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GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY  
LANSING

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**OFFICIAL  
Policy Issuance (PI): 20-12**

**Date:** June 23, 2020

**To:** Michigan Works! Agency (MWA) Directors

**From:** Stephanie Beckhorn, Director **SIGNED**  
Employment and Training

**Subject:** Nepotism and Potential Conflict of Interest for MWA Employees, Subrecipient Staff, and Workforce Development Board (WDB) Members

**Programs**

**Affected:** All Programs Funded by the Department of Labor and Economic Opportunity-Employment and Training

**Rescissions:** PI 00-63 and PI 03-20

**References:** Workforce Innovation and Opportunity Act (WIOA) of 2014,  
Public Law 113-128 (29 United States Code Section 3101, *et. seq.*)

WIOA Final Rule, 20 Code of Federal Regulations Part 683, published August 19, 2016

**Background:** This policy issues guidelines to guard against nepotism in all programs administered by the WDBs and updates the previous conflict of interest guidelines to include WDB members. These guidelines incorporate previously established criteria, with requirements outlined in the WIOA.

**Policy:** **Immediate Family**

For purposes of this policy, the term “immediate family” includes, at a minimum, one party with any of the following relationships to another party:

- i. Spouse, and parents thereof;
- ii. Children, and spouses thereof;
- iii. Parents, and spouses thereof;
- iv. Siblings, and spouses thereof;
- iv. Grandparents and grandchildren, and spouses thereof;
- v. Domestic partner and parents thereof, including domestic partners of any individual in 2 through 5 (ii-v) of this definition; and

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vi. Any individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship.

### **Nepotism**

The WDBs shall assure that local provisions are established and maintained to prevent persons in an administrative capacity from using their positions for a purpose that is, or gives the appearance of, being motivated by favoritism for themselves or others with whom they have a family relationship. There should not be even the slightest appearance of favoritism on the part of board members.

For purposes of this policy, a person in administrative capacity is someone who has overall administrative responsibility for a program including all elected and appointed officials, such as WDB members, WDB committee members, and local elected officials who have any responsibility for the obtaining of and/or approval of any WDB administered grant or contract, as well as other officials who have influence or control over the administration of the program, such as the project director, deputy director, and unit chiefs, and the persons who have selection, hiring, placement, or supervisory responsibilities for On-the-Job Training participants.

No individual may be placed in an employment activity if a member of that person's immediate family is directly supervised by or directly supervises that individual. To the extent that an applicable state or local legal requirement regarding nepotism is more restrictive than this provision, such state or local requirement must be followed. It is the responsibility of the MWAs to implement a nepotism policy that adheres to these minimum policy standards.

### **Conflict of Interest**

Effective immediately, no MWA employee, employees of their subrecipients, or WDB members shall create or allow to be created, any situation that causes a conflict of interest, or the appearance of a conflict of interest, with the employee's job responsibilities or board member duties. A conflict of interest is a situation where the individual's conduct or the personal or financial interests of an individual or a member of the individual's immediate family may tend to impair the individual's independence of judgement or action in the performance of official duties or responsibilities.

A State WDB member, Local WDB member, or WDB standing committee member must neither cast a vote on, nor participate in any decision-making capacity, on the provision of services by such member (or any organization which that member directly represents), nor on any matter which would provide any direct financial benefit to that member or that member's immediate family.

Neither membership on the State WDB, Local WDB, or a WDB standing committee, nor the receipt of funds to provide training and related services, by itself, violates these conflict of interest provisions.

Recipients of Federal awards must disclose in writing any potential conflict of interest to the Department. Subrecipients must disclose in writing any potential conflict of interest to the recipient of the grant funds.

**Action:** WDBs shall establish policy consistent with these guidelines to ensure that local nepotism and conflict of interest safeguards are in place and consistently applied within the WDB service area.

All MWA employees, employees of their subrecipients, and WDB members must complete and sign a document of the MWA's design, which discloses any apparent conflict of interest, or states that no conflict of interest exists, between any MWA employee, employees of their subrecipients, or WDB members, on an annual basis. All conflicts of interest must be identified, and the respective resolution must be documented.

The conflict of interest document described should be completed by all current MWA employees, employees of their subrecipients, or WDB members, and all new staff/members as they are hired or placed. These forms must be retained in accordance with the MWAs' document retention policy and made available for review.

**Inquiries:** Questions regarding this policy should be directed to Mr. Matthew Shilling at [ShillingM@michigan.gov](mailto:ShillingM@michigan.gov).

This policy is available for downloading from the [LEO-WD's website](#).

The information contained in this policy will be made available in alternative formats (large type, audio tape, etc.) upon request to this office. Please contact Mr. Matthew Shilling by telephone at 517-242-3623 or by email at [ShillingM@michigan.gov](mailto:ShillingM@michigan.gov) for details.

**Expiration:** Continuous

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