



Innovative Workforce Solutions

**WORKFORCE ARIZONA COUNCIL**

**Full Council**

Thursday, May 30, 2024 | 1:00 pm – 3:00 pm

Hybrid Meeting

Location: 1700 W. Washington St. Conference Room 200,, Phoenix, AZ 85017

<https://us02web.zoom.us/j/6612530414?pwd=WEJaVjcrejRyY1hCTkhUMmFCdGFiQT09>

Meeting ID: 661 253 0414 Passcode: 612238

**Council Members Present:**

Angie Rodgers, Dept. of Economic Services  
Audrey Bohanan, Second Vice Chair, Adelante Healthcare  
Beverly Wilson, AZ Dept of Education, Title II  
Brian Rice, HonorHealth  
Debra Margraf, NECA  
Dennis Anthony, Arizona Public Services  
Heather Carter, Maricopa County Community College District  
Ian O’Grady, Policy Advisor, Governor Hobbs  
Jackie Elliott, Central Arizona College  
Jenna Rowell, Local First Arizona  
John Walters, Vice Chair, Liberty Mutual  
Josh DeSpain, IBEW Local 570  
Karla Moran, Salt River Project  
Kristen Mackey, Dept of Economic Services, Title IV  
Mark Gaspers, Chairman, Boeing  
Michelle Bolton, Intel  
Randall Garrison, FenTek Industries  
Sandra Watson, Arizona Commerce Authority  
Todd Graver, Freeport McMoRan

**Council Members Absent:**

Alexander Horvath, Tucson Medical Center  
Bill Ruiz, Western States Regional Council of Carpenters  
Bobbi Taylor, CP North America  
Daniel Witt, Lucid  
Danny Seiden, Arizona Chamber of Commerce & Industry  
David Martin, Arizona General Contractors  
Gregory Anderson, Summit Healthcare Services  
Jeffrey McClure, CEO, Pinal County  
Justin Wilmeth, Arizona House of Representatives  
Larry Hofer, Cox Communications  
Regina Romero, Mayor, City of Tucson  
Shawn Hutchinson, Phoenix Electrical  
Sine Kerr, Senator of Arizona  
Stephen Richer, Maricopa County  
Thomas Winkel, Arizona Coalition for Military Families  
Willard James, Centene

**1. Call to Order**

Chairman Gaspers welcomes all members of the Workforce Arizona Council and the public to the Q2 2024 Full Council meeting. The meeting is called to order at 1:05pm.

**2. Roll Call**

Kennedy Riley, Deputy Workforce Administrator conducted roll call, a quorum was present.

**3. Call to Public**

Chairman Gaspers opens the call to the public. The following guests provided comments to the Council.

**MEMBER OF PUBLIC**

**COMMENT**

Jeremy Flowers  
AWA

AWA discussed wanting active collaboration between the Council and the 12 LWDBs as the potential for the Stronger Workforce America Act to replace WIOA may go into effect over the next year. AWA supports the increased percentage of

Rapid Response being reallocated to the LWDBs and will help business engagement, and prevent layoffs. AWA noted that this will allow time for areas to strategize and use the funds more effectively. AWA would like to invite interested parties to attend the training seminar with Larry Robbins on July 10.

LaSetta Hogans  
LWDB City of Phoenix

Expressed appreciation for Council and Staff to coordinate and collaborate with local area directors in regard to allocations. Changes would impact the City of Phoenix by 24% cut to Adult and Youth programs. The City of Phoenix and other local areas suggested other options for dislocated worker funding during the briefings other than focusing on unemployment based on trends. The City of Phoenix has used dislocated worker funding for layoff aversion without having access to rapid response. The City of Phoenix has spent \$200k on incumbent worker training in the last year. Noted the close work with State and City on WARN events.

#### 4. Success Story

*Reference meeting materials for success story.*

#### 5. Consent Agenda

- a. Approval of minutes from February 22, 2024 Full Council Meeting
- b. ETPL Policy
- c. Yuma LWDB Vacancy Waiver
- d. Nineteen Tribal Nations LWDB Job Center Certification Extension

**MOTION:** John Walters moves to approve the consent agenda.

**SECOND:** Angie Rodgers seconds the motion.

**ALL IN FAVOR:** The motion passes unanimously.

**OPPOSED:** None

**ABSTAINED:** None

**MOTION PASSES**

#### 6. OEO Updates

Carlos Contreras, OEO CEO provided updates on the following agenda items.

- a. OEO Overview
- b. BuildItAZ

Provided the following overview of the BuildItAZ.

#### BuildItAZ's Five Areas of Focus

- Capacity Grants
- Workforce Arizona Council Representation
- Grants Office
- Outreach Campaign
- Policy Changes

#### BuildItAZ Grant Application

##### Grant Application

- Open: March 7th
- Closed: March 21st
- Original Amount: \$500,000
- 13 Applications Received

##### Results

- Funding Increase: \$650,000
- Grantees:
  - Arizona Building Trades & Council
  - Phoenix Electrical Joint Apprenticeship & Training Program

- Rummel Construction
- The Laborers Training & Retraining Trust of Arizona
- Tucson Electrical Joint Apprenticeship & Training Program

**c. Workforce Grants Office**

Carlos Contreras, CEO provided an overview of the Workforce Grants Office active grant activities.

**Workforce Grants Office**

**BuildItAZ Announcement Created Workforce Grants**

- Set aside \$750,000 in funding
- Goal #1: Secure additional workforce dollars for Arizona in support of AZWC priorities
- Goal #2: Convene/organize and encourage stakeholder collaboration to submit stronger applications
- Services offered: Grant synopsis, grant writing, OEO data & letters of support coordination

**Grants Submitted**

- Powering Climate & Infrastructure Careers Challenge - Green Jobs planning: \$800K
  - OEO and Office of Resiliency application made it to second round + Interview
  - Decision expected before end of May
- State of Arizona Apprenticeship Hub: \$6M - Expand and Grow apprenticeships
  - Over 40 Letters of Commitment including Governor Hobbs and Chairman Gaspers
  - Target industries: construction, semiconductor, avionics, healthcare, cybersecurity and early childhood education
  - Four community colleges systems, six local workforce boards & five state agencies
  - Decision expected late May to June

**d. 2024 Annual Arizona Workforce Summit**

Carlos Contreras, CEO provided an overview of the 2024 Annual Arizona Workforce Summit.

**2024 Annual Arizona Workforce Summit**

- June 10-11, 2024
- High Country Conference Center
- Flagstaff, Arizona
- Registration Open

Chair Gaspers thanked Mr. Contreras for the OEO Updates. No questions were presented.

**7. Funding Allocations**

**a. Allocations Briefings**

Stacey Faulkner, State Workforce Administrator provided an overview of the Allocations Briefings. Below are the highlights of Ms. Faulkner’s presentation.

## Allocations Briefings

### History

- **WIOA requires state boards to assist the Governor in** the “development of allocation formulas for the distribution of funds for employment and training activities for adults, and youth workforce investment activities, to local areas.”

### Briefings Overview

- Conducted two comprehensive WIOA allocation briefings for workforce system stakeholders.
  - Allocations timeline
  - Briefing attendees
  - Session overview
- Goal of the briefings is to provide the Executive Committee and Full Council with information and recommendations on annual allocations from our workforce system stakeholders.
  - Least harm and most benefit amongst 12 Local Workforce Development Areas
  - WIOA activities
  - Core principles
- TEGL 12-23 allotments for PY 24
  - Adult- \$21,688,667, Distribution- \$18,435,367
  - Youth- \$22,893,156, Distribution- \$19,459,183
  - DW- \$28,315,755, Distribution- \$16,989,453 (RR \$7,078,939)

**Stakeholder Comments: Please see meeting materials for this information.**

Chairman Gaspers thanked Ms. Faulkner for her presentation. No questions were presented.

#### **b. Policy Updates**

Ms. Faulkner provided a review of the future policy updates for the funding allocations and reallocation of funds. Below are the highlights of Ms. Faulkner’s future policy review.

### Policy Updates: Funding Allocations & Recapture and Reallocation of Funds

- Council staff researching best practices in other states to revise and develop new policy:
  - Allocation method
  - Rapid Response split
  - DW formula
- Receiving technical assistance from:
  - NGA
  - NAWB
  - DOL
- The recapture and reallocations of funds will be a new policy.
- Council staff will work closely with state partners and stakeholders to ensure all necessary information is captured and added.
  - Policy will be released for public comment and feedback will be incorporated.
- Policy will be presented to the Council in Q4 to go into effect prior to the PY 25 allocation cycle.

Chairman Gaspers thanked Ms. Faulkner for her presentation. No questions were presented.

### c. Annual Allocations

#### i. Adult

Stacey Faulkner, State Workforce Administrator provided an overview of the PY24 Adult Allocations. Below are the highlights of Ms. Faulkner's combined presentation.

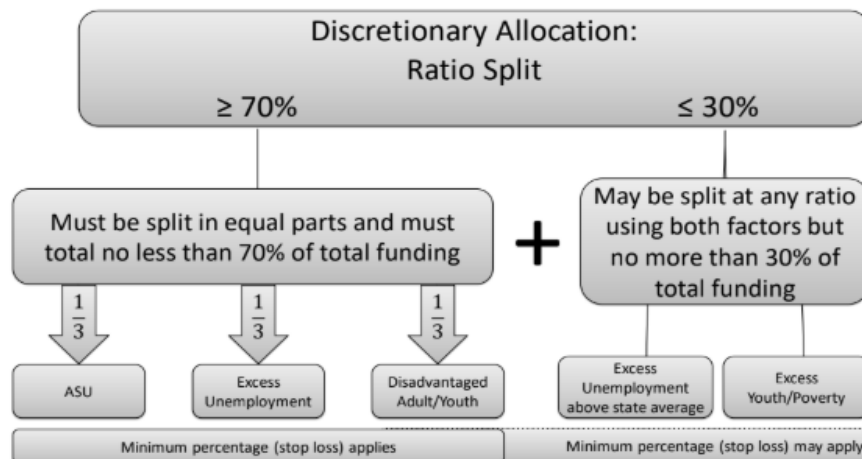
#### ii. Youth

Stacey Faulkner, State Workforce Administrator provided an overview of the PY24 Youth Allocations. Below are the highlights of Ms. Faulkner's presentation.

## PY 2024 Annual Allocations: Adult and Youth

### Recommendation

- Workforce Arizona Council Funding Allocations Policy states that the Council will utilize the Discretionary Allocation method.
  - Adult & Youth: 70/30 split
- Review Adult Allocations
  - Option that provides most benefit and least harm statewide
    - 2b
- Review Youth Allocations
  - Option that provides most benefit and least harm statewide
    - 2b



Chairman Gaspers thanked Ms. Faulkner for her presentation. No questions were presented.

**MOTION:** John Walters moves to approve the presented Option 2b for PY24 Adult and Youth funding allocations.

**SECOND:** Karla Moran seconds the motion.

**ALL IN FAVOR:** The motion passes unanimously.

**OPPOSED:** None

**ABSTAINED:** None

**MOTION PASSES**

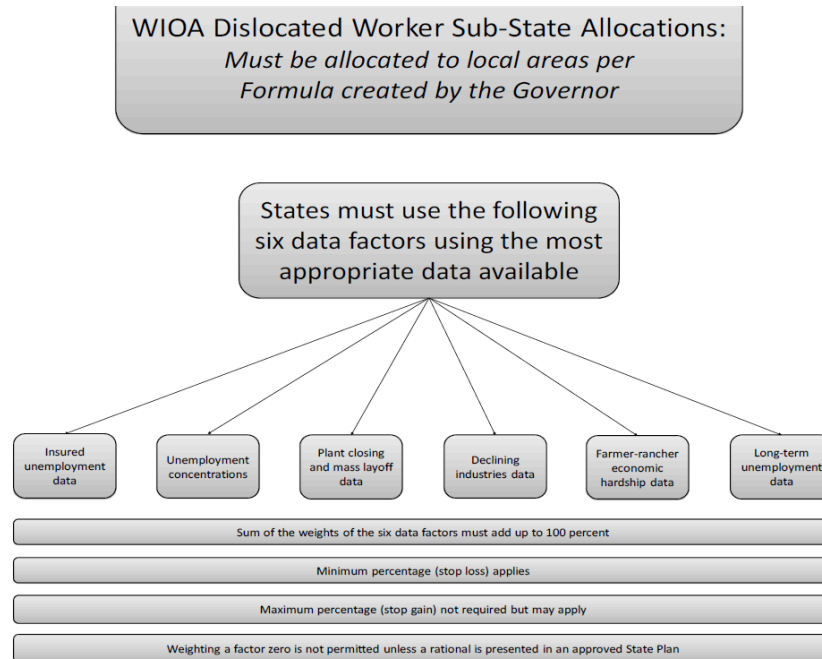
### iii. Dislocated Worker

Stacey Faulkner, State Workforce Administrator provided an overview of the PY24 Dislocated Worker Allocations. Below are the highlights of Ms. Faulkner's presentation.

## PY 2024 Annual Allocations: Dislocated Worker

### Recommendation

- Review Dislocated Worker Allocations
- Option that provides most benefit and least harm statewide
  - 1



Chairman Gaspers thanked Ms. Faulkner for her presentation. Below are the Council's questions and comments.

**MOTION:** Debra Margraf moves to approve the presented Option 1 PY24 Dislocated Worker funding allocations.

**SECOND:** Josh DeSpain seconds the motion.

**ALL IN FAVOR:** The motion passes unanimously.

**OPPOSED:** None

**ABSTAINED:** None

**MOTION PASSES**

### iv. Rapid Response

Stacey Faulkner, State Workforce Administrator provided a detailed overview of the PY24 Rapid Response Allocations. Below are the highlights of Ms. Faulkner's presentation.

## PY 2024 Annual Allocations: Rapid Response

### Recommendation

- Review Rapid Response allocations and options
- Option that provides most benefit and least harm statewide
  - Option 1 (withhold 25% at State (DES))
  - Hybrid Option 2 (10% held at State (DES) and remainder evenly split between all local areas)
    - Allows the State to maintain statewide rapid response and allows local areas to develop local area response
    - Allows local areas 2 years to expend funds
  - Hybrid Option 3 (15% held at State (DES) and remainder evenly split between all local areas)
    - Allows the State to maintain statewide rapid response and allows local areas to develop local area response
    - Allows local areas 2 years to expend funds

Chairman Gaspers thanked Ms. Faulkner for her presentation. Below are the Council’s questions and comments.

NAME	COMMENT
Angie Rodgers	*See Full Comment attached to Meeting Summary

**MOTION:** Debra Margraf moves to approve the presented Hybrid Option 2 PY24 Rapid Response funding allocations.

**SECOND:** John Walters seconds the motion.

**ROLL CALL VOTE:** 13-4

- Angie Rodgers: Nay
- Audrey Bohanan: Nay
- Beverly Wilson: Nay
- Brian Rice: Aye
- Debra Margraf: Aye
- Dennis Anthony: Did not vote
- Heather Carter: Aye
- Ian O’Grady: Aye
- Jackie Elliott: Aye
- Jenna Rowell: Aye
- John Walters: Aye
- Josh DeSpain: Aye
- Karla Moran: Aye
- Kristen Mackey: Nay
- Mark Gaspers: Aye
- Michelle Bolton: Aye
- Randall Garrison: Aye
- Sandra Watson: Did not vote
- Todd Graver: Aye

**ABSTAINED:** 2

**MOTION PASSES**

## 8. Economic Update

Doug Walls, Labor Market Information Director provided a detailed Economic Update to the Council. Below are the highlights of Mr. Wall’s presentation.

## Economic Update

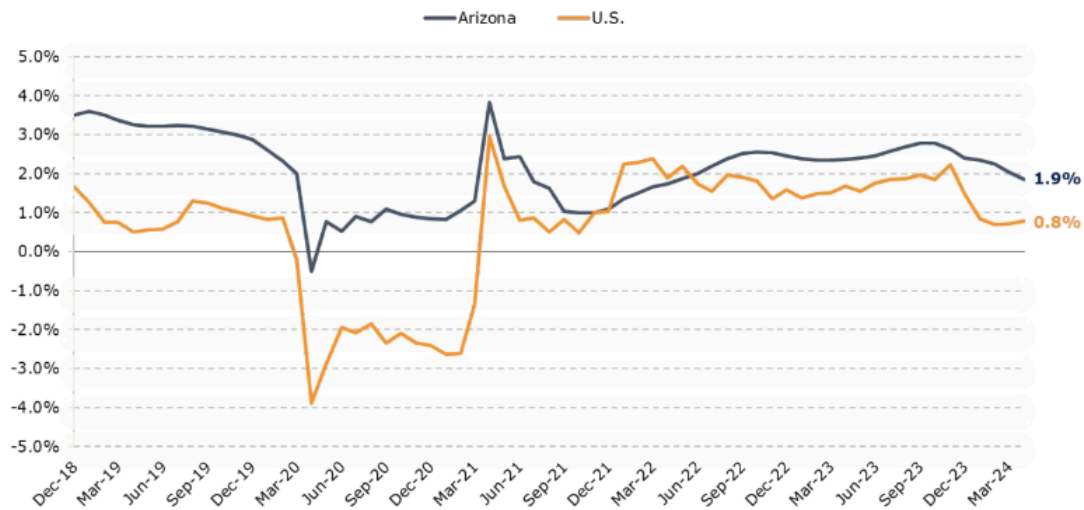
### Arizona & US Unemployment Rates

Seasonally Adjusted, Rounded to Nearest Hundred

Period	Labor Force	Employment	Unemployment	Unemployment Rate
<b>April 2024</b>	3,738,500	3,605,400	133,200	3.6%
<b>OTM Change</b>	3,000	13,300	-10,400	-0.2
<b>OTY Change</b>	68,000	68,100	0	0.0

### Arizona & US labor Force Year-Over-Year Percentage Change

Seasonally Adjusted, Through April 2024

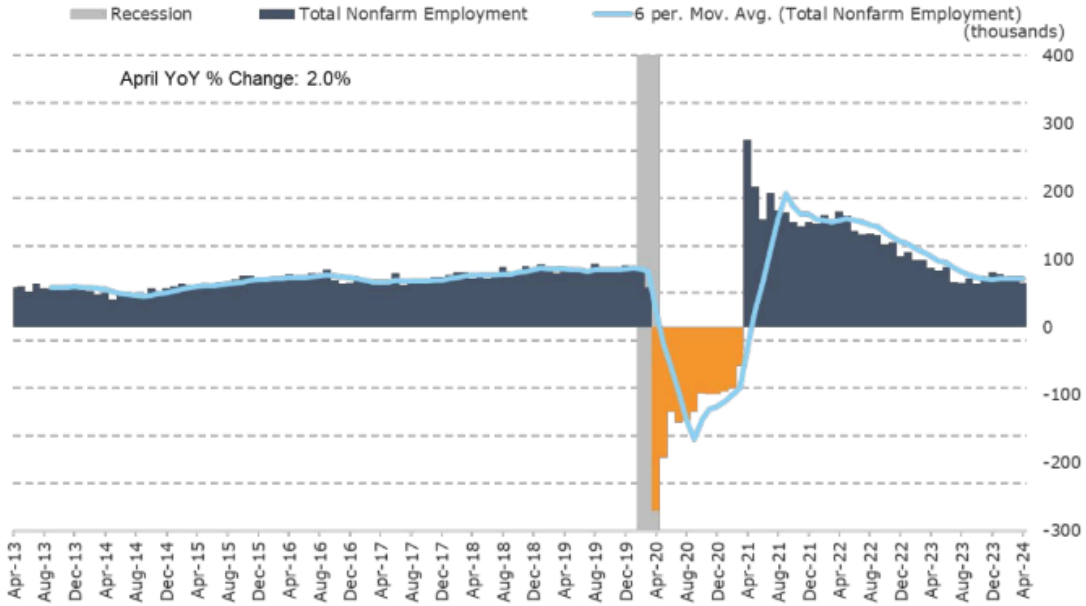


### Year-Over-Year Employment Change

Not Seasonally Adjusted

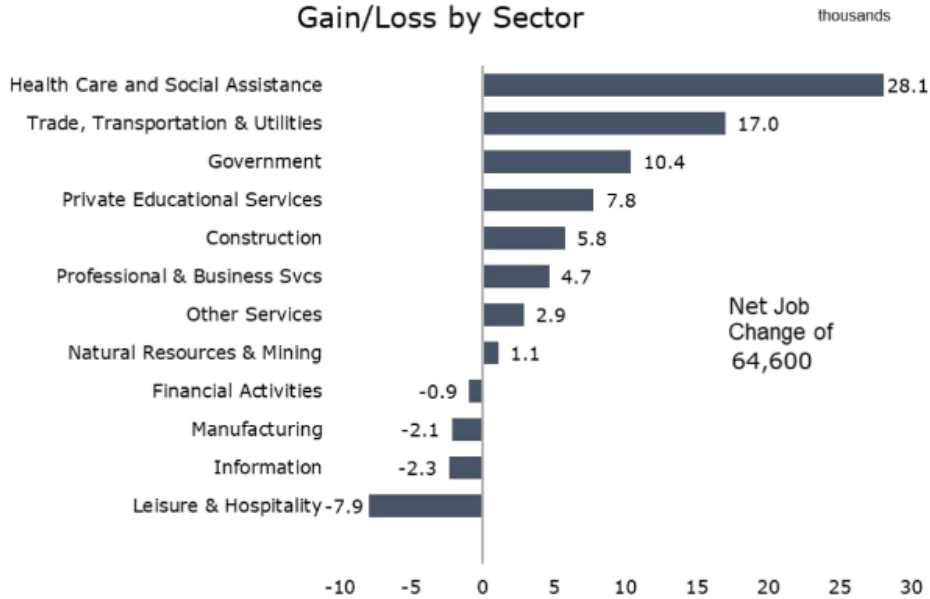


## Arizona Total Nonfarm Employment



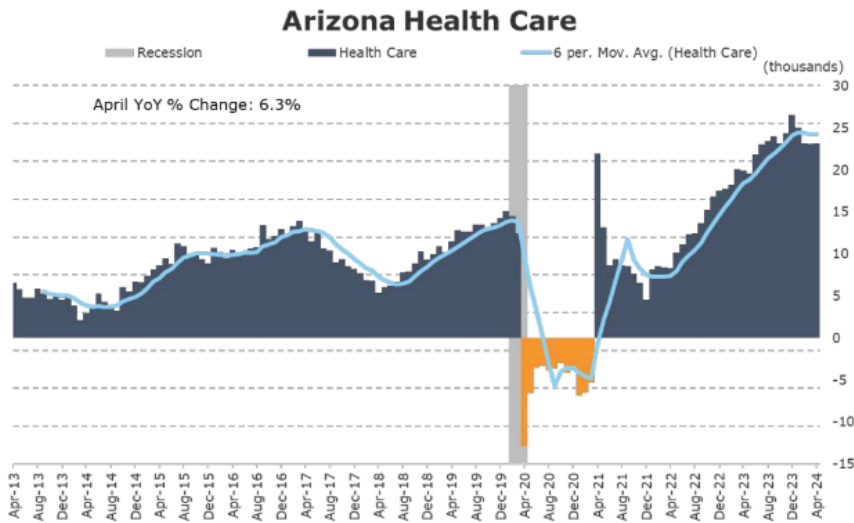
### Year-Over-Year Employment Change Not Seasonally Adjusted, April 2024

## Arizona NSA Year-Over-Year Employment Gain/Loss by Sector



### Year-Over-Year Employment Change Not Seasonally Adjusted

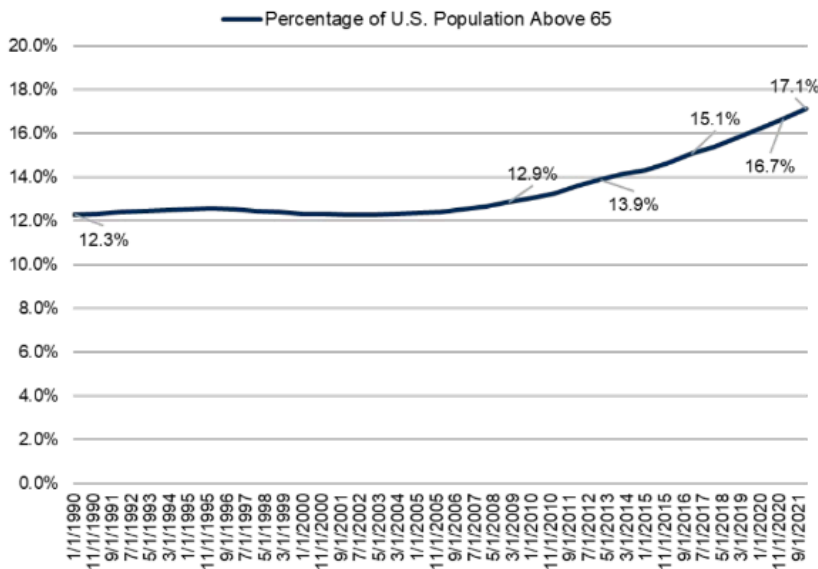
## Not Seasonally Adjusted



Health Care gained 23,200 jobs (6.3%)

- Ambulatory Health Care Services gained 13,500 jobs (6.6%)
- Hospitals gained 5,900 jobs (5.7%)
- Nursing and Residential Care Facilities gained 3,800 jobs (6.5%)

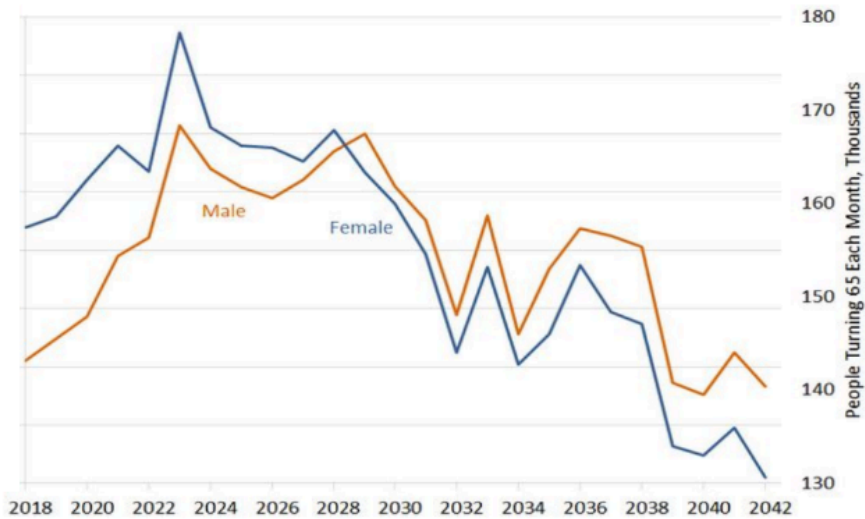
## Percentage of US Population Age 65+



- From 1990 to 2022, the share of individuals 65+ in the United States has increased from 12.3% to 17.1%
- Since 2006, the share of the population 65+ has increased each year

## The Aging US Population

# THE AGING U.S. POPULATION



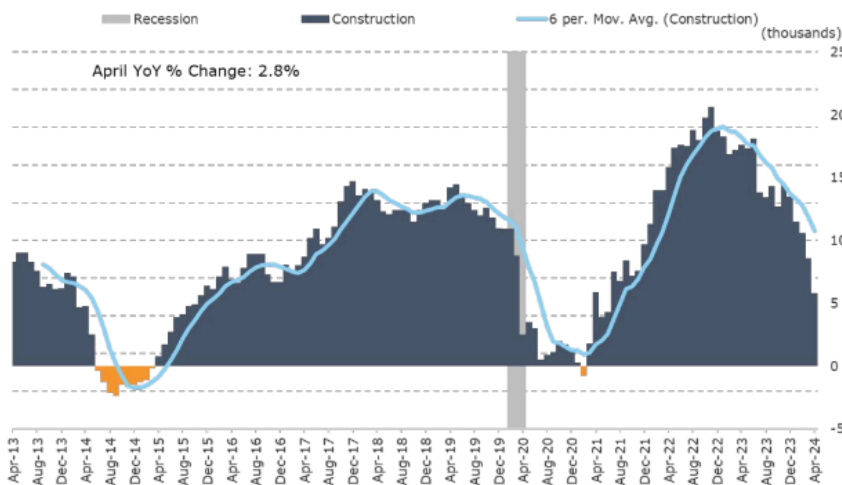
The number of people reaching retirement age will peak in 2023

Research has shown that nearly half of lifetime medical expenditures is incurred during the senior years (age 65+)

Health care job growth will be driven, in part, by increasing demand for health care services from older adults

## Year-Over-Year Employment Change Not Seasonally Adjusted

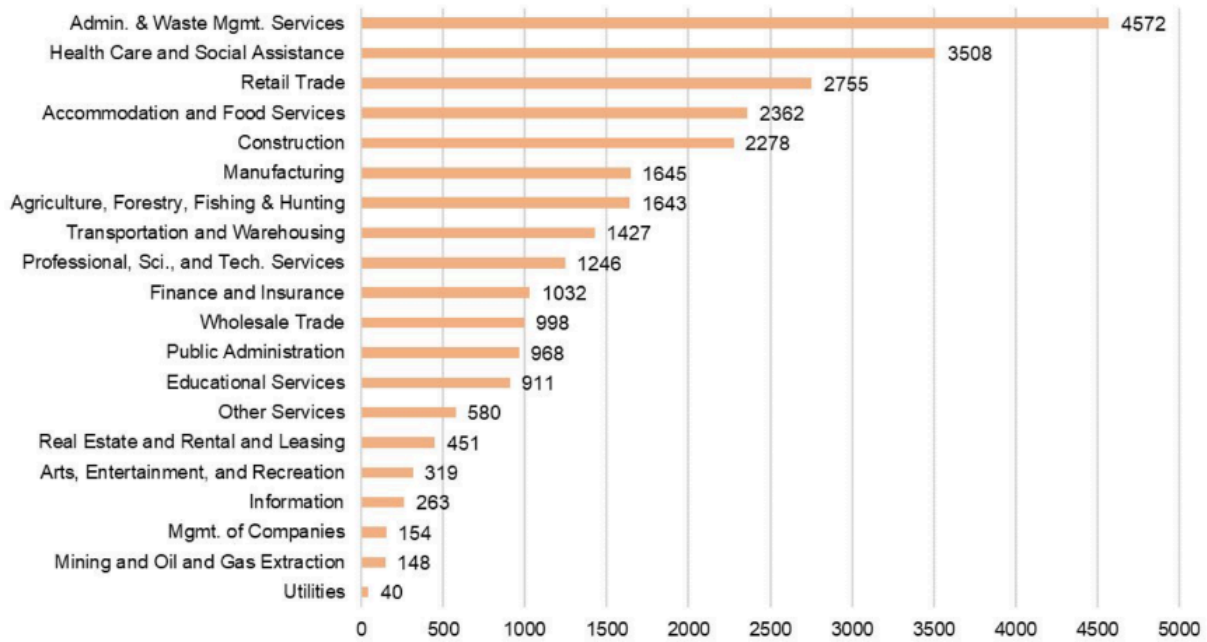
### Arizona Construction



Construction gained 5,800 jobs (2.8%)

- Construction of Buildings gained 3,300 jobs (7.5%)
- Specialty Trades Construction Contractors gained 1,500 jobs (1.1%)
- Heavy and Civil Engineering Construction gained 1,000 jobs (4.1%)

## Title I: Adult Program Participant Employment 2nd QTR After Exit by Industry



### Occupational Training Completion by Training Subject for Title I Adult Program

2021 Q1 to 2023 Q2		
Program	Completers	Completion Rate
Transportation and Materials Moving	2,425	81%
Health Professions	1,257	78%
Computer and IT	132	59%
Culinary and Personal Services	330	86%
Business Management and Marketing	110	73%
Law Enforcement and Firefighting	152	90%
Construction Trades	133	88%
Precision Production	45	87%
Mechanic and Repair	77	86%
Engineering	76	79%
Other	74	72%
<b>TOTAL</b>	<b>4,811</b>	<b>80%</b>

### Employment and Wage Outcomes by Occupational Training Subject; Title I Adult Program

Training Program Subject	Completers	Emp. 2nd Qtr. After Exit	Emp. 4th Qtr. After Exit	Wages 2nd Qtr. After Exit
Transportation and Materials Moving	1,126	77%	64%	\$10,087
Health Professions	772	85%	81%	\$9,460
Computer and IT	84	80%	67%	\$9,151
Culinary and Personal Services	122	61%	52%	\$5,898
Business Management and Marketing	78	73%	62%	\$6,836
Law Enforcement and Firefighting	77	94%	90%	\$14,436
Construction Trades	37	76%	62%	\$6,705
Precision Production	30	77%	70%	\$8,553
Mechanic and Repair	36	97%	89%	\$7,648
<b>TOTAL</b>	<b>2,410</b>	<b>80%</b>	<b>70%</b>	<b>\$9,612</b>

Chairman Gaspers thanked Mr. Walls for his presentation. Below are the Council's questions and comments.

NAME	COMMENT
John Walters	Is the employment rate increasing due to migration or an increase in labor force participation?
Doug Walls (Response)	Seeing increase due to migration to Arizona from other states.
Angie Rodgers	In regards to the temp agency slide, is there a way to dilute by age? Is it certain ages leaning on temporary labor?
Doug Walls (Response)	Yes, we would be able to take a deeper dive into a better understanding who the individuals are, including review of the the 2nd and 4th quarter to see if the employment is sustained or temporary.
Mark Gaspers	Would it also be possible to see if the temporary employment leads to full-time employment?
Doug Walls (Response)	If they found other employment in the 4th quarter we would be able to identify their industry. But do not believe that we would be able to tell if they moved from the temp agency to full-time employment if in the same industry.
Angie Rodgers	Would the individual be counted twice, if they started with the temp agency and then moved to full-time employment?
Doug Walls (Response)	They would be counted once.

## 9. Adjournment

John Walters motions to adjourn the meeting. Debra Margraf seconds the motion. The meeting is adjourned at 2:15pm.

*Pursuant to A.R.S. § 38-431.02, notice is hereby given to members of the Workforce Arizona Council and to the general public that the Council will hold a meeting, open to the public, on Thursday May 30th 2024, 1:00 pm in person at 1700 W. Washington Street Phoenix, AZ and via Zoom. For more information, please call (480) 798-4809.*

*Persons with a disability may request reasonable accommodation, such as a sign language interpreter, by calling (480) 904-0826. Requests should be made as early as possible to allow time to arrange the accommodation. A copy of the material provided to Committee members (with the exception of material relating to possible executive sessions) is available for public inspection at the Office of Economic Opportunity, located at 1400 W Washington St., Phoenix, AZ 85007*

*Under A.R.S. § 38-431.03(A)(3), the Council may vote to go into executive session, which will not be open to the public, for the purpose of obtaining legal advice on any item on the agenda.*

*At its discretion, the Council may consider and act upon any agenda item out of order. Members of the Council may appear electronically.*



DEPARTMENT OF ECONOMIC SECURITY  
*Your Partner For A Stronger Arizona*

Katie Hobbs  
Governor

Vacant  
Director

May 30, 2024

Mark Gaspers, Chair  
Workforce Arizona Council  
Arizona Office of Economic Opportunity  
1400 W Washington Street  
Phoenix, AZ 85007

Dear Chair Gaspers:

As the state grant recipient of Workforce Innovation and Opportunity Act (WIOA) Title I funds, the Arizona Department of Economic Security (ADES) is committed to ensuring that Rapid Response activities are available throughout the state, as required by statute and regulations. ADES is concerned that the option recommended by the Executive Committee of the Workforce Arizona Council on May 23, 2024, will limit the state's ability to plan and respond quickly to dislocation events as required and expected. While the regulations permit states to designate an entity or entities to carry out Rapid Response activities, the regulations also require the state to *"establish and maintain a rapid response unit to carry out statewide rapid response activities and to oversee rapid response activities undertaken by"* designated entities, which includes the Local Workforce Development Boards (LWDBs). We believe that the alternative option, presented as *Hybrid Option 3* to the Executive Committee, is a better choice to ensure that the needs of workers, employers, and communities impacted by dislocation events will be met.

The Act provides Arizona's Governor the option to withhold up to 25 percent of the state's Dislocated Worker funds, to provide the required Rapid Response activities. Funds are available for three years but must be used for specific Rapid Response activities during the first year of availability. Rapid Response funds not obligated in the first year may be used for other required and allowable statewide activities.

Prior to Program Year 2020/Fiscal Year 2021(PY20/FY21), Arizona withheld 10 percent for statewide Rapid Response activities with 90 percent of those funds allocated to the LWDBs and the state retaining 10 percent. Similar to Dislocated Worker funds, Rapid Response funds were made available to the LWDBs for two years. However, LWDBs were not using these funds during the first year for Rapid Response activities. Some were instead using them in the second year for non-Rapid Response activities, as 75 - 82 percent of the funds were spent after the first year. Others did not use them at all, resulting in the reversion of the funds (8-16 percent) to the State for the final year of availability. In 2020, the Workforce Arizona Council voted to withhold the full 25 percent, with the intent of developing a statewide implementation system. Development of the system was delayed, due to the COVID pandemic.

As a result, the implementation of a statewide Rapid Response service delivery system was delayed until July 2022, at which time a state Rapid Response team was created and began to provide assistance throughout the state, to workers, employers, and communities impacted by dislocation events. Funds were also made available to LWDBs In Program Year 2022/Fiscal Year 2023 (PY22/FY23), to develop work-based training activities and, most recently, to fund staff needed to quickly respond to dislocation events within their Local Workforce Development Areas (LWDAs). In PY23/FY24 (October 2023), rural LWDAs received \$325,000, and urban LWDAs received \$300,000. As of April 30, 2024, these funds have only been used minimally, with no LWDA using more than 20 percent of the allotted funds, and with two LWDAs using none of the funds received. While ADES agrees with the use of a “flat fund” approach to all LWDAs around the state, to ensure that the smaller areas have the resources available to address local needs, we are concerned about the Council increasing this funding level to \$490,080 when the LWDAs have historically been unable to spend the Rapid Response funds at the funding levels provided to them.

It should also be mentioned that the U.S. Department of Labor (USDOL) monitored the state last year, and issued a finding concerning the Rapid Response allocation process. As a result, the Rapid Response policy was recently revised to indicate that funds will be allocated to the LWDBs, but that any unobligated funds after one year (rather than two) will be returned to the state for Rapid Response activities or for required and allowable state activities. This section of the policy was based on guidance provided directly to ADES from USDOL.

I voiced additional concerns to the Executive Committee, regarding their recommendation of *Hybrid Option 2*. First, there is concern that this now represents the third major change in four years. Processes needed to develop a Rapid Response delivery system that is compliant with the Act and with regulations take time to develop and require consistency. This consistency is difficult to achieve when there is continued “flip-flopping” regarding the overall processes to be used to deliver Rapid Response services. There was also a statement made during the Executive Committee regarding revising the policy again next year, which will create, yet another change to the Rapid Response process.

Second, if the proposed methodology for reallocating Rapid Response funds to the LWDBs is approved without first requesting a proposal of spending plans, ADES will only be able to hold LWDBs accountable to spending based on the regulations. For instance, as the funds will be available to the LWDBs for two years, is there an expectation that funds will be used in the first year for required Rapid Response activities and, if so, how much should be carried over to the second year? If the Council has expectations, such expectations should be voted on prior to the distribution of funds, so that LWDBs will understand them and can respond, as appropriate.

Third, with minimal funds provided to ADES, the agency will be unable to provide additional funds to an LWDB that spends its entire allocation and then subsequently experiences a sudden immediate need, such as a disaster, a large plant closure or layoff, or an increased number of layoffs. It would also significantly limit ADES’ ability to address one-time funding opportunities



for LWDB initiatives and for Council/Arizona Office of Economic Opportunity (OEO) projects and administrative needs. It will impact ADES' ability to provide a coordinated approach as well, when a dislocation impacts multiple LWDAs, as activities and services to impacted workers and communities should be uniform, not limited to the services provided within each LWDA.

Finally, during the Workforce Arizona Council Executive Committee meeting, it was noted that reverting unused funds to the state is not a bad thing. However, waiting until the third year of funding availability to revert unused funds to the state creates a risk of funds being returned to USDOL, which may become a "race to the finish line" to see if the state or locals can use the funding prior to their expiration, and is not the most efficient or planful use of funds.

For the reasons stated, ADES recommends a *Hybrid Option 3*, in which ADES is able to retain the funding needed for the agency to maintain a State Rapid Response unit, as required by the Act and regulations, with an additional amount available to support LWDBs in the event that additional funding is needed to assist with a disaster or multi-area event. In addition, ADES asks that the Council set expectations regarding spending plans and performance, to be reviewed at the end of the first year, as well as the flexibility to adjust funding levels to address the needs of workers, employers, and local communities due to a sudden and unexpected dislocation event.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Angela B. Rodgers".

Angie Rodgers  
Executive Deputy Director  
Cabinet Executive Officer