

WORKFORCE SERVICES INFORMATION NOTICE

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TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: CONFLICT OF INTEREST CODE REQUIREMENTS FOR LOCAL BOARDS

The Employment Development Department is providing the following guidance to assist Local Workforce Development Areas (Local Areas) in the development of a Conflict of Interest Code (COIC) for their Local Workforce Development Board (Local Board). This guidance reflects recent changes made to the California [Fair Political Practices Commission](#) (FPPC) regulations.

The California FPPC was established to meet the responsibilities of the *Political Reform Act of 1974*. It provides oversight and education to state and local agencies in the development and enforcement of COICs, including regulatory guidance on the appointment of members to boards and commissions.

In accordance with federal statute, the [California's Unemployment Insurance Code \(CUIC\)](#) outlines the mandatory and discretionary appointments that comprise Local Board membership. One of the functions of the members is to provide valued input and representation on the responsibilities addressed by the Local Board. However, Local Boards must also ensure that all decisions are reached in a transparent, ethical, and legal manner.

As such, the COIC must provide clear guidance on when members should recuse themselves from a vote, due to a potential conflict of interest. When developing this policy, Local Areas are advised to consult the California FPPC Regulations Section [18703](#), which provides criteria to determine a public official's financial interest in making governmental decisions.

Section [18703\(e\)\(5\)](#) further states that *if "the decision is made by a board or commission and the law that establishes the board or commission requires certain appointees to have a representative interest in a particular industry, trade, or profession or other identified interest, and the public official is an appointed member representing that interest," then "this provision applies only if the effect is on the industry, trade, or profession or other identified interest represented and there is no unique effect on the official's interest."*

Therefore, the COIC policy should not hinder a Local Board member from fulfilling his or her duty to speak on behalf of the constituencies he or she is specifically appointed to represent. If technical assistance is needed, Local Areas should contact the California [FPPC](#).

The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.

Local Areas are encouraged to consult with their legal counsel to ensure their COIC reflects current regulatory guidance and is being applied accurately and equitably to all members. They should also ensure that Ethics Training is provided to all members as required by [California Assembly Bill 1234](#).

/S/ JOSÉ LUIS MÁRQUEZ, Chief
Central Office Workforce Services Division