

**DATE:** October 31, 2022  
**TO:** Finance and Administration Committee  
**FROM:** Marie Kurose, Chief Executive Officer  
**SUBJECT:** Proposed Amendments to Governance Documents

## **AMENDMENTS TO BYLAWS AND PARTNERSHIP AGREEMENT**

### **ACTION REQUESTED**

The Finance and Administration Committee Members are requested to recommend LWDB approval of the revised 1) Bylaws and 2) Partnership Agreement, adopted in December 2021.

### **SUMMARY AND BACKGROUND**

The revised Bylaws and Partnership Agreement amend items in the 2021 documents that were found out of compliance or unclear, by the Department of Labor and the Washington State Employment Security Department. The amended documents require FAC approval and adoption of the LWDB.

The Workforce Innovation and Opportunity Act (WIOA) signed into law in 2014, created a new governance structure with the intent of empowering local elected officials and local workforce boards to collaborate to develop a coordinated regional strategies and service delivery to support economic growth and labor force needs. The Law, and subsequent policy directives, articulate the roles, responsibilities and authority of the State, Local Elected Officials and Local Workforce Development Boards. Each local area is required to develop its local structure, board, and governing documents in accordance with WIOA. Two of the required governance documents require agreement between the Mayor of Seattle and King County Executive in their role as Chief Local Elected Officials (CLEOs) and the Local Workforce Development Board.

- ***Bylaws for the local workforce development board (LWDB).*** These define how the board operates including board appointment process, elections of officers, major committees, and oversight and authority over the implementation of WIOA policies, programs, and operation. The CLEOs are given authority to write these bylaws so long as they comply with WIOA regulations.
- ***Partnership Agreement (Designation agreement):*** The Mayor of Seattle and the King County Executive in their role as the chief local elected officials and grant recipient of the Local Area WIOA funds designate the WDC to act as the Fiscal Agent to receive WIOA funds. The Agreement defines the WDCs fiscal and administrative functions and processes. It also describes the roles of the CLEOs and the Local Workforce Development Board and their respective responsibilities and authority in accordance with WIOA.

### Monitoring Issues

In July 2022, the State ESD included a review of our governance documents as part of its annual WIOA Compliance monitoring, followed by the Department of Labor monitoring review. The preliminary monitoring reports identified language and practices out of compliance with WIOA in both the bylaws and Partnership Agreement.

#### 1. **Authority to hire, evaluate and terminate the Chief Executive Officer**

The partnership agreement (5.C) and bylaws (Article 5.3) for Sea-King WDC give authority to the FAC Committee to hire, evaluate and terminate the Chief Executive Officer of both the LWDB as well as the fiscal agent (WDC).

WIOA requires that these fall under the full LWDB's authority. It is allowable for a LWDB to rely upon a subcommittee of the board to carry out certain functions on behalf of the full Board as long as the final action goes to the full LWDB Board for approval. *Note:* The WDC's current practice requiring all actions of the WDC are taken to the LWDB for final approval complies with the law.

#### 2. **Authority to approve or deny one stop certification and a contract**

Language in the partnership agreement (3.B) gives the CLEOs the authority to approve or disapprove contracts for service providers (other than contracts to the city or county) and allows them to approve or disapprove the certification or recertification of one stops conflict with federal law that provides this authority to the LWDC.

While it was noted that our actual practices comply with the law, they are not reflected in the Bylaws or Partnership Agreement. Therefore, the Bylaws and Partnership Agreement must be revised by December 31, 2022, to prevent a formal compliance finding. To meet this deadline, we are requesting the Finance and Administration Committee approval for Full Board consideration at the December 8<sup>th</sup> meeting and final approval of CLEOS.

### Background/Timeline

#### **2019**

In July 2019, the LWDB's bylaws were rewritten to create a new governance structure called for in the Regional Workforce Development Transformation plan. The new bylaws called for separating the policy and fiscal agent and administrative functions and oversight by establishing a fiscal agent governance body and maintaining the LWDB's role as a regional policy body.

King County, the City of Seattle, and the Workforce Development Council of Seattle-King County entered into a separate agreement (Partnership/Designation Agreement) which designated the Council as the local grant subrecipient and fiscal agent for certain federal funds disbursed by the State of Washington under the federal Workforce Innovation and Opportunity Act (WIOA'), Public Law No: 113-128, codified at 29 U.S.C. 3101 et

#### **2020-2021**

In late 2020, the Department of Labor and Washington State Employment Security Department WIOA Monitoring Division found the Bylaws and Partnership Agreement were out of compliance. The new

Bylaws were drafted by an attorney in partnership with the WDC's Board Chair and Vice Chair, WDC CEO, and City and County CLEO representatives. They were also reviewed by the State Monitor, Department of Labor and the WDC's Executive Committee and full Board and approved in June 2021.

## **2022**

The July 2022, the State ESD included a review of our governance documents as part of its annual WIOA Compliance monitoring, followed by the Department of Labor monitoring review. The preliminary monitoring reports identified language and practices out of compliance with WIOA in both the bylaws and Partnership Agreement. The Bylaws have been revised to resolve those issues.

Note: DOL and ESD raised additional concerns in the Partnership Agreement. Those issues are being reviewed by CLEOs' legal counsel. Final Partnership revisions are pending their approval.

- November 4, 2022: FAC review and recommendation to LWDB
- December 8, 2022: Local Workforce Development Board Approval
- CLEO Review and Approval (in review)
- December 31, 2022: DOL and ESD Deadline