



**WIOA Annual Statewide Performance  
Report Narrative for  
Title I and Title III  
Program Year 2017**

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# ARIZONA@WORK

Arizona's workforce system, branded ARIZONA@WORK encompasses the Workforce Arizona Council (Council), the Arizona Office of Economic Opportunity (AOEO) that staffs the Council, and the core programs identified by the Workforce Innovation and Opportunity Act (WIOA). Specifically, ARIZONA@WORK identifies Title I led by Local Workforce Development Boards (LWDBs), Title II administered by the Arizona Department of Education (ADE), and Titles III and IV administered by the Arizona Department of Economic Security (DES). DES is the state workforce agency, fiscal agent and administrative entity for the following WIOA core programs: Title I-B Adult, Dislocated Worker, and Youth Programs, Title III Wagner Peyser, and Title IV-Vocational Rehabilitation. ADE funds and oversees Title II Adult Education Services.

Governor Doug Ducey's vision for Arizona is to build a pro-growth economy that provides opportunity for all and creates prosperous communities. The Council, seated in January 2016, provides statewide policy direction, builds partnerships, and supports DES and ADE, as the lead agencies, in promoting efficiency, accessibility, and continuous improvement.

Arizona, with leadership from the Governor and the Council, is motivated to build strong partnerships among the state's Local Workforce Development Boards (LWDBs), core ARIZONA@WORK partners, and other required partners. This involves creating meaningful linkages between the education and workforce systems, aligning data so that metrics can be better defined and more easily measured; and helping people of all backgrounds gain employment and prosper in a rapidly changing economy. United under a common identifier, the system players are engaging in strategic partnerships that strengthen the state's ability to encourage economic growth by leveraging its qualified workforce.

## ARIZONA ECONOMIC UPDATE

AOEO produces demographic, labor force, regulatory, workforce, and economic information for Arizona. AOEO submitted the following summary of economic highlights for Program Year (PY) 2017.

Arizona's economy consists of a wide range of industries offering opportunities for individuals seeking employment of all types. Since the end of the Great Recession in calendar year (CY) 2009, employment growth has rebounded in a majority of sectors, while CY 2017 personal income levels and state gross domestic product (GDP) have both increased over CY 2016 levels. Other indicators of economic importance also show

positive improvements for the Arizona economy:

- Population levels continue to increase across the state as individuals from other states seek increased economic opportunities in Arizona;
- Unemployment levels and labor force participation rates among Arizona residents have remained fairly level in PY 2017;
- State and local housing sectors continue to improve with gradually rising levels of building construction permits, construction starts, and housing prices;
- Total employment is projected to increase by 2.6 percent from PY 2017 through PY 2018; however these gains will not be shared equally among all industry supersectors;
- Arizona gained 69,000 nonfarm jobs in PY 2017;
- The State Coincident Index for Arizona, an indicator for measuring economic activity, has increased and exceeded its prior peak in July 2007; and
- Per capita personal income in Arizona continues to lag behind the national average, but it is growing.

This section summarizes labor market and workforce trends occurring within the Arizona economy to help address and manage future workforce challenges.

Population growth in Arizona is projected to increase 1.7 percent (120,241 individuals) in CY 2018 (refer to Figure 1 in Appendix I). Roughly one-third of this growth is attributed to natural change (more births than deaths), while two-thirds of this growth is attributed to net migration (more individuals moving into Arizona than leaving). Special population changes are related to the temporary residencies caused by university students

Arizona's population growth rate has increased every year since CY 2010 (refer to Figure 2 in Appendix I). CY 2009 and CY 2010 had particularly low population growth rates due to the impacts of the Great Recession. The employment levels in Arizona declined during these years; and as employment opportunity is a major driver of population increases, net migration declined as well. As the state recovered, net migration began to increase. This population growth can, in turn, fuel additional economic growth through the infusion of new consumers demanding goods and services.

Since the Great Recession, Arizona's unemployment rate and labor force participation rate have generally trended downward, but in PY 2017, both rates began to stabilize and remain fairly level. These trends mirror the national trends, as is illustrated in Figure 3 and 4 (refer to Figures 3 and 4 in Appendix I). The seasonally adjusted unemployment rate for Arizona began in PY 2017 at 4.8 percent and declined to 4.7 percent at the end of the year, as compared to the national adjusted employment rate which began the year at 4.3 percent and subsequently declined to 4.0 percent by the end of PY 2017.

The unemployment rate is only one factor to consider regarding labor underutilization. It is also important to understand the number of individuals participating or not participating in the labor force. If individuals are not participating, what are the potential reasons for this decision? Figure 5 compares monthly labor force participation rates between the U.S. and Arizona (refer to Figure 5 in the Appendix 1). The downward trend for the labor force participation rate in both the U.S. and Arizona began before the Great Recession, however, during PY 2017, the labor force participation rate in both Arizona and the U.S. remained fairly level.

Traditional measures of unemployment do not capture all idle segments of the population. Some job seekers leave the civilian labor force because they are discouraged. Others are working part-time and would like to be employed full-time. These individuals are not included in the traditional unemployment rate because they are either employed, though only part time, or are not in the labor force at all. The Alternative Measures of Labor Underutilization estimates, produced by the U.S. BLS, identify these workers as Discouraged, Marginally Attached, or Involuntary Part-Time. The most recent data published (annual average ending 2018 Quarter 2) show that discouraged and involuntary part-time worker levels have declined compared to one year ago (refer to Figure 6 in the Appendix). During this same period, marginally-attached worker levels have increased (refer to Figure 6 in the Appendix I).

Figure 7 shows nonfarm employment levels and the percentage change from prior Program Years (refer to Figure 7 in the Appendix). The increases in PY 2017 were roughly the same as PY 2016, but Construction and Manufacturing saw large percentage increases:

- The 2.5 percent total nonfarm employment level growth rate during PY 2017 was slightly less than the rate of 2.9 percent during PY 2016;
- Arizona's growth rate exceeded the growth rate of the U.S. (1.6 percent);
- Construction grew at a rate of 10.2 percent in PY 2017;
- Manufacturing grew at a rate of 5.3 percent;
- Education and Health Services grew by 3.4 percent (compared to 3.7 percent in PY 2016);
- Leisure and Hospitality grew by 2.7 percent (compared to 3.4 percent in PY 2016); and
- No supersector experienced negative growth in PY 2017.

During PY 2017, 69,000 jobs were added in Arizona. All supersectors gained jobs in PY 2017 such as: 15,000 jobs in Construction; 14,400 jobs in Education and Health Services; 10,400 jobs in Professional and Business Services; 8,700 jobs in Manufacturing; 8,600 jobs in Leisure and Hospitality; 5,200 jobs in Trade, Transportation, and Utilities; 4,300 jobs in Financial Activities; 1,000 jobs in Government; 700 jobs in Information; 600 jobs in Other Services; and 100 jobs in Natural Resources and Mining.

The distribution of job growth is predominantly concentrated in the Phoenix Metropolitan Statistical Area (MSA), but six out of seven MSAs showed positive growth in PY 2017. Phoenix and Lake Havasu City-Kingman showed job growth that exceeded the rate of Arizona. Four MSAs showed growth that exceeded the rate of the U.S.: Phoenix (3.4 percent), Flagstaff (2.4 percent), Prescott (2.2 percent), and Tucson (2.0 percent). The Yuma MSA showed 0.4 percent growth, and Sierra Vista-Douglas lost 1.2 percent of nonfarm jobs. (refer to figure 8 in Appendix I).

Figure 9 shows how the composition of Arizona's economy has changed in the past decade. Education and Health Services has increased its share by 3.2 percent since June of 2008 (refer to Figure 9 in the Appendix I). These increases mostly occurred at the expense of Government jobs and Construction jobs, which lost 2.0 percent and 1.6 percent of their shares, respectively. Next, Leisure and Hospitality increased its share by 1.3 percent at the expense of Trade, Transportation, and Utilities which lost 1.1 percent of its share. Finally, Financial Activities increased its share by 0.9% while Other Services lost 0.7 percent of its share. These trends show that over a decade, the Arizona economy has changed its employment composition.

Figure 10 shows the short-term employment projections for supersectors in Arizona. All

supersectors are projected to grow in Arizona from 2017-2019 (Refer to Figure 10 in the Appendix I). Eight of the 12 supersectors are projected to grow at a rate that exceeds projected population growth (3.4 percent). The three largest percentage increases are projected to occur in Construction (10.7 percent); Financial Activities (6.8 percent); and Education and Health Services (6.6 percent). The largest numeric growth is projected to occur in Education and Health Services (39,779); Professional and Business Services (22,391); and Leisure and Hospitality (19,547).

The Coincident Economic Activity Index is another economic indicator compiled by the Federal Reserve that tends to correlate with economic growth. Figure 11 shows the changes in the Coincident Economic Activity Index over time (Refer to Figure 11 in Appendix I). As the Coincident Index increases, economic growth tends to increase. This index combines four variables: total nonfarm employment, average hours worked in manufacturing, the unemployment rate, and wages. Arizona's Coincident Index peaked in October of 2007 at 100.91, and its lowest point after the recession was October of 2009 at 90.54. In June of 2018, Arizona's Coincident Index was 146.20, which is an increase over June of 2017's coincident index of 140.64.

The income of Arizona residents is also increasing. Arizona's per capita personal income in 2017 was \$41,633. This is an increase of 2.7 percent from 2016's per capita personal income of \$40,546 (refer figure 12 in Appendix I). Over the same period, per capita income in the U.S. grew by 2.4 percent to \$50,392 in 2017.

Arizona's economy received a disproportionate share of economic contraction during the Great Recession. It has slowly recovered, and now the Arizona economy is nearly as robust as the prior economy before the recession. Indicators like population growth, employment growth, GDP growth, and unemployment rates have shown broad positive trends. Additional indicators like the coincident index and industry projections all predict positive growth. Arizona is currently on a path of modest, broad growth among almost all segments of the economy.

## **STATE-LEVEL ACTIVITIES**

### **Workforce Innovation and Opportunity Act Implementation Activities**

DES initiated weekly huddles and monthly operations meetings with the 12 LWDA's and core programs to improve communication, review common performance measures, share best practices, and provide a forum to identify problems to resolve as a team. These activities provide a forum for the team to discuss statewide implementation issues,

streamline service delivery, reduce duplication of services and provide high-quality, customer-centered services.

DES sponsored three Seminars in Excellence sessions for the LWDA's. The seminars included technical assistance sessions on Case Management, Business Services, and Super Circular/Finance Management. Technical assistance included providing Memorandum of Understanding (MOU) templates and Infrastructure Funding Agreements (IFAs). DES provided technical assistance on Work Experience (WEX), Youth Program Elements, WIOA Title I-B Adult and DW Services, the Measurable Skill Gains performance indicator (one of the performance measures for WIOA), and the Statistical Model (used for performance negotiations between the DES and United States Department of Labor (USDOL) for WIOA programs).

Partners will continue to discuss implementation issues such as common performance measures, data sharing, and streamlining of service delivery to reduce duplication of services and provide high-quality, customer-centered services.

### **WIOA Title I and III Policies**

During PY 2017, the Council approved revision to the ARIZONA@WORK WIOA Statewide Monitoring, the ARIZONA@WORK Job-Center MOU and Infrastructure Costs, and the Certification of ARIZONA@WORK Job Centers policies.

DES updated the following WIOA Title I-B operations policies: Adult and DW Programs, Youth Program, Training Services, Equal Opportunity, Record Retention, and Rapid Response, and developed two new fiscal policies: WIOA Title I Transfer of Funds and Administrative Costs policies. DES issued policy broadcasts regarding Measurable Skill Gains, registered apprenticeship program application requirements for the Eligible Training Provider List (ETPL), exits excluded from performance accountability measures calculations, and supplemental wage information requirements. DES revised monitoring tools for the WIOA Title I-B Adult, DW, and Youth Programs, Training Providers, and training programs, as well as, developed two tools to assist LWDBs with program performance: the Training Program Credential Checklist, which assists to identify training programs resulting in a federally-recognized credential; and the Measurable Skills Gain Checklist which assists to identify types of measurable skill gains based on specific types of education or training programs. During PY 17, the WIOA Title III Employment Service Policy and Procedures Manual was updated, and Limited English Proficiency procedures were updated for WIOA Title I-B and Title III.

### **Eligible Training Provider List**

The Eligible Training Provider List (ETPL) is comprised of Eligible Training Providers (ETPs) and programs that are approved by the LWDA and the State in order to provide training services to eligible WIOA Title I-B program participants. The ETPL and the related eligibility procedures ensure the accountability, quality, and labor market relevance of all training programs approved for inclusion. These training programs prepare students for a wide range of related occupations allowing for maximized customer choice. The training programs must be relevant to in-demand occupations and aligned with sector strategies.

The Arizona ETPL is a module within the AJC system available online at [www.azjobconnection.gov](http://www.azjobconnection.gov). The description of each program on the ETPL includes a synopsis of the program, the length of the program, accreditation information, the total cost of the program, a breakdown of all costs associated with the program, and the credential attainment rate. Each program description on the ETPL identifies occupations for which a student will acquire job readiness skills upon completion of the training program. The minimum entry wage for each related occupation is listed allowing participants to make an informed choice about their training options.

At the end of PY 2017, the ETPL contained 237 approved training providers and over 1,200 approved training programs which included programs in both rural and metropolitan areas of Arizona, as well as, online training programs. There was a slight decrease both in number of providers and the number of programs when compared to PY 2016 due to various reasons which include: non-use of the program in over two years, failure to meet WIOA requirements, or from direct requests from the training provider.

### **Arizona Apprenticeship Office**

The Arizona Apprenticeship Office (AAO) within DES has been working closely with LWDB members, and LWDA Operations staff to identify apprenticeship representation on LWDBs and develop strategies for engaging the business community and increasing the visibility of the Apprenticeship Program. DES is the State Registration Agency providing all apprenticeship services to Arizona. In order to comply with the Arizona Governor's Executive Order 2015-10, the Council maintains a subsidiary committee known as the Arizona Apprenticeship Advisory Committee (AAAC). The AAAC assists and advises AAO staff of any apprenticeship issues that may arise. The AAAC meets quarterly and the chair of the AAAC, who is also a member of the Council, provides a quarterly report to the Council regarding apprenticeship activities in Arizona.

The AAO is creating and developing apprenticeship opportunities for occupations that would be categorized non-traditional, such as Water and Waste-Water Treatment, Hotel and Lodging Industry, National Restaurant Industry, Pharmacy Technician with a national pharmaceutical chain and Barbering and Insurance Sales. The apprenticeship team

maintains active contact with the Business Service Team and presents apprenticeship opportunities to statewide stakeholders including: employers; industry groups; chambers of commerce; veterans groups; RSA; community colleges; as well as the ADE, including the Career Technical Education Districts (CTEDs) in all areas of Arizona.

The AAO developed a strategic plan in consultation with the DES, Employer Engagement Administration and the Arizona Commerce Authority in order to align goals and activities with the sector strategies and initiatives identified by LWDA in their local plans. The AAO staff conducted site visits to the LWDA to engage with the LWDA Business Service Teams and ES staff regarding the benefits of partnering with registered apprenticeship programs and providing more opportunities for their customers to enter into a career, not just a job through registered apprenticeship. The Arizona Apprenticeship Program has assisted all the LWDA, including the Nineteen Tribal Nations (NTN), with outreach efforts and technical assistance to increase their registered programs and to help expand the programs by adding new occupations. (Refer to Figure 13 in Appendix I for the total apprentices and programs served through the AAO.)

### **Rapid Response**

The DES State Rapid Response Coordinator is responsible for the entry of all Worker Adjustment and Retraining Notifications Act (WARN) notifications into the AJC system. The State Rapid Response Coordinator sends out all WARN notifications to the LWDA Rapid Response Coordinators that are responsible as first responders to employers that are closing a business or experiencing a mass layoff. Upon receipt of the WARN notification, the Coordinators meet with the employer to discuss the coordination of ARIZONA@WORK services to support the individuals being laid off and the employer. The rapid response can also include layoff aversion activities when applicable. When layoffs occur that do not meet the WARN notice requirements (based on the number of individuals affected by the layoff), the LWDA Rapid Response Coordinators also provide rapid response services and determine enrollment in the DW program for individuals affected by the layoff and assist them with their path to reemployment. In October 2017, the State Rapid Response Coordinator conducted a Rapid Response Roundtable to discuss the WIOA regulations, State Rapid Response policies, and other Rapid Response guidance. The discussion included the completed Rapid Response Self-Assessment Tool for the Metro and Rural areas of the state along with the strategies to improve the State's Rapid Response system (Refer to Figure 14 in Appendix I).

### **Reentry Program**

In an effort to create safer communities by reducing recidivism, the DES and the Arizona Department of Corrections (ADC) opened the State's first three Second Chance Centers (SCC) targeted at serving inmates who were deemed most likely to recidivate. DERS and

ADC staff work together to remove barriers for SCC participants by offering employment readiness services including vocational and soft skills training, résumé assistance, interview techniques, basic computer training, and nutritional and medical services to prepare them for the workforce upon release. Since its inception in 2017, more than 1,000 individuals have successfully completed the reentry program with approximately 50 percent achieving placement in gainful employment. Results demonstrate that a steady income and fulfilling employment reduces recidivism, so the agencies have expanded services to include the expansion of two SCCs, Lewis and Perryville (Lewis increased from serving 100 inmates to 265 and Perryville increased from serving 40 to 63 inmates at a time), reentry services in Whetstone Veteran’s Unit in Tucson prison, two Parole Offices (Phoenix and Mesa), two Reentry Centers (Pima and Maricopa), and onsite services in a NATIVE HEALTH center.

## **WIOA WAIVERS**

Arizona currently does not have any waivers.

## **EFFECTIVENESS IN SERVING EMPLOYERS**

In its modification of the State plan in April 2018, Arizona identified the following two indicators to measure the Effectiveness in Serving Employers:

1. Retention Rate: Percentage of participants who exit and are employed with the same employer/ business in the 2<sup>nd</sup> and 4<sup>th</sup> quarters after exit.
2. Employer Penetration Rate: Percentage of businesses/employers using services out of all employers in the state.

For PY 2017, the Repeat Business Customers Rate, the Employer Penetration Rate, and Retention in the 2<sup>nd</sup> and 4<sup>th</sup> After Exit Rate were reported to USDOL. [Refer to Wagner-Peyser State Performance Report] Moving forward, only the Retention Rate and Employer Penetration Rate will be included in reports.

Arizona is piloting the following state-established indicators to measure Effectiveness in Serving Employers:

1. Average number of days to fill job openings using ARIZONA@WORK staff assistance (measured from the employer’s first contact requesting staff assistance

filling a currently available job opening to the job seeker's start date, fulfilling the employer's job opening).

2. Percentage of employers who contacted an ARIZONA@WORK Job Center who confirm ARIZONA@WORK services assisted in identifying qualified job applications (percentage will be derived from those employers providing a response).
3. Number of businesses whose worksites have been visited by an ARIZONA@WORK Business Services Representative.

## **STATE EVALUATION AND RESEARCH ACTIVITIES**

To implement the vision of Governor Doug Ducey, the Council has endorsed and Arizona is deploying a professional, results-driven management system, the Arizona Management System (AMS), to transform the way government thinks and does business. AMS is built on lean principles, with elements dating back to the early 1900s when Henry Ford introduced flow into his manufacturing production line. In the 1930s, Kichiro Toyoda, Taiichi Ohno, and others at Toyota in Japan expanded on the work of Ford, making improvements through the entire production line, increasing the quality, while decreasing the time and cost of production. James Womack and a research team introduced "lean" thinking in the 1980s with their work at Toyota, and beginning around the late 1990s, lean thinking and principles were introduced into the service industry and later in government.

AMS focuses on people through transformation processes, striving to improve the outcomes for customers. Staff are empowered to make data-driven decisions, to use a common problem-solving process, and to track progress through visual controls. This affords staff greater creativity and control while expanding their capacity to do more good for customers.

In November 2017, the Workforce Arizona Council endorsed AMS for ARIZONA@WORK to improve the outcomes for employers and job seekers. ARIZONA@WORK is in the beginning of its journey with deployment of AMS to three LWDAs: Pinal County, City of Phoenix, and Maricopa County. Deployment included the DES Office of Continuous Improvement training all staff/partners located in the ARIZONA@WORK Job Centers, assisting to stand up visual controls, and coaching leaders. In addition, Pinal County conducted value stream mapping and Kaizen events to bring teams together to solve problems and implement continuous improvement ideas.

ARIZONA@WORK Pinal County was deployed first in 2017 and has improved its daily placements from 2.53 in CY 2017 to 4.01 in CY 2018. [Refer to Appendix II ARIZONA@WORK Local Workforce Development Area Reports: Pinal County] The ARIZONA@WORK City of Phoenix and ARIZONA@WORK Maricopa County are in the early stages of deployment, aligning metrics throughout all partners, coordinating huddles at the various leadership tiers, and beginning problem-solving sessions. Metrics for all local areas are being identified and assembled into a local dashboard, which will provide quarterly information on progress and areas for improvement. Discussions have occurred with the OEO to coordinate a website for this data, along with the current federal performance measure data for LWDAs.

The evaluation of improvements is continuous throughout the ecosystem, with the goal of staff at all tiers to regularly reflect on how they are doing, identify the waste, and determine how they can improve. Teams solve problems based on their role, improving processes using standard problem-solving techniques while measuring progress to make those processes easier, better, faster, and more cost efficient (Shingeo Shingo). Cross-functional teams assess how they are doing regularly around a huddle board, tracking measures, including people, quality, and timeliness metrics. Through the identification of problems and continuous improvement ideas, teams will hold problem solving sessions to seek to do more good.

To evaluate the deployment of AMS, ARIZONA@WORK leaders, in coordination with DES' Office of Continuous Improvement, conduct health reviews to measure the maturity of the new ecosystem. These reviews include focus groups, conversations, and observations with frontline staff and leaders in and outside of the office. An Action Plan is then created to identify gaps and continue the improvement. Health reviews are conducted on a regular cadence, with coaching provided to leaders to build their capacity.

## **CUSTOMER SATISFACTION**

DES gathers customer satisfaction information from the employer and exiter communities via telephone and Survey Monkey. The surveys used contain three specific questions on a "1 to 10" scale with one being the lowest and ten being the highest. The questions cover three areas: (1) overall satisfaction with services; (2) whether services met expectations; and (3) how services compare to the person's ideal set of services.

The employer populations surveyed are employers who registered or received some type of service within a specific timeframe prior to the survey and within PY 2017. The exiter populations are those clients who have exited from a WIOA Title I-B Program and are no longer receiving services but are still in a follow-up status.

Customer Satisfaction outcomes, scores and comments are reported at the State level. Comments on specific issues that warrant follow-up are reviewed on a case-by-case basis and communicated to local areas as appropriate. During PY 2017, 77 percent of employers and 83 percent of exiters reported satisfaction with services, with an 88.4 percent and 83.1 percent response rate, respectively. [Refer to Figure 16: Customer Satisfaction Surveys]

## **WIOA TITLE I-B and TITLE III HIGHLIGHTS**

The Workforce Innovation and Opportunity Act (WIOA), implemented in Arizona as a coordinated workforce system branded ARIZONA@WORK, spans 12 Local Workforce Development Areas (LWDAs), with Local Workforce Development Boards (LWDBs) providing strategic leadership and coordination of workforce stakeholders to implement the workforce system. These areas include state, local, and tribal staff; and providers with the Arizona Department of Education (ADE) who work together to strengthen and improve Arizona's public workforce system. In PY 2017, the ARIZONA@WORK system served: Title I: 10,250 adults, 955 dislocated workers (DWs) and 4,204 youth aged 14 to 24 years of age; Title II: 13,939 participants; Title III: 58,718 job seekers, including Veterans; and Title IV: 14,323 individuals with disabilities. With the statewide unemployment rate dipping to 4.7 percent in PY 2017, LWDAs increased efforts to improve the employability of individuals with barriers to employment (such as low income, persons with disabilities, and ex-offenders) working with all partners in the one stop delivery system to maximize resources. Refer to Appendices for WIOA Title I-B Highlights for each LWDA.

## **SERVICE TO VETERANS**

### **Overview of Services to Veterans**

ARIZONA@WORK Title I and III partners implement strategies to ensure that veterans receive Priority of Services.

Once identified, the WIOA Title I and Title III provide priority of services to veterans and eligible spouses for all basic career, individualized career and training services. WIOA Title I Program staff are required to determine the eligibility of such individuals applying priority of service in the order below:

- First, to veterans and eligible spouses who also are included in the groups given statutory priority for WIOA adult formula funds. This means that veterans and eligible spouses who also are recipients of public assistance, other low-income

individuals, or individuals who are basic skills deficient would receive first priority for services provided with WIOA adult formula funds.

- Second, to non-covered persons (individuals who are not veterans or eligible spouses) who are included in the groups given priority for WIOA Title I-B Adult formula funds.
- Third, to veterans and eligible spouses who are not included in WIOA Title I-B Adult Program priority groups.
- Fourth, to any other populations identified by the Governor or LWDB for priority.
- Last, to non-covered persons outside the groups given priority under WIOA.

### **Local Veteran Employment Representative and Disabled Veteran Outreach Program Representative**

DES , WIOA Title I-B, and USDOL Veterans Employment Training Services (VETS) provide “Priority of Services” to veterans and eligible spouses in all ARIZONA@WORK Job Centers, under the provisions of U.S. Code, Title 38, Chapter 41, and the VOW to Hire Heroes Act of 2011 (Public Law 12-56 Section 211).

Through the 100 percent federally-funded grant of \$3,960,838 from USDOL/VETS, the Jobs for Veterans Service Grant administered through DES employs 36 Disabled Veteran Outreach Program (DVOP) representatives and 16 Local Veteran Employment Representatives (LVERs) statewide. The DVOP staff facilitate Individualized Career Services to veterans with significant barriers to employment. In PY 17, Arizona served 3,105 veterans under the Job State Veterans Grant (JSVG), with an employment rate in the second quarter after exit of 60.5 percent and an employment rate of 52.2 percent in the fourth quarter after exit. Refer to JSVG PY 17 State Performance Report. DVOP staff may include any combination of the following services:

- Conduct an assessment;
- Develop a plan of action which is documented;
- Provide career guidance;
- Coordinate support services;
- Make job development contacts;
- Provide referrals for training;
- Make referrals to job openings;
- Conduct follow-up at 30, 90, and 180 days after employment placement to assist in retention; and

- Case Management.

DVOP staff target services to special disabled veterans, disabled veterans, economically or educationally disadvantaged veterans, and veterans with other barriers to employment, especially homeless veterans. LVER staff focus their efforts on developing relationships and promoting the benefits of hiring veterans to employers in the community. LVERs advocate for employment opportunities for all veterans served in WIOA. LVERs also advocate for employment of veterans with federal contractors.

## REPORTING

### Fiscal Reporting

Arizona ensures that all required elements are reported uniformly so that a state-by-state comparison can be made. The only acceptable form to report all program related expenditures is the “Contractor Accrued Expenditure and Cash Draw Reimbursement Report” and the fiscal agent of the LWDBs use the accrual method of reporting. It is also understood that all program expenditures comply with Office of Management and 2 CFR 200, Subpart E for governmental entities, Public Law; 113-128 of the 113<sup>th</sup> Congress, referred to as the WIOA of 2014.

### Five Percent Discretionary Funds

For PY 2017 the portion of the formula grant funds that the Governor was permitted to reserve for statewide activities was maintained at 15 percent. As a result, states were authorized to reserve for state administration no more than five percent of the total allotment for WIOA Title I-B Youth, Adult and DW Programs. These funds were used for administrative and oversight functions of the grant in addition to supporting required statewide activities which included:

- **Disseminate the ETPL and maintain the website:** A portion of the funds was used to maintain and continuously update the ETPL website with the most current information on training programs and providers in order to give individuals a variety of training programs and occupational choices customized to their needs.
- **Provide technical assistance to LWDA that fail to meet performance measures:** Technical assistance and capacity building funds were provided to assist LWDA that have failed to meet or may fail to meet performance levels in any of their program initiatives. DES also provided technical assistance to LWDA by evaluating their data to enable them to improve performance levels.

- **Evaluate WIOA Title I-B activities for Youth/Adult/Dislocated Worker and promote methods for achieving high-level performance:** Technical assistance was provided through sessions with workshops conducted by DES and federal speakers. WIOA Title I-B staff from LWDAAs exchanged information and best practices about effective and innovative methods used to provide services to WIOA Title I-B participants and achieve high levels of performance.
- **Operate a fiscal and management accountability system:** Internal database systems were updated and maintained for management information systems (MIS), evaluating performance measures, and tracking expenditures.
- **Submit required state and federal reports:** Existing database systems were updated to meet the state and federal reporting requirements.
- **Support Rapid Response activities:** A state-level Rapid Response point-of-contact was established to monitor statewide Rapid Response activities which are carried out by LWDA coordinators. Funding was provided for maintaining an automated system for accessing Rapid Response activities information.

Optional activities funded by administrative and Governor’s Reserve funds included:

- America’s Job Link Alliance (AJLA) hosting the AJC system;
- Arizona Apprenticeship Program activities;
- Program branding; and
- Governor’s initiative for the Reentry program.

## COST EFFECTIVENESS

Arizona expended WIOA Title I-B funds in the amount of \$36,302,235 and Title III funds in the amount of \$13,886,535 to provide services and activities through the ARIZONA@WORK system for PY 2017. A total of 15,410 WIOA Title I-B participants were served through formula funding provided to the 12 LWDBs. The LWDBs oversee the provision of services to Arizona’s business communities and affected workers through Rapid Response-funded activities by aiding with layoffs and closures.

## **PROGRAM REPORTING**

Arizona uses the AZ Job Connection (AJC) case management system. AJC is hosted by AJLA which was founded in 2001. AJLA supports a consortia of state workforce agencies dedicated to providing powerful, affordable workforce development systems.

As an AJLA member, Arizona is involved in the design, testing, and ongoing development of AJLA products. Arizona currently has staff that attends the AJLA Steering Committee meetings three times a year and provides a nominating representative who, along with 15 other states, approves requests for system enhancements. Arizona has an AJC workgroup consisting of State administrators and LWDA staff that review enhancement requests from AJC users prior to submitting to AJLA.

AJLA Technical Support creates a Participant Individual Record Layout (PIRL) file used for the Quarterly (ETA-9173) and Annual (ETA-9169) Reports. The file is compiled and reported through the Workforce Integrated Performance System (WIPS) to the USDOL ETA. Using the WIPS ensures both the accuracy and uniformity of the reported data in compliance with USDOL/ETA reporting requirements.

To ensure data completeness and integrity, the DES Workforce IT Section/Workforce Development Unit continues to work with the LWDA's to correct data that was missing or causing an error when the WIPS process identified data errors during the submission of the PIRL file (Refer to attached Statewide Annual Performance Reports).

## **STATE PROGRAMMATIC MONITORING ACTIVITIES**

DES continues to utilize standardized evaluation processes and dedicated resources to monitor programmatic compliance with the WIOA Title I-B. The monitoring process is comprised of a desk review and when appropriate, an on-site review. The desk review primarily focuses on the program operations and alignment with the local plan. Correspondingly, the on-site review focuses on specific programmatic functions and may include the following components: case file reviews, review of policies, processes and procedures and implementation of the State administrative policies. During PY 2017, all LWDA's were evaluated. These annual audit activities are undertaken to ensure compliance with 20 CFR 683.410 and 2 CFR part 200.

In addition, to ensure the fulfillment of the requirements of WIOA 121 (d) and (g), TEGL 15-16, DES conducted reviews of ARIZONA@WORK Job Center locations, in place of

the LWDBs, where the LWDB was acting as the One-Stop Operator. During PY 2017, there were 18 comprehensive ARIZONA@WORK Job Centers assessed with an overall compliance score of 96.19 percent. In addition, 38 ARIZONA@WORK Job Center affiliate sites were assessed with a 92.96 percent compliance score. There were 12 LWDBAs assessed with an overall score of 71 percent.

## **PERFORMANCE DATA**

In accordance with Training and Employment Guidance Letter (TEGL) No. 26-15, “Negotiating Performance Goals for the WIOA Title I Programs and Wagner-Peyser Employment Service as amended by Title III, for PY 2016 and PY 2017”, Arizona negotiated levels of Performance with USDOL for Titles I and III in June 2018 and, completed negotiations for Title I with representatives for the LWDBs and the Chief Elected Officials for PY 2018 and PY 2019.

DES uses wages from UI, the Wage Record Interchange System (WRIS), and the Federal Employment Data Exchange System (FEDES) to calculate the employment-based performance measures for the WIOA Quarterly (ETA-9173) and Annual (ETA-9169) reports. These wages are also applied to the other partner programs tracked in AJC that include Wagner-Peyser and Trade Adjustment Assistance (TAA).

## **COMMON EXIT**

Clients have a common exit, which means a client is not exited until he or she is no longer receiving services from any of the partner programs that use AJC. Clients who have not received a service by the WIOA Title I Adult, Dislocated Worker, and Youth Program or a partner program in 90 consecutive calendar days and who are not scheduled for future services are considered to have exited the program.

Appendix I:	Figures 1-16
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Appendix III:	PY17 WIOA Title I-B Adult Statewide Performance Report Title I
Appendix IV:	PY17 WIOA Title I-B Dislocated Worker Statewide Performance Report Title I
Appendix V:	PY17 WIOA Title I-B Youth Statewide Performance Report Title I
Appendix VI:	PY17 WIOA Title I-B Adult Measurable Skill Gains Report
Appendix VII:	PY17 WIOA Title I-B Dislocated Worker Measurable Skill Gains Report
Appendix VIII:	PY17 WIOA Title I-B Youth Measurable Skill Gains Report
Appendix IX:	PY17 WIOA Title I-B Effectiveness in Serving Employer Report
Appendix X:	Local Workforce Development Areas
Appendix XI:	Local Workforce Development Areas Nineteen Tribal Nations
Appendix XII:	Local Workforce Development Areas Contacts
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Appendix XIV:	Wagner-Peyser Statewide Performance Report
Appendix XV:	Acronyms