**Section 2625.50 Designation of Substate Grantees**

a) Transition Provisions – Provisions of this subsection shall apply to the initial designation of the substate grantee to implement the provisions of the Economic Dislocation and Worker Adjustment Assistance Act. In each substate area designated by the Governor pursuant to Section 2625.40, a substate grantee shall be designated in accordance with Section 312(b) of the Act. Pursuant to the transition provisions specified at 54 FR 39147-39148 (codified at 20 CFR 631.70(c) (April 1, 1990)) (September 22, 1989), the effective period of this designation shall end June 30, 1990. The chief elected officials (CEO) and the Private Industry Council (PIC) for each substate area shall recommend to the Governor an entity as substate grantee. In any case in which there are two or more units of general local government, the CEO of such units shall negotiate with the PIC in a manner consistent with the agreements established pursuant to Sections 102(d)(2) and 103(b) of the Act to arrive at a recommendation. In any case where the Governor concurs with the joint recommendation of the CEO and PIC, the Department shall forward a written agreement to the CEO and PIC for signatures to execute the agreement with the Governor. In any area where the CEO and the PIC cannot reach agreement, the CEO and PIC shall forward separate recommendations to the Governor. The Department shall distribute written instructions for the submittal of recommendations. In any case where the Governor is not in agreement with the CEO and PIC recommendation, or the CEO and PIC are not in agreement, the Department shall first attempt to negotiate a consensus recommendation. In the event a consensus recommendation cannot be reached, the Governor shall select the substate grantee. In attempting to negotiate a consensus recommendation or, in the absence of consensus, when designating the substate grantee, the Governor shall consider the following:

1) The degree to which the designation will contribute to the elimination of duplication of services;

2) The degree to which the designation will foster coordination of services with other programs under the Act;

3) The ability of the agency recommended to deliver services as evidenced by past experience in the administration of employment and training programs; and,

4) The degree to which the proposed designation capitalizes on the expertise of the Regional Dislocated Worker Centers established under previous statute.

b) Eligible Agencies – Entities defined pursuant to Section 312(c) of the Act are eligible to be designated as a substate grantee.

c) Biennial Designation – Pursuant to the requirements of Section 312(b) of the Act, a substate grantee shall be designated on a biennial basis in accordance with an agreement among the Governor, the local chief elected official or officials of the substate area and the PIC. In any case in which there are two or more units of general local government, the CEO of such units shall negotiate with the PIC in a manner consistent with the agreements established pursuant to Sections 102(d)(2) and 103(b) of the Act. Designation of the substate grantee shall be consistent with coordinated service delivery. Such coordinated service delivery arrangements shall be consistent with the statement of goals and objectives prepared by the Governor pursuant to Section 121(a)(1) of the Act and established criteria for coordinating activities under the JTPA pursuant to Section 121(b)(1) of the Act. In addition, designation decisions shall take into consideration the ability of the designated agency to meet and exceed performance standards established pursuant to Section 106 of the Act. Designation decisions shall also take into account the ability of the designated agency to provide adequate administrative safeguards for the expenditure of federal funds. Such safeguards include but are not limited to procedures that meet generally accepted accounting principles that ensure compliance with the requirements of the Act, implementing federal regulations published September 22, 1989 (54 FR 39139-39148, codified at 20 CFR 631 (April 1, 1990)) and 56 Ill. Adm. Code 2630. Biennial designation of the substate grantee shall conform to the following procedures:

1) Performance Related – In any case where the substate grantee fails to meet performance standards promulgated by the Secretary pursuant to Section 106(c) of the Act or fails to provide adequate administrative safeguards that meet generally accepted accounting principles and ensure compliance with the requirements of the Act, implementing federal regulations published September 22, 1989 (54 FR 39139-39148, codified at 20 CFR 631 (April 1, 1990)), and State rules (56 Ill. Adm. Code 2600, 2625, and 2630), the Department shall initiate negotiations for the designation of the substate grantee. In such cases, the Department shall forward written instructions to the CEO and PIC describing procedures for negotiations. The existing substate grantee shall not be redesignated unless the following procedures are followed:

A) The reasons for inadequate performance shall be documented and provided to the Department.

B) A corrective action plan shall be developed and submitted to the Department. The plan shall include, as appropriate, reorganization of the substate grantee to address the reasons for inadequate performance. The plan shall described other proposed corrective action to address inadequate performance.

C) The IJTCC shall review the documentation and proposed corrective action and make a recommendation to the Department regarding the designation.

D) The Department shall determine that the corrective action plan has a reasonable expectation of correcting inadequate performance (i.e., corrective action to be implemented is directly related to the problem identified; corrective action is achievable within the timeframes specified; requested technical assistance can be provided within timeframe specified). If the corrective action plan is determined to be insufficient, the Department will provide recommendations to the grantee regarding corrective action or revisions to proposed corrective action to be incorporated into their plan.

2) Local Request for Designation – Either the CEO or the PIC may request the Department to initiate procedures for the designation of a substate grantee. In order to allow adequate time for negotiations and transition of participants, such a request shall be made in writing twelve (12) months in advance of the biennial cycle in which the proposed redesignation is to take effect. After a request is made, the Department shall issue written instructions to the CEO and PIC regarding the conduct of negotiations to arrive at an agreement pursuant to Section 312(b) of the Act.

3) Continuing Designation – Except as provided under subsections (c)(1) and (c)(2), existing agreements shall be automatically renewed at the beginning of each biennial cycle. Unless requested by a party to the agreement, no modification to the existing agreement shall be made, and the existing agreement shall remain in effect. Modifications to the agreement shall be in writing and signed by all parties.

4) Inability to Perform – If for any reason (e.g., insolvency) the existing substate grantee is unable to fulfill its responsibilities under the Act, the Governor shall immediately initiate redesignation procedures with the CEO and PIC.

(Source: Amended at 15 Ill. Reg. 10368, effective July 1, 1991)