

**Douglas A. Ducey**  
Governor

# ARIZONA

OFFICE OF ECONOMIC OPPORTUNITY

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**Sandra Watson**  
Interim Director

November 1, 2018

The Honorable Douglas A. Ducey, Governor, State of Arizona  
The Honorable Steve Yarbrough, President, Arizona State Senate  
The Honorable J.D. Mesnard, Speaker, Arizona House of Representatives  
1700 West Washington Street  
Phoenix, AZ 85007

Dear Governor Ducey, President Yarbrough, and Speaker Mesnard:

Pursuant to A.R.S. § 41-5404 (D), we are pleased to submit the 2018 Annual Report for the Workforce Data Task Force.

Sincerely,



Sandra Watson  
Interim Director  
Office of Economic Opportunity

cc: Michele Reagan, Arizona Secretary of State

## **2018 Workforce Data Task Force Annual Report**

Laws 2016, Chapter 372 established the Workforce Data Task Force with representation from the Arizona Office of Economic Opportunity (OEO), the Arizona Department of Economic Security (DES), the Arizona Department of Education, the Arizona Board of Regents, and the community college districts. Pursuant to A.R.S. § 41-5404 (D), the Task Force oversees development of the State Workforce Evaluation Data System and defines the requirements, structures and methodologies for the system, among other duties. This report reviews the activities of the Task Force and the proceedings of the two meetings held on November 30, 2017 and October 18, 2018.

The Nerdery, a digital consulting firm, was selected using a competitive RFP process to develop the State Workforce Evaluation Data System. The evaluation panel consisted of members from OEO, DES and Maricopa County Community College District. In the November 2017 meeting, OEO informed the attendees of this selection, and noted that entering into an Intergovernmental Agreement covering data sharing and data use, and approval of the project by the Information Technology Authorization Committee were necessary before starting system development. In the same meeting, the Nerdery introduced its principal engineers and provided an overview of its security architecture. The state's Chief Privacy Officer followed this with a presentation on the state's AZRamp Cloud Assurance Program for security compliance and monitoring.

Subsequent to the November 2017 meeting, a protest of the contract award to The Nerdery filed by Deloitte Consulting, a competing vendor, was upheld. This resulted in the cancellation of the Nerdery contract on January 5, 2018. The Nerdery's appeal that followed this was denied, and on May 14, 2018, the State Procurement Office cleared the way for a fresh development effort. We note that no costs were incurred under the Nerdery contract.

An informal work group, consisting of economists and researchers from Arizona Commerce Authority, OEO, Pima County Community College District and Maricopa County Community College District, has been working on designing studies using linked records from postsecondary education and workforce sectors. OEO introduced this group and its goals in the October 2018 meeting.

OEO, DES, and the Arizona Strategic Enterprise Technology office have been holding exploratory meetings with vendors, with the goal of starting system development by June 2019. OEO introduced a computing model to the Task Force in the October 2018 meeting that is different from the one promulgated in the first attempt. This alternative model is similar to the one used by Arkansas's education-workforce research system. It is effective in protecting privacy and is easier to build than the first proposed model.

The U.S. Department of Health & Human Services recently awarded a grant to DES for linking records in two data systems in the Division of Aging & Adult Services. This presented an opportunity to expand that initiative by linking records across the following additional DES programs of interest to the State Workforce Evaluation Data System: Arizona Job Connection (WIOA Title I & III), Vocational Rehabilitation (WIOA Title IV), Cash Assistance (TANF), Food Assistance (SNAP) and Unemployment Insurance. In addition to creating the linkages that can be used in the envisioned education-workforce system, this project would benefit DES in two ways—bring it closer to its vision of a 360-degree view of all its service recipients, and produce a superior system than what could be achieved using just the modest federal grant. In the October 2018 meeting, the task force approved funding DES up to \$400,000 to expand its data integration project to include the aforementioned workforce and social service programs.