North Carolina
Department of Commerce
Division of Workforce Solutions

Beverly Eaves Perdue, Governor
J. Keith Crisco, Secretary

Roger Shackleford, Assistant Secretary

March 5, 2012

LOCAL AREA ISSUANCE NO. 2012-01

SUBJECT: Local Workforce Investment Act (WIA) Contracts with the Former NC Employment Security Commission

PURPOSE: To communicate a new policy on the allowability of North Carolina Workforce Development Boards to contract with elements of the former NC Employment Security Commission.

BACKGROUND: Through legislation passed by the North Carolina General Assembly on November 1, 2011, all elements of the North Carolina Employment Security Commission (NCESC) merged with the North Carolina Department of Commerce. In one of the resulting actions, the NCESC's Division of Employment Services (which provided services funded primarily through the Wagner-Peyser Act) merged with the North Carolina Division of Workforce Development (NC's Workforce Investment Act administrative entity) to form the new Division of Workforce Solutions. This movement brings together in one division the responsibility for the administration and oversight of both the Workforce Investment Act and Wagner-Peyser programs and funding.

For several years, a number of NC Workforce Development Boards' administrative entities have contracted with the NCESC to provide WIA services with NCESC Division of Employment Services staff through their local employment offices. With the formation of the new combined Division, if a Workforce Development Board continues to contract for the provision of WIA services a number of challenges would result. For example, WIA funding is granted by the Division of Workforce Solutions to local Workforce Development Boards who, in turn, could contract back to the new Division to provide local WIA services.

313 Chapanoke Rd. Suite 120•4316 Mail Service Center•Raleigh, North Carolina 27699-4316
Tel: (919)329-5230•Fax: (919)662-4770
An Equal Opportunity/Affirmative Action Employer/Program
Auxiliary aids and services available upon request to individuals with disabilities.

This new contracting situation would now create a less than arms-length relationship between the WIA program oversight and actual WIA service delivery functions. These circumstances would therefore create potential conflict of interest with the Division's responsibility to provide compliance oversight of local WIA-funded activities.

After consideration of the factors involved, the determination has been made that, beginning with Program Year 2013 (July 1, 2013), the Division of Workforce Solutions will not contract with Workforce Development Boards' administrative entities to provide Division staff for the delivery of local WIA services.

Establishing a beginning date of July 1, 2013 for this policy change to occur will allow for an orderly transition of service delivery and the expectation that there will be no disruption of WIA services to customers.

ACTION: Beginning with Program Year 2013 (July 1, 2013) the Division of Workforce Solutions will not contract with Workforce Development Boards to provide local Workforce Investment Act-funded services.

During Program Year 2012 the Workforce Development Boards impacted by this new policy will begin to seek and develop other options for WIA service delivery.

Division staff will be available to provide technical assistance to Workforce Development Board staff during this transition period.

EFFECTIVE DATE: Immediately

EXPIRATION DATE: Indefinite

CONTACT: Division Planner

Roger Shackleford

Roger Shackleford