy are contracts between the LWDB and the service providers and OSO as required in TEGl 15-16. It is the responsibility of each LWDA to create a governance structure that is in compliance with WIOA law and regulations.**

- L. The Budget and Administration section provides additional power to LWDBs (“including the budget amounts allocated for youth and career services... The LWDB determines how much of the budget to allocate for these services and how to procure these services.”). Which entity is responsible for grant compliance monitoring, financial reporting requirements, and subrecipient monitoring? If this is to be the Fiscal Agent, what is to occur if the LWDB makes

a spending or procurement decision that is inconsistent with Federal Law, State policy, or County policy? **Response: The authority to create the budget is not an additional or new power. This is the authority that presently exists in the law and in the existing policy. This policy clarifies that the local board budget is for all of the activities of local board, which includes determining how much resource to allocate to carry out the local plan. Regarding grant compliance monitoring, local governments award grant funds to many different organizations and award contracts with compliance requirements, and have monitoring processes in place to ensure compliance with Uniform Guidance and other regulations. As happens with other grant funds, the fiscal staff work with the program staff to conduct monitoring processes, and monitor expenditures to ensure compliance. Finally, local boards typically have board staff to carry out the background work and tasks the local board needs to fulfill its responsibilities under the law.**

- M. Budget Disbursal: The local grant recipient or an entity designated as the grant recipient shall disburse the grant funds for workforce investment activities at the direction of the LWDB, pursuant to the requirements of WIOA. The local grant recipient or entity designated as grant recipient shall *prioritize distribution of disburse* the funds based on the WDB approved Budgets ~~immediately on receiving such direction from the LWDB~~ (WIOA sec 107 (d)(12)(B)(i)(III)). *Most fiscal operations cannot disburse dollars on an immediate basis.* **Response: The language included in the draft policy comes directly from the WIOA law and is again to underscore that the local board is not an advisory board to the chief elected official, but has been assigned specific functions and authority under WIOA.**

Additional Comment Received: Budget disbursal - Please provide further clarification as no entity of local jurisdiction will give authority to a volunteer to direct disbursement of federal dollars. The County is the fiscal agent with responsibility for disbursing funds on behalf of the local area. **Response: Again, this is language taken directly from the WIOA law. It is the responsibility of each LWDA to create a governance structure that is in compliance with WIOA law and regulations.**

Additional Comment Received: Similarly, the language regarding budget disbursal (see Section 14) states that the “local grant recipient...shall disburse the grant funds...at the direction of LWDB.” While we understand this is existing policy language, we believe clarification is needed regarding the fact that such disbursal direction requires CEO approval, as well. **Response: This language is from the WIOA law and does not identify any need for CEO approval. The budget created by the LWDB must be approved by the CEO. Budget implementation does not require the CEO’s approval.**

- N. One Stop Center Certification: Certification of one-stop centers in accordance with 20 CFR § 678.800. *Needs to be reconciled with “State Workforce Policy 06-2016 Certification of ARIZONA@WORK Job Center Policy.”* **Response: Added reference to State Workforce Policy #6 Certification of the ARIZONA@WORK Job Centers in the policy revision.**
- O. Given the short turn-around and the unanswered questions stated above, I am concerned that if the proposed changes are enacted and significantly change the roles and responsibilities of LWDB I will not have had sufficient time to brief my CEO. **Response: All of**

the local board roles and responsibilities have been listed in the law and final regulations since August 19, 2016. Most if not all were also listed in DOL's proposed rules prior to 2016, as well. Clarification has been added in this policy revision to call attention to the significant roles and responsibilities assigned to the local board to assist the local areas in becoming fully compliant with the law.

Additional Comment Received: Overall comment, policy changes being made will require discussion and agreement of local CEOs and LWDBs. Roles may need to change due to updated/implemented agreements and policies. **Response: See response to comment above. Most of these changes are in the law and have been in effect since August 2016.**

Additional Comment Received: In addition, Maricopa County has robust policies and practices with regard to fiscal administration, procurement, and contracting. The Board of Supervisors handles these matters currently for a multitude of federal and State grants, and understands the need to comply with requirements of grantors. We respectfully ask that additional administrative regulations above and beyond those required by Federal law not be implemented by the State. **Response: As Arizona's workforce development board, the WAC has a responsibility and authority to create policy as needed to ensure compliance with and continuous improvement of the statewide workforce development system. Providing written policy guidance supported by regular program monitoring allows the WAC to carry out this key role.**

VII. LWDB Recruitment Process

1. The section with the strikethrough has been moved to item 1b in the shared governance agreement section.

Feedback Responses Received:

- A. The nomination and appointment process must be documented in the written *Bylaws & Local Shared Governance Agreement* partnership agreement between the LWDB and the CEO(s). **Response: The change has been made in the revised policy.**
- B. Additional Comment Received: Consortia agreements and governance agreements should/could be same document. What are thoughts or considerations to this? **Response: These could not and should not be the same document. The consortia agreement is only for LWDA's that have more than one local unit of government (i.e. covers multiple counties, for example). Not all LWDA's will have a consortia agreement. The shared governance agreement is between the LWDB and the CEO and is required for all LWDA's.**

VIII. LWDB Certification

1. The only change to this section was adding the phrase "sustain fiscal integrity" to item B.1. This is one of the criteria listed in WIOA 107 c.2 considered for determining recertification.

Feedback Comment Received:

- A. Pima's Board does NOT and CANNOT have any fiscal integrity as they intend here. The local board is not a recognized LEGAL ENTITY in Arizona. **Response: The local board is responsible for monitoring performance to ensure that funds are used in compliance with WIOA and Uniform Guidance. This includes working with the fiscal agent to conduct financial monitoring of the one stop operator and service providers. In fact, 20 CFR 679.420 lists conduct financial monitoring of service providers as one of the additional duties that may be performed by the fiscal agent "at the direction of the LWDB."**

Additional Comment Received: In regards to the LWDBs conducting financial monitoring - volunteers cannot access legal documents for financial monitoring. Monitors are Department of Economic Security (DES), the fiscal agent, and Department of Labor. Privacy issues will result with LWDBs conducting monitoring. No privacy agreements are included in WAC policy. **Response: Most non-profit entities are served by Board members who do not receive compensation and yet are still responsible for the performance of the organization. This is also true under WIOA. For example, SWP#1 states that if a LWDB meets all membership requirements, but fails to meet all performance measures and outcomes, certification will be granted for only a one-year review period, instead of a two-year period. The LWDB is being held accountable for performance. The policy states that the LWDB will ensure the appropriate use and management of funds and conduct oversight of performance. The LWDB has numerous ways to carry out this function that do not involve physically conducting a financial monitoring.**

- B. Local Board Recertification (Page 13). Recertification will be conducted by the State Governor, WAC, OEO or DES? once every two years. Also, and sustain fiscal integrity. For Title I? If a LWDB meets all membership requirements, but fails to meet all **Title I (please identify)** performance measures and outcomes. 3. A written notice and opportunity for comment will be provided 90 days prior to decertification. From the Governor's office, who certifies the WDB. **Response: Ultimately, recertification must be approved or disapproved by the Governor; however, all of the entities listed are involved in the process, so the broader term is used. The performance measures will be those that the local board and CEO negotiated with the State and are under contract to meet. There is no set timeframe. The State must have the flexibility to respond to whatever circumstances encountered.**

Additional Comment Received: It was noted in feedback comments that the State must have flexibility to respond to any circumstances encountered and there are no set timeframes for LWDB recertification. Please note, the local areas also need the same flexibility. **Response: As demonstrated by the current LWDB recertification process, the WAC is attempting to balance the needs of the LWDBs to reach compliance with the need to complete their responsibility to ensure statewide compliance with WIOA requirements for LWDBs.**

Additional Comment Received: What is the responsibility of other core partners to meet performance measure targets in the local area. We have to start thinking broader than just the Title IB programs. **Response: This would be the responsibility of the managers of those Titles. Since there are representatives from these Titles on the LWDB, it could also be a discussion item for the LWDB in each area.**

- C. P. 13 B. 2., Local Board Recertification- Why is over 10% removal for cause trigger a total recertification? That seems like a very small number to “ensure membership compliance and stability” as stated in the policy. Should be a larger number or differentiate if the removal is for” malfeasance, fraud or abuse” which are obviously more serious and should concern the WAC. I have never seen a removal for those violations; it has always been for non-attendance.
Response: The 10% removal clause has been in State policy since 2013 (pre-WIOA). As this policy makes clear, the local board has the largest amount of authority and responsibility in terms of governing the local workforce system. Therefore, the bar should be high for ensuring local board viability.

Additional Comment Received: Comments noted the bar should be high for ensuring local board visibility. If we want success, we should not "raise the bar". **Response: As stated above the 10% requirement has been in policy since 2013. This policy is not raising the bar, just reiterating the bar that already exists.**

IX. LWDB Conducts Business Openly:

1. This section has been returned to its own section of the policy with a new provision added. In a recent visit from the Department of Labor, representatives reported having difficulty finding the required materials on the websites of local board. DOL suggested that the local boards also be required to post their required materials on the State ARIZONA@WORK website either by sharing a link to the local website or by download.

X. LWDB Membership

1. A statement is added to clarify that while the Chief Elected Official has the authority to appoint members to the local board, this authority must be exercised within the parameters established by the Governor as indicated in the statewide policy.

Feedback Responses Received:

- A. The State Board requires the following a composition ... Assumes the WAC is the Governor. The WAC is an advisory board to the Governor. **Response: As previously mentioned, the Governor is a member of WAC. In addition, WIOA 107 (b)(1) states “The Governor, in partnership with the State board, shall establish criteria for use by chief elected officials in the local areas for appointment of members of the local boards in such local areas in accordance with the requirements of paragraph (2).”**
- B. LWDB Membership, item B. (Page 14) Not less than 20 percent of the members of each LWDB must be ~~workforce~~ labor representatives. Does “workforce” mean Titles II, III and IV, or labor organizations? **Response: The term is being used broadly to mean organizations that represent or advocate for labor. WIOA uses the phrase “representatives of the workforce” and includes items 1-4 as examples of what is required. The revised policy incorporates the phrase as it is in the law.**

Additional Comment Received: Suggest incorporating examples of what is meant by “...or *other representatives of employees* (for areas where labor organizations do not exist);” **Response:** *There is no set definition for “other representatives of employees.” A search of O*Net under employee representatives resulted in occupations such as Equal Opportunity Representative, Labor Relations Specialist, Human Resources Manager, or Human Resources Specialist. If necessary, a CEO or LWDB should pursue technical assistance from the WAC Manager if assistance is needed in identifying appropriate representatives. No policy change is recommended.*

XI. Other LWDB Requirements

1. The language regarding prohibited board members is not new. In the current policy, this provision is shown in the bylaws section, item 11e related to conflict of interest. It is also recommended under prohibited board members section for greater clarity. The current policy includes only local board staff in this section.
2. The language on authority to hire board staff is taken directly from the law and is currently included in policy #4 regarding one stop operator procurement.
3. The language added to the section on standing committees is taken directly from the final regulations and a TEGl on youth services. It is recommended as an addition to clarify for local boards the requirements for standing committees.

Feedback Responses Received:

- A. Prohibited Board Members: The LWDB may not include members who are staff to the LWDB, staff or board members of the one stop operator, ~~workforce service providers for WIOA Title IB adult, dislocated worker, and youth providers programs,~~ or staff of the administrative entity or fiscal agent. **Response:** *Language is clarified in revised policy.*
- B. Prohibited Board Members: Law and Rules prohibit local board staff from serving on the local board. is the fact that the Act section 107(b)(E) states, local "workforce boards may include such other individuals or representatives of entities as the chief elected official in the local area may determine to be appropriate." **Response:** *WIOA 107(b)(1) directs the Governor and the State Council to establish the criteria used by the CEOs to appoint members to the local boards. These criteria are articulated in this policy including the prohibited board members. The CEO must work within these criteria.*
- C. P.16 C. Authority to Hire Board Staff- Should add a reference of to WIOA Final Rule, Federal Register, Vol.161, August 19, 2016, p. 56104, Section 679.400 that there is “no mandate that the Local WDB’s hire staff.” **Response:** *That statement is part of a larger discussion about whether prior agreements between local boards and CEOs regarding staffing roles would be recognized. The DOL response is that prior agreements are not automatically recognized and that it is in the best interest of the public workforce system to ensure the director of the local board is competent and experienced with workforce systems and service delivery. Including the suggested statement then leaves a bigger question of how will the local board*

ensure that the responsibilities assigned to them will be performed with adherence to conflict of interest requirements. No change to the section is recommended.

- D. The draft policy explicitly states that the LWDB has the authority to hire board staff. Functionally, how will this work? Will the Chairman of the LWDB be responsible for managing performance, approving time, and other HR functions? Does the CEO have no role? **Response: WIOA explicitly states that the local board has the authority to hire board staff. Like any entity with a board, there are staff supporting the work of the board including administrative responsibilities. Each local board will have to determine how to carry out its work taking account of the resources available and any conflict of interest requirements such as required firewalls etc.**

Additional Comment Received: Under Authority to Hire Board Staff - Please identify a job description and selection process. **Response: Each LWDB should determine their requirements for selecting Board staff and the process for selection. The WAC Manager can provide technical assistance if needed.**

- E. Standing Committees (Page 17): Such standing committees ~~must be chaired by a member of the LWDB~~ *should be chaired by a WDB member*, may include other members of the LWDB, and shall include other individuals appointed by the LWDB who are not LWDB members and who the LWDB determines have appropriate experience and expertise. **Response: WIOA 107 (b)(4) states that standing committees shall be chaired by a member of the local board. 20 CFR 679.360 states that standing committees must be chaired by a member of the LWDB. No change recommended.**
- F. Bylaws (Page 17): The LWDB must establish bylaws in accordance with applicable ~~local procedures, and applicable~~ local state and federal laws. At a minimum, the bylaws must address the following (20 CFR 679.310(g)). **Response: Changes made to revised policy.**

Additional Comment Received: 20 CFR 679.310(g)). States: **"The CEO** must establish by-laws, consistent with State policy for Local WDB membership, that at a minimum address:" **Response: This is correct. Changes were made to the section XI. I of the policy to make this correction as well as add several requirements for the bylaws specified in 20 CFR 679.310.**

- G. Conflict of interest. (Pages 18-19) f. A LWDB must ensure that the LWDB, its members, or its administrative staff do not directly control the daily activities of its workforce service providers *please identify*, workforce system partners or contractors. *May want to consider wording to align with OSO Responsibilities under the direction of the WDB – add "provide oversight" not control – WDB has no "control" over providers.* **Response: Providing oversight is a required responsibility of the local board. Direct control is amended to "have any supervisory responsibility for the daily activities of its workforce service providers, workforce system partners or contractors." There must be complete separation between governance functions and operating functions within an organization including different reporting structures.**

XII. LWDA Designation Request

Feedback Responses Received:

- A. Section B.1: All formal written requests (including *Workforce Development Area Designation Petitions*) must be submitted to the Governor with a ~~carbon~~ copy to the ~~Executive Director~~ *staff* of the Workforce Arizona Council and the DES Re-Employment Administration. *Recommend revisions. Response: The revised policy includes modifications to this paragraph.*

XIV. Local Plan Modifications

1. This is a new section not currently included in policy; however, this is consistent with WIOA final regulations 679.530 and 679.580.

Feedback Responses Received:

- A. Local Plan Modifications (Page 21) *Has this been reconciled with DES Policy Bulletin "Workforce Innovation and Opportunity Act (WIOA) Title I Policy Broadcast #18-018 Local Plan Modifications"?* **Response: DES submitted this language, so presumably the answer is yes.**
- B. Local Plan Modifications (Page 22) 2. LWDBs must ensure the following information is also included in the local plan modifications: a. Procurement requirements for youth service providers, as described in the WIOA Title I-B Youth Program policy section 202; *Comment: Required once every 2 years in alignment with required 2-year plan modifications. Response: A timeframe is already included in the first paragraph of this section.*

State Workforce Policy #4: ARIZONA@WORK Job Center One Stop Center Operator Selection

Background: This policy was originally adopted in February 6, 2017 to provide guidance to the local areas on what was required to implement the competitive procurement of the One Stop Operator. The first competitive procurement had to be completed by July 1, 2017. In light of the newly adopted conflict of interest policy, this policy has been reviewed and the revisions described below are being recommended.

1. The first recommended change is to broaden the subject matter of this policy from one stop operator procurement to include adult, dislocated worker, and youth service providers. These procurement processes have common elements so it makes sense to revise this policy rather than create two separate policies. The revised policy recommends a name change to ARIZONA@WORK Operator and Service Provider Selection Policy.
2. A definition of the term service provider has been added in response to feedback from a reviewer. The term service provider includes providers of Title I adult, dislocated worker, and youth career services as defined in WIOA.

Feedback Responses Received:

- A. So much of this is already in the Act, Rules and CFR 200. It seems presumed that there are no systems of procurement or conflict of interest in place. **Response: *The State Workforce Board is responsible for ensuring consistency in WIOA implementation and compliance across all local areas. Providing written policy guidance supported by regular program monitoring allows the WAC to carry out this key role.***
- B. Definition of Service Provider is confusing and should be deleted. **Response: *This was added based on a request from a previous reviewer primarily to clarify that the policy is impacting service providers funded by Title I funding.***

Additional Comment Received: The policy notes that service providers only are to be identified for Adult, Youth and Dislocated Worker programs under Title I-B. Service providers should be identified for all WIOA Partners and their respective Titles for consistency of the workforce system. **Response: *Under WIOA, the LWDB only has the authority to select providers under Title I-B.***

Additional Comment Received: What about Title II Adult Ed service provider selection – the local board plays a role in that doesn't it (in reviewing applications)? **Response: *The LWDB's role is to review applications for consistency with the local plan. This is only one portion of the selection process administered by the Department of Education.***

IV. Roles and Responsibilities of LWDB Staff

1. This entire section was moved to State Workforce Policy #1 Local Governance without any policy changes.

V. Who May Be One Stop Center Operators

1. The strikeout section under item B was moved without change in its entirety to State Workforce Policy #8 Conflict of Interest.

Feedback Responses Received:

- A. Who May Be One Stop Center Operators (Page 4): One-stop operators may include the following entities:
 - a. An institution of higher education; - *Title II*
 - b. An Employment Service State agency established under the Wagner-Peyser Act; *Title III*

Both of these partners are on the WDB, but no mention or rule regarding services in multiple capacities – OSO/WDB/Service Provider. ***Response: WIOA requires that local boards include a representative from each of these categories. If the representative also served in a role that fell into the prohibited board member category, then compliance with that provision would apply.***

Additional Comment Received: It is noted that Title II and Title III may be One Stop Operators and are also required members of the LWDBs. Wouldn't this pose a conflict of interest if Title II or III was the One Stop Operator and serving on the LWDB? Where is the firewall? ***Response: If a Title II or Title III entity that was a current member of the LWDB successfully won a competitive bid process for OSO, the LWDB and the CEO would have to identify other Title II or III entities that could serve on the LWDB, or if not possible work to establish appropriate firewalls with the agency.***

Additional Comment Received: OSO may not serve as staff to the LWDB (20 CFR 679.400 (d) - This is not prohibited under 678.620(b)(1). 679.400(d) states that in general, LWDB staff may only assist the LWDB fulfill the functions of the local boards as spelled out in Section 107(d) of the Act. 679.400(e) permits the LWDB staff to provide additional functions with a written agreement between LWDB and CEOs. If it is state policy that the one-stop operator cannot serve as staff to the LWDB, then what is the purpose of XII. Approval of LWDBs for Role of One-Stop Operator? ***Response: The State's policy includes this provision to mitigate the numerous conflicts of interest that would arise from having the OSO also serve as the LWDB staff. Per guidance from DOL, the LWDB is considered to be serving as the one-stop operator or adult, dislocated worker, or youth service provider, if any staff serving the LWDB also have any supervisory responsibility for staff providing services within the organization. There must be complete separation between governance functions and operating functions within an organization including different reporting structures. Section XII is included in the policy because Arizona's system has so many of the LWDBs with organizations serving in multiple roles. However, the law requires an additional level of scrutiny and approval when this circumstance occurs. In addition, the specific list of LWDB duties a OSO may not perform according to 678.620(b) encompasses a considerable portion of LWDBs responsibilities (i.e. local plan, budget, performance measures, and program oversight.) No change is recommended.***

VII. Roles and Responsibilities of Career/Youth Services Providers

1. A section defining what is included in youth services has been added in response to feedback from a reviewer. In addition, youth services had a number of significant changes under WIOA. The description in this recommended section comes from TEGL 21-16.

Feedback Responses Received:

- A. One Stop Operator: The LWDB must select the one-stop operator through a fair and open competitive process at least once every 4 years (WIOA sec. 121(d)(2)(A), 20 CFR 678.605). The State may require *under what conditions?*, or a LWDB may choose *under what conditions?* to implement, a competitive selection process more than once every four years. (20 CFR 678.605a) **Response: *The law or the final rules do not specify any specific conditions. The reasons would have to be defined by these entities. Performance issues or failure to conduct a competitive procurement process in compliance with the regulations are two likely reasons.***

Additional Comment Received: It is noted that the State may impose further competitive processes for a local One Stop Operator selection, however, examples are not provided for clarification as to when this process would occur. If no definition, it is requested to remove this item. **Response: *The statement is taken directly from the WIOA regulations (20 CFR 678.605a), so the authority remains whether or not it is stated in this policy. The statement is here to make the WAC and LWDB aware of their options under the law. No change is recommended.***

VIII. Selection Processes for One Stop Operator, and Adult, Dislocated Worker, and Youth Services Providers

1. The first paragraph in this section is to make clear that it is a decision of the local board to determine the method of selection for the providers covered under this policy.
2. Item B Adult Career Services – A statement is added to item 1 as a clarification of a potential conflict of interest issue. The local board must determine the role of the One Stop Operator before competitively procuring these services. The description must indicate whether the OSO role will include providing career services. The local board cannot award a contract for career services to the OSO after the competitive procurement if this was not included in their role, which would circumvent the competitive procurement requirements.
3. Item #3 under this section is one of the few proposed new policy requirements and is proposed to add transparency to a part of the process which has the most potential for conflicts of interest. The selection of adult career service providers is the only area where WIOA does not require competitive procurement unless the service delivery will also be part of the One Stop Operator role. Therefore, this section would require that local boards document in writing the process and selection criteria used to award these contracts when something other than a competitive procurement process is used.

4. Item C.1 Youth Services – The final rules (20 CFR 681.400a) included the statement with the strikeouts; however, DOL clarified this statement in TEGl 21-16 to indicate that it is the decision of the local board, not the grant recipient/fiscal agent to determine which youth services could be provided by the grant recipient organization. The final rule was adopted on August 19, 2016 and the TEGl revising this provision was issued on March 2, 2017.
5. Item C strikethrough language is recommended for deletion for two reasons. The first statement about the standing youth committee selecting youth providers has the potential for conflict of interest depending on the composition of the committee. If the standing committee did not include any youth providers or persons connected with those organizations, then there would less possibility for conflict. However, the local board could request these members to participate in an evaluation committee. In the second statement about sole source, the local area already has the ability to do this by following the procedures outlined in section XI of this policy.

Feedback Responses Received:

- A. Career services provided directly by the One-Stop Operator must be competitively procured through the One-Stop Operator procurement process. If providing career services is not included in the One-Stop Operator procurement, the LWDB cannot award a contract to be a career services provider to the One-Stop Operator after the fact. *Will there be a process to grandfather in current OSO who provides Adult Career Services? **Response: The requirement to define the role of the OSO prior to competitive procurement has been in existence since 2016; therefore, there should be no reason for a grandfather process. It is the responsibility of compliance monitoring to determine if the competitive procurement was conducted appropriately.***

Additional Comment Received: If providing career services is not included in the one-stop operator procurement, the LWDB cannot award a contract to be a career services provider to the one-stop operator after the fact. This is not a restriction from the Act or regulations. Is there some value for it? ***Response: As stated in TEGl 15-16 (page 6), "LWDBs may establish additional roles for the one-stop operator, including the following: being the primary provider of services within the center; providing some of the services within the center; etc. ... The role of the one-stop operator must be clearly articulated in all phases of the procurement process, as well as in the legally binding agreement between the Local WDB and the one-stop operator." This statement was added during the process of developing the conflict of interest policy to underscore a particular circumstance that would inappropriately circumvent the required competitive procurement process. This policy revision adjusted the statement slightly in conjunction with 20 CFR 678.628. A service contract could be awarded only if done through a competitive procurement process and appropriate firewalls are in place. This does not replace the LWDB's responsibility to appropriately define the role of the OSO before the OSO competitive procurement process.***

- B. If a LWDB chooses to ~~award~~ *approve grants* or contracts to youth service providers to carry out some or all of the youth workforce investment activities, the LWDB must award such ~~grants or~~ contracts on a competitive basis, in accordance with the Uniform Guidance at 2 CFR

parts 200 and 2900, applicable State and local procurement laws, and the procedures articulated in this policy *No contracts – approve contracts, does not enter into.* **Response:** *Please see the response below to the legally binding agreements section. The LWDB authorizes a competitive procurement for services, selects a provider based on the results of the procurement, and awards a contract.*

Additional Comment Received: Please reiterate the LWDB identifies method of selection of Adult, Youth, and Dislocated Worker providers. Local oversight is noted in WAC Policy #1, Section G. **Response:** *Local oversight is LWDB duty #9 in SWP #1; selection of the OSO and career service providers is LWDB duty #12.*

Additional Comment Received: Maybe the State can look into sole source operations. All Locals have completed an RFP process multiple times. **Response:** *The use of sole source procurement is not a desirable condition. DOL considers competitive procurement a best practice for encouraging continuous improvement in the workforce system. As stated in TEGl 15-16, DOL prefers the use of competitive procurement as follows: “In addition to the requirement to use a competitive process to select a one-stop operator, WIOA and its implementing regulations also strongly encourage the use of a competitive procurement process in the selection of providers for program activities and services.”*

Additional Comment Received: Maricopa County does not support the expansion of this policy to cover adult and dislocated worker service providers. The selection of these providers will be appropriately addressed at the local level thru the Shared Governance Agreement. **Response:** *The selection methods for adult and dislocated worker service providers exist in the WIOA regulations. The LWDB would be required to comply with these provisions whether or not they are documented in the State’s policy. Establishing the selection methods in the shared governance agreement could be problematic when the CEO’s organization is also the service provider and the service contract is awarded without a competitive procurement process. This policy revision includes a provision requiring the LWDB to document in writing the process and selection criteria used to award these non-competitive service contracts to increase the transparency of the process and avoid conflicts of interest. Establishing the selection methods in the shared governance agreement also potentially limits the remedies available to the LWDB to address performance deficiencies of the service provider, which is part of the LWDBs responsibility.*

Additional Comment Received: Maricopa County objects to the requirement to competitively procure service providers. We do not believe that this is required by Federal law. As such, the final decision to competitively procure or use a different contractual tool with providers should be addressed in the local area Shared Governance Agreement. **Response:** The policy does not require competitive procurement of service providers over and above what is currently required in the WIOA regulations. **Response:** *See answer above.*

Additional Comment Received: Maricopa County does not support the removal of the provision allowing for sole source provision of youth services (page 9). The procurement rules governing each local area jurisdiction are required to conform to WIOA thru the One Stop Area Certification which once approved can be relied upon to ensure that sole source

procurements are used appropriately. **Response: The policy did not remove the ability to use sole source procurements. The process for using a sole source procurement for youth or adult services must follow the process outlined in section XI of the policy.**

Additional Comment Received: In Section VIII.C. Maricopa County understands the regulations provide decision making power to the CEO/Grant recipient used to select youth service providers. **Response: TEGl 21-16 (pg 11) states the following: Consistent with 20 CFR § 681.400, a Local WDB may determine that the grant recipient or designated fiscal agent may “provide directly some or all of the youth workforce investment activities.” DOL intends for the flexibility provided by 20 CFR § 681.400 to allow Local WDBs to determine whether to directly provide the WIOA youth program elements that they can most efficiently and cost-effectively provide, such as labor market and employment information and services that are part of program design including assessment, supportive services and follow-up services.**

IX. Legally Binding Contracts Required with LWDB

1. The requirement for legally binding contracts identified in items A and C of this section are from TEGl 15-16 issued by DOL on January 17, 2017 and TEGl 21-16 related to referencing awarding contracts for youth services. As documented by these sources, WIOA does not support the assertion that the local board is not a legal entity and therefore cannot enter into legally binding contracts.
2. Item B is proposing that a legally binding written agreement be required for all providers regardless of the procurement method used. WIOA and the final rules assigns responsibility for program monitoring and the ability to terminate a provider for cause to the local board in partnership with the Chief Elected Official. To carry out its responsibility fairly and judiciously, the local board should document its performance expectations and remedies for non-performance in a written legally binding agreement.

Feedback Responses Received:

- A. Additions were made to the sections referencing the award of contracts to include State Workforce Policy #4. Unfortunately, given the short turn-around time I did not have the opportunity to review this policy, but I would want to ensure that it is not in conflict with County procurement policy. **Response: The contract provisions came into effect in 2017. The procurement process included in the policy is consistent with Uniform Guidance.**
- B.
 1. WDB is not an entity and does not enter into contracts – the Grant Recipient enters into contracts on their behalf.
 2. Legally Binding Contracts Required with LWDB (Page 10) *WDB cannot enter into binding contracts, they are not a legal entity – they do not disburse funds. Grant Recipient should enter into agreements on behalf of Boards or with WDB approval.*

3. LWDB in most areas are WDBs are NOT LEGAL ENTITIES as defined in federal Law, Rules CFR200 or state statutes! They CANNOT CONTRACT with anyone! An MOU is not the same as an IGA or contract. **Response: WIOA assigns authority to local boards to develop budgets, procure services through legally binding contracts, and monitor performance, among other duties. Like most boards, they provide governance for a legal organization or portion of an organization, which enters into legally binding contracts etc. Regardless of the type of legal entities Arizona local areas are using to support their local boards, they must comply with the law if they want to use Federal funds. This includes complying with the authority, roles and responsibilities assigned to the local board.**

Additional Comment Received: Providing governance for a “portion” of an organization and actually having signature authority for a legally binding contract are two separate functions are they not? Would not this shared authority be outlined in the Shared Governance Agreement for each local area? **Response: It is incumbent upon the grant recipient to establish a structure for the LWDB that allows the LWDB to fully execute its authority under WIOA, which includes the ability to enter into legally binding contracts.**

Additional Comment Received: As previously noted, LWDBs are not legal entities and cannot enter into contracts without being a legal entity. **Response: See answer above.**

Additional Comment Received: The policy revisions provide LWDBs the authority to procure, select, and enter into legally binding contracts. Maricopa County believes this is not possible as the WDB is not the legal entity (see page 10 for example). **Response: See answer above.**

Additional Comment Received: It is the CEO in our area that has ultimate awarding authority of contracts. **Response: See answer above.**

Additional Comment Received: Please clarify – if all LWDB members are appointed by the CEO, then doesn't the CEO have ultimate authority (and liability)? **Response: No. The CEO only has the authority granted under WIOA. Under WIOA, the LWDB and the CEO work in partnership to govern the local workforce development system. WIOA assigns specific authority to both the CEO and the LWDB. The LWDB's authority assigned under WIOA cannot be circumvented by the CEO.**

Additional Comment Received: Under contract provisions - suggest to provide technical assistance to policies versus county procurement policies. **Response: Procurement processes must be consistent with local procurement policies and procedures and Uniform Guidance. The procurement process outlined in this policy is based on Uniform Guidance.**

- C. Statement of Work (SOW). The SOW specifies the period of performance or the start and end date of the contract. It also specifies the services to be performed *WDB cannot direct the work or activities of the County as the fiscal agent or of partners.* including measurable performance goals to be delivered under the contract, agreement, or MOU. **Response: The SOW is a statement of agreement between the LWDB and the County department providing services on the terms and conditions of their relationship. The LWDB is responsible for**

monitoring performance of the County service provider and if not satisfied with their performance, procuring these services from other sources. The SOW provides parameters for that relationship. Government and other types of entities can and do enter into contracts between departments within the same organization.

Additional Comment Received: Under Scope of Work - the county is the fiscal agent therefore is a monitoring entity; DES also monitors for compliance and performance. The LWDBs are kept comprised of all monitoring observations/findings. ***Response: Pursuant to 20 CFR 679.420, the fiscal agent, at the direction of the LWDB, may procure contracts or obtain written agreements, and may conduct financial monitoring of service providers. This is a LWDB decision, not a County decision.***

Additional Comment Received: Overall statement under this section - the LWDBs are not legal entities. Local area Title I-B providers enter into agreements with fiscal agent. The LWDBs do competitive procurement for One Stop Operators and then gain final approval from CEOs. ***Response: See answer above.***

Additional Comment Received: While the LWDB may enter into One-Stop MOUs/IFAs, do the LWDBs or the local grant recipient or fiscal agent on behalf of the LWDB enter into contracts for services? The MOUs have some specific requirements from 678.500 which are not required for contracts for services. May want to consider separating MOU requirements from the requirements for contracts for services. ***Response: Per TEGL 15-16 (page 7), "The use of an MOU to memorialize the agreement between a Local WDB and a one-stop operator is different from the MOUs that are required between the Local WDB and its one-stop partners, as discussed elsewhere in the WIOA and its final implementing regulations. An MOU between a Local WDB and a one-stop operator must be in the form of a legal binding agreement." This clarification has been added to the policy revision.***

X. Competitive Procurement Process

1. If section IX above is adopted, Item G in this section is not needed and can be deleted.

Feedback Responses Received:

- A. Documented research and analysis of market conditions and other factors lead to a determination that: *What will be accepted as acceptable documentation?* ***Response: Technical assistance from the Workforce Arizona Council Manager can assist this. Item B.1 and B.2 give a good indication of what is needed.***
- B. Item 4. Within 30 days of receiving a complete request for approval of the results of a sole source procurement, the WAC or its Executive Committee will review the request and recommend approval to the Governor, disapprove, or request more information. If approved, a sole source procurement contract would be for a term of one year after which a determination is made as to whether a sole source *Suggest two years to be consistent with Plan, OSO, etc.* ***Response: One year is used because a sole source procurement is not a***

desirable condition to facilitate long-term continuous improvement in the system. After one year, a review is needed to determine if it is feasible to conduct a competitive procurement.

Additional Comment Received: In regards to Sole Source, it is requested that this be consistent with a two-year timeframe which will align with plans. A one-year contract allows a provider to get a plan of action in place while a 2-year contract can determine successful outcomes. ***Response: WIOA includes a preference for competitive procurement. The law requires competitive procurement for the OSO and youth services providers, and strongly encourages competition for selection of adult and dislocated worker career services. In addition, Arizona Revised Statutes 41-2536 states that sole source procurement shall be avoided, except when no reasonable alternative sources exist. The existing SWP#4 includes practices recommended by the National Association of State Procurement Officials (NASPO) to reduce sole source procurements. One method of limiting the use of sole source contracts, which by their nature limit the opportunity for continuous improvement, innovation, and cost savings, is to limit the length of the contract. No change recommended.***

Additional Comment Received: Maricopa County objects to sole source procurements requiring WAC approval. As mentioned above, the procurement rules governing each local area jurisdiction can be relied upon to ensure that sole source procurements are used appropriately especially following One Stop Area Certification. ***Response: See response above. Central review and approval of all sole source requests is another measure recommended by NASPO to reduce sole source procurements. Additionally, Arizona's workforce system is dominated by local units of government retaining a service provider role without the benefit of market competition to drive continuous improvement. No change is recommended.***

XII. Approval of LWDBs for Role of One Stop Operator and/or Service Provider

1. In cases when the local board is in the position to serve as a One Stop Operator or career services provider, WIOA requires approval from the Chief Elected Official and the Governor before the Local board can fill these roles (20 CFR 679.410). The issue at hand is defining what constitutes the local board serving in one of these roles. Local boards are comprised of volunteers and do not physically provide the services in these roles. DOL has provided guidance on this issue, which is the paragraph that has been added to section XII. A.
2. The procedure for seeking approval of the Governor for the local board filling one of these roles is described in section XII.B-F. Changes were made to section E in response to feedback received from the local areas. The large body of text in red with strikeouts is the previous explanation recommended for deletion. This language can be replaced by the statement in XII.B.1, which indicates that the local board must follow the procedures already listed in the policy for competitive or sole source procurements, when competitive procurement is required.

Feedback Responses Received:

- A. The LWDB is considered to be serving as the One Stop Center Operator or adult, dislocated worker, or youth service provider, if any staff serving the LWDB *in the capacity of OSO or Direct Adult-DW Provider* also have any supervisory responsibility for staff providing services within the organization. There must be complete separation between governance functions and operating functions within an organization including different reporting structures. *Comment: WDB staff in governance policy have the authority to carry out the responsibilities of WDB for oversight. Response: It is important to distinguish between supervision and oversight. The LWDB has responsibility to provide program oversight defined as monitoring/evaluating the performance of the program for compliance with policy, appropriate use of funds, and achievement of performance goals. Supervisory responsibility means directing the day-to-day operations of a program including the staff and all of the tasks involved in this. The criteria for determining whether the local board is also the one-stop operator or direct service provider is that the staff providing support to the local board in carrying out board duties also is supervising day-to-day operations and staff providing the services. If this condition exists, then the local board must meet the requirements stated in this policy section including obtaining approval of the CEO and Governor. This approval is required by WIOA.*

Additional Comment Received: The LWDB is responsible for program oversight not monitoring. Firewalls have been identified on numerous occasions so that no reporting/supervision conflicts exist. ***Response: Monitoring is one of numerous tools commonly used tools for conducting program oversight. Others include regular review of performance reports, site visits, and customer surveys.***

- B. The LWDB must win the procurement through the competitive procurement or sole source procurement procedures required in this policy; *Policies conflict – who would be responsible for procurement of an RFP that the WDB would apply for? Response: The policies are not in conflict. In circumstances where the LWDB will be responding to a competitive procurement, they must secure an outside neutral third party to conduct the competitive procurement process. This could be requesting assistance from the State procurement office, the procurement office from another county or a city, or contracting with a third-party vendor who has no relationship with the local board organization. The requirement for competitive procurement does not go away, but provisions necessary to mitigate potential conflict of interest must be implemented.*

XIII. Accountability

1. This section is recommended for elimination because it is too confusing. WAC review and approval are needed only when the LWDB is requesting approval from the Governor to be the one-stop operator, or adult, dislocated worker, or youth services provider (section XII.) or a sole source procurement is used (section XI.). Language in these two policy sections have been amended to clarify this requirement.