



JANE DEE HULL
GOVERNOR
STATE OF ARIZONA

June 25, 2002

Ms. Emily DeRocco
Assistant Secretary
Employment and Training Administration
United States Department of Labor
200 Constitution Avenue N.W. Room S2307
Washington, D.C. 20210

Dear Ms. DeRocco:

Enclosed is Arizona's request for a waiver pursuant to Section 189(i)(4) of Public Law 105-220 to allow six of Arizona's Local Workforce Investment Areas (LWIAs) to act as a consortium for the purpose of delivering dislocated worker and rapid response services.

We believe that operating as a consortium would be beneficial to all partners by providing the following:

- A full time staff member that services each county;
- Leveraging resources for better services;
- Partnering with Arizona Department of Economic Security by utilizing available in-house case managers at the One-Stops and/or subcontracting with Job Service to minimize overhead costs.

The consortium agreement would grant the Gila County Re-Employment and Pre-Layoff Assistance Center (REPAC) the authority to administer each of the six local area's (Gila/Pinal, Graham, Greenlee, Apache, Navajo and Mohave/LaPaz) WIA Title I Dislocated Worker Formula and Rapid Response Allocations and to assign resources to meet the demand. These LWIAs represent small rural counties in Arizona that do not receive sufficient funding or have the resources to singularly run a successful dislocated worker program. By forming this consortium, the LWIAs will be able to conduct meaningful long and short term financial planning that is necessary to develop and deliver high quality services for dislocated workers.

Thank you for your consideration of this waiver request.

Sincerely,


JANE DEE HULL
Governor

cc: Armando Quiroz

GOVERNOR'S COUNCIL ON WORKFORCE POLICY

AGENDA ITEM NO. V.

COUNCIL MEETING DATE May 7, 2002

SUBJECT: Waiver Request for Consortium Agreement

SUBMITTED BY: Stan Flowers
Program Administrator (Acting)
Department of Economic Security

PRESENTED BY: Stan Flowers

BACKGROUND INFORMATION:

Six LWIAs have requested permission for a waiver, per Section 189(i)(4) of Public law 105-220, to form a consortium, with REPAC serving as program operator. The six LWIAs consist of Gila/Pinal, Graham, Greenlee, Apache, Navajo and Mohave/LaPaz. The purpose of this waiver and formation of a consortium is for the delivery of dislocated worker and rapid response services as outlined in Section 190(i)(4) of Public law 105-220, 20 CFR Subpart D, Sections 661.400, 410, 420, and 430.

It is the opinion of these six LWIAs that operating as a consortium with REPAC as the program operator would be beneficial to all partners. The LWIAs would benefit in the following manner:

- Providing a full time staff member that services each county;
- Leveraging resources for better services;
- Partnering with ADES by having available in-house case managers at the One-Stops and/or subcontracting with Job Service to minimize overhead costs.

Presently, smaller counties do not receive sufficient funding or resources to run a successful dislocated worker program. Without sufficient funding levels, LWIAs are unable to conduct meaningful long or short term financial planning that is necessary to develop and deliver high quality services for the dislocated worker. The Customer/dislocated worker would benefit by:

- The experience and expertise provided by the REPAC case managers that comprehend the needs for the participants;
- Serving more participants with additional training dollars;
- Providing customized training to the participants and employers.

These six LWIAs successfully participated in a consortium under JTPA and respectfully request this waiver to remove barriers created by the Workforce Investment Act of 1998. These six LWIAs feel that in order to continue to be successful under WIA and to meet the needs of the dislocated worker, they must continue to operate as a consortium

COUNCIL ACTION REQUESTED: [] INFORMATION [X] ACTION/DESCRIBED BELOW

Approve request to Governor for Waiver for Gila/Pinal, Graham, Greenlee, Apache, Navajo and Mohave/LaPaz to form a consortium with REPAC serving as the program operator for the delivery of dislocated worker and rapid response services.

ATTACHMENTS: YES [X] NO []

UNANIMOUSLY APPROVED BY THE GOVERNOR'S COUNCIL ON WORKFORCE POLICY
ON MAY 7, 2002

CONSORTIUM AGREEMENT

I. PURPOSE

This agreement is entered into by Gila County Re-employment and Pre-Layoff Assistance Center (REPAC) and the following six local workforce investment areas (LWIAs): Apache, Gila/Pinal, Graham, Greenlee, Mohave/La Paz and Navajo Counties. This agreement outlines the terms and conditions under which the consortium members shall operate to serve dislocated workers in the aforementioned counties under Title I of the Workforce Investment Act of 1998 (WIA). This agreement grants REPAC the authority to administer each local area's WIA Title I dislocated worker formula and rapid response allocations and to assign resources to meet the demand.

II. PROGRAMATIC ROLES AND RESPONSIBILITIES

A. Gila County REPAC

Gila County REPAC, hereinafter referred to as REPAC, shall be responsible for providing Core, Intensive and Training services to dislocated workers of the consortium consistent with Section 133 of Public Law 105-220, and Part 663, Subparts A, B, C, D, E, G, and H of 20 CFR Part 652 et al., Workforce Investment Act, Final Rules, August 11, 2000. REPAC staff shall provide these services through at least one comprehensive center in each of the LWIAs within the consortium.

REPAC shall enter into a Memorandum of Understanding (MOU) with each of the LWIAs. The MOU shall address the operation of the one-stop delivery system in the each local area for the implementation of the provisions outlined under Section 121(c) of Title I of the Workforce Investment Act and § 662.300 and 662.310 of 20 CFR Part 652 et al., Workforce Investment Act, Final Rules, August 11, 2000.

REPAC shall maintain all participant records for a minimum of five (5) years to meet the record retention policy of the Arizona Department of Economic Security/Workforce Development Administration (ADES/WDA). In the event of an audit finding, the records must be maintained three (3) years past the close of the contract. REPAC shall be responsible for any quality assurance reviews and findings. REPAC shall comply with the Workforce Investment Act of 1998, Federal rules and regulations and applicable OMB circulars.

B. Local Workforce Investment Areas (LWIAs)

In order to administer dislocated worker and rapid response funds, each LWIA/Workforce Investment Board (WIB) shall authorize, through public vote, REPAC the authority to administer WIA Title I dislocated worker and rapid

response allocation of funds for their respective areas. The LWIB Chairperson shall then present the agreement for approval to the Board of Supervisors. Upon approval by the Board of Supervisors, this agreement shall be submitted to the ADES/WDA.

The LWIAs shall develop and enter into a MOU between the LWIA and REPAC consistent with Section 121 (c) of Title I of the Workforce Investment Act of 1998.

The LWIAs shall make any required revisions to the Local Five-Year Plan and submit those revisions based on guidance provided by the ADES/WDA, if the provisions of this consortium agreement are absent from the current plan.

III. FINANCIAL RESPONSIBILITIES

REPAC shall provide dislocated worker services to the aforementioned six LWIAs as part of the consortium. As the needs of the LWIAs are unpredictable, it is the LWIBs' intent that dislocated worker funds be contracted directly from the ADES/WDA to REPAC so that funds may be utilized in a manner that maximizes benefit to the consortium. This shall enable REPAC to move dislocated worker funds to where the need exists within the consortium. All funds shall lose their local area identity upon receipt of funding from the ADES/WDA. Funding shall not be tracked separately by REPAC. REPAC shall be responsible for submitting one set of financial reports for dislocated worker program, administration and rapid response funds to the ADES/WDA (20 CFR Part 652, Section 667.220).

Each LWIA may transfer up to 20 percent of each program year's allocation for adult and dislocated worker employment and training activities between both programs. Each LWIA must determine and submit in writing to the ADES/WDA, with a copy to REPAC, their intent to exercise their authority to transfer funds prior to the start of each program year. ADES/WDA will reduce/increase each LWIA allocation consistent with the transfer request prior to releasing funds to REPAC.

Incentive dollars that are attributable to dislocated worker program performance shall be awarded to REPAC and utilized in the same manner as the formula funding allocation.

REPAC shall maintain all financial records for a minimum of five (5) years to meet the record retention policy of the ADES/WDA. In the event of an audit finding, the records must be maintained three (3) years past the close of the contract. The Gila County Board of Supervisors shall be financially responsible and liable for dislocated worker, any awarded incentive dollars, and rapid response funds and shall be accountable for any funding audit exceptions, according to the WIA Title I rules and regulations.

REPAC shall follow the Gila County Purchasing Policy and Procedures for the acquisition and dissolution of real property.

IV. PERFORMANCE MEASURES

REPAC shall merge the performance data of the consortium members for State and Federal reporting. REPAC shall be responsible for all participant tracking and reporting activities and shall provide quarterly performance reports to ADES/WDA as one entity, i.e., no distinction between actual county performance. Of the 15 core performance and two customer satisfaction indicators identified by the Department of Labor, four (4) core indicators shall be applied for dislocated workers: (1) entered employment rate; (2) employment retention rate at 6-months; (3) wage replacement at 6-months; and (4) employment and credential rate. REPAC shall be accountable for any additional performance indicators as established by the Governor.

Each LWIA shall authorize REPAC to negotiate one level of performance for each of the four dislocated worker core indicators with the ADES/WDA on behalf of the parties in the consortium.

REPAC shall be responsible for establishing a comprehensive performance accountability system for dislocated workers that meets the needs of the consortium consistent with Section 136 of Public Law 105-220 and Part 666, Subpart C of 20 CFR Part 652 et al., Workforce Investment Act, Final Rules, August 11, 2000. This includes all required internal monitoring of program services and documentation, submitting information as required for the distribution of an annual report of progress, and establishing a model for continuous improvement. REPAC staff shall coordinate, with local One-Stop partners, and shall perform outreach activities to the business community to ensure that information on all One-Stop partner programs is available.

REPAC shall have open communication with all consortium members and shall invite interested parties to an annual planning session to discuss all aspects of the dislocated worker program, which shall include suggestions for continuous improvement.

REPAC shall provide performance reports to the consortium LWIAs and ADES/WDA on a quarterly basis. REPAC and the LWIBs shall review and evaluate yearly performance to ensure required performance levels are achieved. LWIBs shall determine if any adjustments or corrective actions are warranted. REPAC shall monitor, review and evaluate actual performance against expectations to ensure quality assurance.

REPAC shall generate and report WIA exiters to the ADES/WDA for customer satisfaction performance measures on a monthly basis.

V. TERM OF AGREEMENT

This agreement shall be in effect until such time as any member of the consortium withdraws from the agreement. Any member may withdraw by giving 90 days written notice of its intent to REPAC and the members of the consortium prior to the beginning of a new program year. In such cases, all pertinent terms of this agreement shall continue in effect for the remaining members.

VI. NOTICE

Any and all notices in connection to this agreement shall be delivered in person or sent by U.S. Mail, postage prepaid, to the persons at the addresses indicated below.

Gila County REPAC
S.L. Ashworth, Program Coordinator
P.O. Box 2778
Globe, AZ 85502

Apache County Workforce Partnership
Donna Stock, Program Manager
1359 E. Main St. Highway 60
Springerville, AZ 85938

Greenlee Career Center
Evangelina Esquivel
P.O. Box 1537
Clifton, AZ 85533

Graham County Employment & Training
Neil Karnes
826 W. Main St.
Safford, AZ 85546

Navajo Workforce Investment Board
Ms. Gail Sadler, Director
155 W. Center St.
Snowflake, AZ 85937

Mohave County Community Development
Susie Parel-Duranceau, Director
P.O. Box 7000
Kingman, AZ 86402-7000

Gila/Pinal Workforce Investment Board
Barbara Valenica, Program Coordinator
P.O. Box 2778
Globe, AZ 85502

LaPaz Career Center
Cheryl Burns, Director
1113 Kofa Avenue
Parker, AZ 85344

VII. ENTIRE AGREEMENT

IGAs and MOUs shall be developed between the consortium members and REPAC to incorporate the terms stated above.

This agreement contains the entire understanding of the parties hereto. There are no representations or provisions other than those contained herein.

VIII. CANCELLATION OF AGREEMENT

This Agreement is subject to cancellation pursuant to A.R.S. Section 38-511.

**GILA COUNTY
RE-EMPLOYMENT AND PRE-LAYOFF
ASSISTANCE CENTER**

By: _____
Bob Maldonado, Director
Community Services Division

Date _____

By: _____
S. L. Ashworth, Program Coordinator

Date _____

APACHE COUNTY

LWIB Chairperson
Date _____

Chairperson, Board of Supervisors
Date _____

APPROVED AS TO FORM:

By: _____
Apache County Attorney
Date _____

GILA/PINAL COUNTY

LWIB Chairperson
Date _____

Chairperson, Board of Supervisors
Gila County
Date _____

APPROVED AS TO FORM:

By: _____
Gila County Attorney
Date _____

GRAHAM COUNTY

LWIB Chairperson
Date _____

Chairperson, Board of Supervisors
Date _____

APPROVED AS TO FORM:

By: _____
Graham County Attorney
Date _____

GREENLEE COUNTY

LWIB Chairperson
Date _____

Chairperson, Board of Supervisors
Date _____

APPROVED AS TO FORM:

By: _____
Greenlee County Attorney
Date _____

MOHAVE/LA PAZ COUNTY

LWIB Chairperson
Date _____

Chairperson, Board of Supervisors
Mohave County
Date _____

APPROVED AS TO FORM:

By: _____
Mohave County Attorney
Date _____

Chairperson, Board of Supervisors
La Paz County
Date: _____

APPROVED AS TO FORM:

By: _____
La Paz County Attorney
Date _____

NAVAJO COUNTY

LWIB Chairperson

Date _____

Chairperson, Board of Supervisors

Date _____

APPROVED AS TO FORM:

By: _____

Navajo County Attorney

Date _____

STATE OF ARIZONA
WAIVER REQUEST TO THE SECRETARY OF LABOR
WORKFORCE INVESTMENT ACT, TITLE IB
Portions of Section 133: Within State Allocations and
Section 136: Performance Accountability

Background:

Under the Job Training Partnership Act (JTPA) of 1982, dislocated worker funds were allocated to four sub-state areas in Arizona. One of the sub-state areas was Gila County Re-Employment and Pre-Layoff Assistance Center (REPAC). REPAC was the grant recipient and program operator for ten (10) Service Delivery Areas.

Six (6) Local Workforce Investment Areas (LWIAs) have requested that the Governor of Arizona seek a waiver to those relevant sections of the Workforce Investment Act (WIA) to allow Gila County REPAC to serve as the program operator for their dislocated worker and rapid response allocations retroactive to July 1, 2000. The six LWIAs include: Apache, Gila/Pinal, Graham, Greenlee, Mohave/La Paz, and Navajo Counties. These six LWIAs wish to operate as a consortium allowing funds allocated to their respective local areas to be pooled by Gila County REPAC for the purposes of delivering dislocated worker and rapid response services throughout these local areas. In addition, the six LWIAs wish to delegate authority to Gila County REPAC to negotiate and report performance levels on behalf of the consortium.

The Problem:

The dislocated worker funding formula applied at the federal level does not adequately address the variations incurred within states in regards to mass layoff and major dislocation events. The formula does not consistently allocate funds based on local need. The problem stems from the fact that Apache, Graham, Greenlee, and Navajo LWIAs do not receive sufficient formula funds to conduct effective dislocated worker programs, let alone hire staff to conduct them. For example, in PY2001, Navajo County received a formula allocation of \$15,455, although over \$79,000 was needed in order to serve the 51 dislocated workers seeking services, not as a result of mass layoff or declining industry. During the same program year, both Graham and Greenlee Counties received a combined allocation of \$51,000. However, over 150 individuals were dislocated through mass layoffs and plant closures. There was not sufficient funding to assist all that requested help.

This lack of funding through formula allocation does not allow these local areas to independently conduct meaningful long or short term financial planning that is necessary to develop and deliver high quality services for the dislocated workers. In addition, low funding levels only permit limited enrollments. Unsuccessful exits from the program greatly skew performance statistics and significantly impact the numerator and denominator calculations for performance. Because of limited funding, a local area may be tempted to screen potential enrollees to ascertain potential success, thus limiting service delivery to needy citizens.

Statutory or Regulatory Requirements for Which a Waiver is Requested:

Public Law 105-220, Section 133(b)(2)(B). Within State Allocations: requires dislocated worker employment and training funds to be allocated to each local area based on an allocation formula prescribed by the Governor. The Governor of Arizona is requesting that Gila REPAC be allocated the dislocated worker funds for the six local areas by the Arizona Department of Economic Security, Workforce Development Administration. Through a local consortium agreement, each LWIA will authorize Gila County REPAC to act on their behalf in the expenditure of dislocated worker and rapid response funds.

For clarification purposes, each local area will retain the authority to transfer up to 20% of their adult or dislocated worker funds between the two programs. The decision to transfer funds must be made prior to the Arizona Department of Economic Security, Workforce Development Administration, issuance of the dislocated worker funds to Gila REPAC.

Public Law 105-220, Section 134(a)(2)(B)(iii). Other Required Statewide Employment and Training Activities: defines required uses of statewide funds reserved by the Governor, including providing incentive awards to LWIAs, based on exemplary performance. The Governor of Arizona requests that Gila REPAC be awarded any incentive funds as a result of exemplary performance with the dislocated worker core indicators on behalf of the six local areas, per the incentive awards policy as issued by the Arizona Department of Economic Security, Workforce Development Administration.

Public Law 105-220, Section 136(c). Local Performance Measures: defines the local area performance measure indicators and the methodology for local areas to negotiate and reach agreement on the local area performance based on the State adjusted levels. Other references to required local area activities in regards to performance levels are detailed in **20 CFR Part 652 et al., §§666.300, 666.310**. The Governor of Arizona is requesting that Gila REPAC be permitted to negotiate the dislocated worker core indicators for the six local areas collectively. The same core indicators would apply to all six local areas, regardless of local economic factors or characteristics of local populations. In addition, Gila REPAC will represent the six LWIAs in preparation for the state's annual report.

Public Law 105-220, Section 136(h). Sanctions for Local Areas Failure to Meet Local Performance Measures: defines circumstances under which a local area can be sanctioned for failure to meet performance levels. The Governor of Arizona requests that Gila REPAC bear all responsibility in the event of failure to meet performance levels with the dislocated worker core indicators on behalf of the six LWIAs, as described in this section.

Actions Taken to Remove Barriers:

Because mass layoffs and major dislocation events are not predictable, the state of Arizona has been unable to effectively manipulate the dislocated worker funding formula to benefit all areas of the state where need exists. The dislocated worker formula factor weights were changed in June 2001 to move money where the need dictated. Placing significant weight on the "declining industries" factor moved money from some rural areas that benefited from weighing heavily on unemployment factors. However, these areas were not showing signs of reasonable dislocated worker activity and expenditures. Therefore, in doing so, the formula also moved funds away from the smaller rural counties showing dislocated worker activity, but not because of the declining industry factor.

Although Governor reserve rapid response funds were available for allocation to these areas of need, dislocation was not a result of rapid response-type activities.

The six LWIAs previously mentioned used Gila County REPAC as their program operator for PY2000 and 2001, although funds and performance were reported separately. None of the six local areas met performance levels for the "Dislocated Worker Entered Employment and Credential Rate." As a state, Arizona failed to meet performance on this measure also.

Goals of the Waiver:

The benefits of allowing the six LWIAs to operate as a consortium for dislocated worker activities include:

- ◆ Providing a full-time staff member for each county
- ◆ Leveraging resources and using them where the need arises
- ◆ Allowing services to be delivered in local areas with insufficient formula funds
- ◆ Increasing service levels so that performance standards and measures do not dramatically change

While operating the dislocated worker program under JTPA as a sub-state area, Gila County REPAC met or exceeded performance each year through Program Year 1999. The consortium, during that time, also received numerous awards including the Distinguished Performance Award by the National Alliance of Business and recognition awards by the Enterprise Council for Superior Performance, High Customer Service, and Quality Management Practices.

Individuals Impacted by the Waiver

In addition to the citizens seeking dislocated worker services through the six LWIAs, the LEOs are impacted by the waiver requests. Per the Consortium Agreement attached to this waiver, the LEOs in the Apache, Graham, Greenlee, Mohave/La Paz, and Navajo LWIAs agree to delegate authority and responsibility to the LEOs in the Gila/Pinal LWIA.

The Arizona Department of Economic Security, Workforce Development Administration, is also a party in this waiver request in that it is the state grant administrator for WIA Title IB funds. Staff from the Administration have agreed to work directly with Gila County REPAC in regards to funds allocation and performance level negotiations.

Public Comment

A copy of the waiver request was forwarded to each Local Workforce Investment Area director, each of the 19 tribal program directors, the Department of Education, the Department of Commerce, and the Ensuring Opportunity Coalition (Arizona office of the AFL-CIO) for public comment. One comment was received from one of the six LWIAs in the proposed consortium. Those comments are attached.

In addition, a public comment period was provided during the Tuesday, May 7, 2002 Governor's Council on Workforce Policy meeting, at which the recommendation to forward this request to the Governor was made. There were no public comments provided.