

## One-stop Operator (OSO) and Direct Service Provider (DSP) Procurement Q&A

December 4, 2015

### **1. Are we required to procure for OSO, DSP, or both and what is the difference?**

The Act requires competitive procurement of OSO, whether the Board wants to be the OSO or be part of the consortia or not. If the Board wants to be the OSO and/or the DSP, the regulations regarding the role of the Department of Workforce Investment (DWI) of 787 KAR 2:040 apply and DWI must facilitate the process. The Board and the LEOs must specify in the Partnership Agreement the process for designation/certification of the OSO. OSO can be as narrow or as expanded as the law allows, based on what the Board wants. The template provides each local area with ALL of those options.

DSPs must be procured in accordance with the requirements of the fiscal agent or grant subrecipient. In those cases where the Board does not want to provide direct services, it needs only to follow procurement rules of the fiscal agent or grant subrecipient and DWI does not play a role in that process.

In the cases where the Board wants to be both the OSO and the DSP, there must be appropriate firewalls in place and specific policies and procedures at the Board level regarding the competition and subsequent oversight, monitoring, and evaluation of performance of the service provider. The OSO cannot develop, manage, or conduct the competition of a service provider in which it intends to compete. "The local Board acting as direct service provider is not optimal, as the Board is designed to oversee the one-stop system and its services, not provide them." (NPRM Preamble) The restrictions on the provision of direct (career and training) services by the local Board and as a one-stop operator also apply to the staff of the local Board. *See One-Stop Operator summary document, Page 76.*

### **2. Can the LWDB be part of the One-stop operator consortium?**

Yes, and if they so choose, then DWI must manage the procurement process.

### **3. Does the exclusion against subcontracting apply to both the One-stop operator AND the direct service provider? If we previously subcontracted to serve as employer of record for several staff in a subset of our overall area, can that arrangement continue?**

Yes. Only if it is directly requested and proposed during the procurement process.

### **4. What are the pros and cons of procuring jointly v. independently for one-stop operator and direct service provider?**

That depends on unique circumstances of each local workforce area – there are no general statements to be made regarding pros and cons of the various approaches.

### **5. Please clarify the process of contracting for youth services.**

Youth services were typically competitively procured under WIA. And now, Adult and Dislocated worker services must also be procured, offering the option for Boards to consider all-encompassing as well as

targeted-population focused procurement. In other words, Boards can continue to do what they have always done for Youth services, or consider folding those in to the overall DSP procurement process.

**6. How often will we be required to procure for these services in the future?**

The procurement policies of the fiscal agent or grant subrecipient may apply. The timeframe needs to be stated in the RFP. In the recent procurement process for fiscal agent/local grant subrecipient, most areas requested two year contracts with an option to extend for one additional one-year period.

**7. What conversations are and are not appropriate between the LWDB and LWDB Executive Director in the course of developing our plans and RFP?**

A conversation regarding whether the Board wants to be the OSO and/or DSP and what specific scope of services are desired is the only appropriate area for conversation, unless the Board does not intend to be either the OSO or the DSP.

**8. If a Board determines not to be DSP and to issue an RFP for DSP, can they include a requirement to hire existing staff and can they dictate terms, i.e. not to require pay cuts or loss of benefits? What can and can they not require in this regard?**

The RFP can require that a new direct service provider review and consider existing staff when implementing a new service agreement.

**9. If the Board determines that it wants to serve as DSP/OSO how can it appropriately develop the RFP w/o running into conflict of interest scenarios? If the Board decides it wants to serve as OSO and/or DSP, who contracts and with whom? Would the state contract with the Board to be the operator, as one option?**

The Board's initial and critical role is to define OSO and DSP roles and scope of services. If at that time the Board determines that it plans to compete for the opportunity to serve as OSO and/or DSP, then it should identify a consultant to develop the final RFP with the approval of DWI to ensure a level playing field and that all factors and requirements are met. If the Board is subsequently successful in its bid(s) and is selected as OSO and/or DSP, then it needs to contract with the fiscal agent/grant subrecipient to spell out the terms and conditions of that arrangement.