

AN ACT relating to workforce investment boards.

*Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 151B IS CREATED TO READ AS FOLLOWS:

*As used in Sections 1 to 5 of this Act unless the context indicates otherwise:*

*(1) "Department" means the Department of Workforce Investment;*

*(2) "KWIB" means the Kentucky Workforce Investment Board created in Section 2 of this Act;*

*(3) "Local board" means a local workforce investment board for a set region of Kentucky as designated by the Governor pursuant to Section 3121 of the Workforce Innovation and Opportunity Act;*

*(4) "Secretary" means the secretary of the Education and Workforce Development Cabinet;*

*(5) "Workforce Investment Act" means the Workforce Investment Act of 1998, 29 U.S.C. sec. 2801 et. seq; and*

*(6) "Workforce Innovation and Opportunity Act" means the Workforce Innovation and Opportunity Act, 29 U.S.C. sec. 3101 et. seq.*

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 151B IS CREATED TO READ AS FOLLOWS:

*(1) The Kentucky Workforce Investment Board is hereby created pursuant to the requirements of Section 2821 of the Workforce Investment Act and Section 3111 of its successor, the Workforce Innovation and Opportunity Act.*

*(2) The KWIB's function is to develop and implement the state workforce plan and assist the Governor in the designation of local boards pursuant to Section 2831 of the Workforce Investment Act and Section 3121 of the Workforce Innovation and Opportunity Act.*

*(3) The KWIB shall ensure that the state's unified plan as required by Section 3112*

of the Workforce Innovation and Opportunity Act meets all requirements as specified under that Act.

(4) The KWIB shall be responsible for setting and monitoring the performance indicators required by Section 3141 of the Workforce Innovation and Opportunity Act for the local boards.

(5) The KWIB shall establish a system of statewide accountability and transparency to measure the performance of local boards according to the primary and additional indicators of performance as contained in Section 3141 of the Workforce Innovation and Opportunity Act.

(6) (a) The KWIB and local boards shall establish one (1) stop delivery systems in accordance with all elements of Section 3151 of the Workforce Innovation and Opportunity Act, including the designation or certification of a one (1) stop operator through a competitive bidding process.

(b) Evaluations of one (1) stop operators during the competitive bidding process shall consider the fiscal efficiency of each respondent as a component and, where profit has been allowed by statute, fiscal efficiency shall be calculated by combining proposed indirect costs and proposed profit for each respondent, which will be considered the total indirect costs incurred.

(c) The KWIB and local boards shall disclose any potential conflicts of interest between operators and service providers.

(7) The KWIB and local boards shall be attached to the Department of Workforce Investment, Education and Workforce Development Cabinet for administrative purposes only.

(8) (a) Within sixty (60) days of the effective date of this Act, the KWIB shall begin a review of national models of other states which increase the transparency, accountability, and oversight of local boards to determine if the best practices of other states require a change in policies and monitoring

procedures to increase transparency and accountability of local boards.

(b) No less than one hundred eighty (180) days after the effective date of this Act, the review shall be completed and the results shall be presented to the Interim Joint Committee on Labor and Industry.

➔SECTION 3. A NEW SECTION OF KRS CHAPTER 151B IS CREATED TO READ AS FOLLOWS:

(1) Two (2) pilot projects shall be implemented pursuant to Section 3122 of the Workforce Innovation and Opportunity Act, relating to local boards, as follows:

(a) One (1) pilot project area consisting of Fayette County; and

(b) One (1) pilot project area consisting of Warren, Simpson, Logan, and Allen Counties.

(2) Pursuant to Section 3121 of the Workforce and Innovation and Opportunity Act, the Governor, in consultation with the KWIB, designates the regions to form local boards and may approve requests from any unit of general local government or consortia of units of local government for designation of an area as a local board if the state board determines that:

(a) There is consistency with the labor market areas;

(b) There is consistency with regional economic development areas;

(c) Federal and nonfederal resources are available to administer activities of the Workforce Innovation and Opportunity Act; and

(d) Appropriate education and training providers are available.

(3) Because Fayette County and Warren, Simpson, Logan, and Allen Counties have met all of the criteria set forth in subsection (a) of this section and the requirements in the Workforce Innovation and Opportunity Act, both areas shall be designated as pilot areas for local boards to develop and demonstrate the operation of a transparent, high-performance business-based workforce system.

➔SECTION 4. A NEW SECTION OF KRS CHAPTER 151B IS CREATED TO

READ AS FOLLOWS:

*The KWIB and local boards and staff employed by these boards shall be subject to federal and state procurement statutes.*

➔SECTION 5. A NEW SECTION OF KRS CHAPTER 151B IS CREATED TO

READ AS FOLLOWS:

*(1) Each local board shall annually procure an audit of its activities that is conducted in accordance with generally accepted auditing standards and includes but is not limited to:*

*(a) Financial activity, processes, and procedures of the local board;*

*(b) The local board's compliance with state and federal statutes, regulations, and objectives; and*

*(c) Oversight and internal controls of the local board.*

*A local board shall only use an auditor that has been approved and certified by the department and shall submit copies of each audit to the department upon completion.*

*(2) At least once every four (4) years, the Auditor of Public Accounts shall perform, at the expense of the local board audited and examined, an in-depth audit using generally accepted auditing standards and examine the local board's activities as described in subsection (1) of this section;*

*(3) The department and, when applicable, the Auditor of Public Accounts shall send copies of each audit to the Legislative Research Commission; co-chairs of the Interim Joint Committees on Labor and Industry, Local Government, Economic Development, and Education; and to the Attorney General.*

*(4) The secretary may promulgate administrative regulations in accordance with KRS Chapter 13A to set forth the requirements and certification process for an independent auditor and the standards to be used by the auditors.*