

RICK SNYDER
GOVERNOR



CHRISTINE QUINN
DIRECTOR

The State of Michigan is submitting a modification request to our Workforce Investment Act (WIA)/Wagner-Peyser (W-P) State Plan. This request is being submitted in accordance with the WIA Section 189(i)(4)(B) and the WIA Regulations at 20 Code of Federal Regulation (CFR) 661.420(c). Specifically, the State of Michigan is seeking a waiver from the requirement that a dislocated worker must be enrolled in a training program by the end of the 13th week after their most recent qualifying layoff in order to receive Needs-Related Payments.

This waiver will continue to assist the State to further develop its workforce investment system by providing vital re-employment services necessary to get long-term unemployed dislocated workers back into the workforce and meet employer needs for skilled workers.

Per the WIA Regulations at 20 CFR 661.220(d), the State of Michigan is providing an opportunity for public comment on the request until Tuesday, February 10, 2015. All comments regarding this waiver request may be submitted to:

Ms. Janice M. Cooper, WIA Specialist
Workforce Development Agency, State of Michigan
201 North Washington Square, 5th Floor
Lansing, Michigan 48913
Cooperj1@michigan.gov
Fax: (517) 373-7794

To ensure your comments are considered, they must be received by no later than 5:00 p.m. on Tuesday, February 10, 2015.



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E-mailed: 1/27/2015 (tk)

January 27, 2015

Ms. Rose Zibert, Acting Regional Administrator
Employment & Training Administration
U.S. Department of Labor
230 South Dearborn Street, Room 628
Chicago, Illinois 60604

Dear Ms. Zibert:

The State of Michigan is submitting a waiver request for a modification to our Workforce Investment Act (WIA)/Wagner-Peyser (W-P) State Plan. This request is submitted in accordance with the WIA Section 189(i)(4)(B) and the WIA Regulations at 20 Code of Federal Regulations (CFR) 661.420(c). Specifically, the State of Michigan is seeking a waiver from the requirement that a dislocated worker must be enrolled in a training program by the end of the 13th week after their most recent qualifying layoff in order to receive Needs-Related Payments.

This waiver request will further the implementation of a job-driven workforce system in the State of Michigan in alignment with the Job-Driven Elements outlined in Training and Employment Guidance Letter 3-14, issued July 30, 2014, and with the recently passed Workforce Innovation and Opportunity Act. Specifically, this waiver will:

- Further the design of training programs that are responsive to employer needs;
- Increase the ability of job seekers to take advantage of available work-based learning opportunities as a training path to employment;
- Promote a seamless progression from one educational stepping stone to another, and across work-based training and education, so individuals' efforts result in progress; and
- Break down barriers to accessing job-driven training and hiring for any American who is willing to work, including access to supportive services and relevant guidance.

This waiver will continue to assist the State to further develop its workforce investment system by providing vital re-employment services necessary to get long-termed unemployed dislocated workers back into the workforce and meet employer needs for skilled workers. In addition, this waiver request provides greater flexibility and increased capacity to respond to job seeker needs. This request is being made under the Secretary's authority at the WIA Section 189(i) to waive certain requirements of the WIA Title I, Subtitles B and E, and Sections 8-10 of the Wagner-Peyser Act.



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Ms. Rose Zibert
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Your review and immediate consideration of this waiver request is greatly appreciated. Please contact Ms. Stephanie Beckhorn, Director, Office of Workforce Policy and Strategic Planning at 517-241-4078 or via email at BeckhornS@michigan.gov with any questions regarding this request. Thank you.

Sincerely,

SIGNED

Christine Quinn, Director
Workforce Development Agency

CQ:JC:tk
Attachment

cc: Corey Bulluck
Danielle Waddell
Mike Pohnl

Stephanie Beckhorn
Krista Johnson
Mike Wurmlinger

Joe Billig
WIA State Coordinators

The State of Michigan is seeking approval of a statutory waiver request in accordance with the Workforce Investment Act (WIA) Section 189(i)(4)(B) and the WIA Regulations at 20 Code of Federal Regulations (CFR) 661.420(c). This waiver request will assist Michigan to further develop its workforce investment system while continuing to align its workforce development efforts. The request is being made under the Secretary's authority at the WIA Section 189(i) to waive certain requirements of the WIA Title I, Subtitles B and E, and Sections 8-10 of the Wagner-Peyser Act.

Statutory and/or regulatory requirements to be waived:

WIA Section 134(e)(3)(B)(i); 20 CFR 663.825(a)(2)

Michigan requests a waiver from the requirement that a dislocated worker must be enrolled in a program of training services under the WIA Section 134(d)(4) by the end of the 13th week after their most recent qualifying layoff in order to receive Needs-Related Payments.

Background:

Despite recent employment growth, Michigan continues to experience over time a number of smaller dislocation events which add to the already significant number of long-term unemployed individuals who have been jobless for 27 weeks or more, and who represent 36 percent of all unemployed persons according to the Bureau of Labor Statistics.¹ In Michigan, the long-term unemployed represented 42.5 percent of all unemployed persons in Michigan during 2012. The Bureau of Labor Statistics, Current Population Survey indicates that Michigan's share of the long-term unemployed was 33.7 percent of all unemployed persons in Michigan from September 2013 through August 2014. These two factors combined continue to strain our workforce investment system's capacity to provide the reemployment services necessary to get these individuals back to work. At the same time, many businesses are reporting difficulty in finding and hiring workers with the right skills for the jobs they need to fill.

To help address this problem, Michigan is pursuing a thoughtful progression of strategies leading to a focus on real demand for actual jobs in the labor market rather than an overreliance on job market forecasts. In partnership with the Michigan Works! system, a demand-driven approach to workforce development has been implemented where the primary source of information about actual employment demand and related job characteristics is employers.

Michigan was recently awarded \$6,175,000 in Job-Driven National Emergency Grant funds which give priority for service to the long-term unemployed. As Michigan Works! Agencies continue to work with the long-term unemployed, they are finding that Needs-Related Payments (NRPs) would be extremely beneficial to providing financial assistance to participants to enable them to participate in training programs and related services. However, by definition, the long-term unemployed are already beyond the required enrollment timeframe to be eligible to receive NRPs. Many long-term unemployed individuals will not enroll in training because they do not have the financial support necessary to be successful and will instead find the next available low-skilled, low-wage job as an alternative.

¹ <http://www.bls.gov/news.release/empsit.t12.htm>

Further, Michigan's maximum Unemployment Insurance (UI) benefit period has been reduced from 26 weeks (plus extensions, if applicable) to 20 weeks (no extensions). In addition, Michigan's maximum benefit amount is \$362, a ceiling that has not risen in over a decade thus eroding purchasing power over that time. Therefore, NRPs provide a key policy option for case-managing long-term unemployed participants when their circumstances are such that schooling may extend beyond the cessation of their UI benefits.

Actions undertaken to remove state or local statutory or regulatory barriers:

Currently, no state or local statutory or regulatory barriers exist.

Waiver goals and outcomes:

Approval of this waiver request will allow the State to provide NRPs to long-term unemployed (27 weeks or more) individuals who were not enrolled in a training activity prior to the end of the 13th week following their most recent qualifying dislocation. NRPs would provide financial support to participants who have exhausted their unemployment benefits and are still enrolled in training.

Waiver goals and outcomes include:

- Increased enrollment in demand-driven training;
- Higher training completion rates;
- Increased employment directly related to training;
- Improved ability of local Workforce Development Boards to develop strategies to align with workforce and economic realities within their service delivery areas; and
- Increased local control over program delivery.

This waiver request is consistent with our Governor's vision to transform Michigan's economy by growing and attracting businesses, keeping talented residents here, and revitalizing urban centers. To that end, the development of talent by training the long-term unemployed for demand-driven jobs is one of the key steps in reinventing Michigan. Developing workers with the skills needed in today's economy is critical to Michigan's ability to compete globally.

Individuals impacted by the waiver:

This waiver potentially impacts all service delivery areas and their WIA Dislocated Worker program participants.

Monitoring progress and implementation:

Annual WIA on-site programmatic reviews include an evaluation of how local area waivers are being utilized and ensure programmatic goals and outcomes are being met.

The WIA state coordinators, dedicated to the administration of the WIA programs, will continually examine the effectiveness of waivers throughout the program year. This strategy ensures that the goals described above, as well as those outlined in the existing state and local WIA/Wagner-Peyser plans, are consistent with established objectives of the WIA and federal and state regulations.

Notice to local boards and public comment:

In accordance with the WIA Regulations at 20 CFR 661.230(d), which provide requirements for public review and comment, Michigan's waiver request is posted at: <http://www.michigan.gov/wda/0,5303,7-304-64178---,00.html> for review and comment by the general public.

In addition, a copy of this waiver request was provided to all local boards and their association. Any comments received will be forwarded to the U.S. Department of Labor and included as a modification to the State's WIA/W-P Five-Year Plan. Impact on the State's performance will be addressed in our Program Year 2015 WIA annual performance report.