U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210

JUN 14 2012

The Honorable Rick Snyder
Governor of Michigan
P.O. Box 30013
Lansing, Michigan 48909

Dear Governor Snyder:

This letter provides approval of an extension of Michigan's current Workforce Investment Act (WIA) and Wagner-Peyser Act (W-P) State Plan for a portion of Program Year (PY) 2012. This letter also responds to Michigan's requests for new and extended waivers. Training and Employment Guidance Letter (TEGL) No. 21-11, issued on March 27, 2012, provides guidance for states to secure approval of their WIA/W-P State Plans and waivers for PY 2012. In accordance with TEGL No. 21-11 and your extension request, the State must submit a full five-year WIA/W-P State Plan and annual W-P Agricultural Outreach Plan by September 15, 2012.

Extension of State Plan

Michigan's existing State Plan will expire on June 30, 2012. This letter constitutes a written determination under WIA Section 112 (29 USC 2822) that the Employment and Training Administration (ETA) is temporarily extending the approval of Michigan's State Plan for WIA Title I and the Wagner-Peyser Act into PY 2012, for the period July 1, 2012 through December 31, 2012. The State already received its formula allotment for the WIA Youth program for PY 2012. The State is eligible to receive WIA formula allotments for the Adult and Dislocated Worker programs under the PY 2012 Annual Funding Agreement. The W-P Annual Funding Agreement for PY 2012/Fiscal Year 2013 will provide the W-P Act initial base allocation of PY 2012 funds.

Performance Levels

Michigan requested to temporarily extend its existing PY 2011 WIA and W-P performance goals for a portion of PY 2012. ETA has incorporated these performance goals, identified as PY 2012 performance goals, into the Regional and National Office copies of the State Plan. Please include these PY 2012 goals in the State's official copy of the State Plan. As required by TEGL 21-11, the State must renegotiate its new PY 2012 goals upon submission of its full State Plan.

Waivers

As part of the State's extension of the WIA/W-P Act State Plan, and as described in TEGL No. 21-11, the State requested temporary extensions of Michigan's PY 2011 waivers of statutory and regulatory requirements under WIA for PY 2012. The State also submitted a request for one new waiver. The State's request for a new waiver is written in the format identified in WIA Section 189(i)(4)(B) and 20 CFR 661.420(c). The disposition of the State's waiver extensions as well as its submission of a new waiver request is outlined below. This action is taken under the Secretary's authority at WIA Section 189(i) to waive certain requirements of WIA Title I, Subtitles B and E, and Sections 8-10 of the Wagner-Peyser Act.

Extension of Waivers

Waiver of WIA Section 133(b)(4) to increase the allowable transfer amount between Adult and Dislocated Worker funding streams allocated to a local area.

The State was previously granted a waiver to permit an increase in the amount a state is allowed to transfer between the Adult and Dislocated Worker funding streams. The State is granted an extension of this waiver through December 31, 2012. Under the waiver, transfer authority is limited to 50 percent. This limitation provides states flexibility while ensuring consistency with Congressional intent regarding the level of funding appropriated for the WIA Adult and Dislocated Worker programs.

Waiver of the required 50 percent employer contribution for customized training at WIA Section 101(8)(C).

The State was previously granted a waiver of the required 50 percent employer contribution for customized training to permit the use of a sliding scale for the employer contribution based on the size of the business. The State is granted an extension of this waiver through December 31, 2012. Under the waiver, the following sliding scale is permitted: 1) no less than 10 percent match for employers with 50 or fewer employees, and 2) no less than 25 percent match for employers with 51-250 employees. For employers with more than 250 employees, the current statutory requirements (50 percent contribution) continue to apply. When determining the funding source for customized training, the State must use the appropriate program funds for the appropriate WIA-eligible population. The State and local areas may provide customized training to individuals 18 years of age or older with WIA Adult funds and must provide priority to low-income individuals when funds are limited; the State and local areas may provide customized training to dislocated workers with WIA Dislocated Worker funds. Customized training provided with statewide funds must serve WIA eligible individuals.

Waiver of WIA Section 101(31)(B) to increase the employer reimbursement for on-the-job training.

The State was previously granted a waiver to permit an increase in employer reimbursement for on-the-job training through a sliding scale based on the size of the business. The State is granted an extension of this waiver through December 31, 2012. Under the waiver, the following reimbursement amounts will be permitted: 1) up to 90 percent for employers with 50 or fewer employees, and 2) up to 75 percent for employers with 51-250 employees. For employers with more than 250 employees, the current statutory requirements (50 percent reimbursement) will continue to apply. When determining the funding source for on-the-job training, the State must use the appropriate program funds for the appropriate WIA-eligible population. The State and local areas may provide on-the-job training to individuals 18 years of age or older with WIA Adult funds and must provide priority to low-income individuals when funds are limited; the State and local areas may provide on-the-job training to dislocated workers with WIA Dislocated Worker funds. On-the-job training provided with statewide funds must serve WIA eligible individuals.

Waiver of WIA Section 134(a) to permit local areas to use a portion of local funds for incumbent worker training.

The State was previously granted a waiver to permit local areas to conduct allowable statewide activities as defined under WIA Section 134(a)(3) with local WIA formula funding, specifically incumbent worker training. The State is granted an extension of this waiver through December 31, 2012. Under this waiver, the State is permitted to allow local areas to use up to 20 percent of local Dislocated Worker funds for incumbent worker training only as part of a layoff aversion strategy. ETA believes limiting incumbent worker training to the specified level and requiring it to be a part of layoff aversion is the best use of funds in the current economic climate where serving unemployed workers is a paramount responsibility of the workforce system. All training delivered under this waiver is restricted to skill attainment activities. Local areas must continue to conduct the required local employment and training activities at WIA Section 134(d), and the State is required to report performance outcomes for any individual served under this waiver in the Workforce Investment Act Standardized Record Data system (WIASRD), field 309. TEGL No. 26-09, Section 7A, "Workforce Investment Act (WIA) Waiver Policy and Waiver Decisions for PY 2009 and 2010" and TEGL No. 30-09, "Layoff Aversion Definition and the Appropriate Use of Incumbent Worker Training for Layoff Aversion Using a Waiver" provide policy guidance related to implementation of this waiver.

Waiver of WIA Section 134(a)(1)(A) to permit a portion of the funds reserved for rapid response activities to be used for incumbent worker training.

The State was previously granted a waiver to permit use of rapid response funds to conduct allowable statewide activities as defined under WIA Section 134(a)(3), specifically incumbent worker training. The State is granted an extension of this waiver through December 31, 2012. Under this waiver, the State is permitted to use up to 20 percent of rapid response funds for incumbent worker training only as part of a layoff aversion strategy. ETA believes limiting incumbent worker training to layoff aversion is the best use of funds in the current economic climate where serving unemployed workers is a paramount responsibility of the workforce system. All training delivered under this waiver is restricted to skill attainment activities. The State is required to report performance outcomes for any incumbent workers served under this waiver in the Workforce Investment Act Standardized Record Data system (WIASRD), field 309. TEGL No. 26-09, Section 7A, "Workforce Investment Act (WIA) Waiver Policy and Waiver Decisions for PY 2009 and 2010" and TEGL No. 30-09, "Layoff Aversion Definition and the Appropriate Use of Incumbent Worker Training for Layoff Aversion Using a Waiver" provide policy guidance related to implementation of this waiver.

Waiver of the prohibition at 20 CFR 664.510 on the use of Individual Training Accounts for older and out-of-school youth.

The State was previously granted a waiver of the prohibition at 20 CFR 664.510 on the use of Individual Training Accounts (ITAs) for older youth and out-of-school youth program participants. The State is granted an extension of this waiver through December 31, 2012. Under this waiver, the State can use ITAs for older youth and out-of-school youth program participants. The State must continue to make the 10 youth program elements available as described at WIA Section 129(c)(2). The State should ensure that funds used for ITAs are tracked and that the ITAs are reflected in the individual service strategies for these youth.

Waiver of the WIA regulations at 20 CFR 666.100 to exempt the state from including credential attainment outcomes for participants enrolled in on-the-job training in the credential performance measure calculations.

The State was previously granted a waiver to exempt it from including credential attainment outcomes in the credential performance measure calculations for participants enrolled in on-the-job training. The State is granted an extension of this waiver through December 31, 2012. The State must continue to report outcomes in the Workforce Investment Act Standardized Record Database (WIASRD) for participants enrolled in on-the-job-training.

Waiver of the provision at 20 CFR 663.530 that prescribes a time limit on the period of initial eligibility for training providers.

The State was previously granted a waiver of the time limit on the period of initial eligibility of training providers provided at 20 CFR 663.530. The State is granted an extension of this waiver through December 31, 2012. Under the waiver, the State is allowed to postpone the determination of subsequent eligibility of training providers. The waiver also allows the State to provide an opportunity for training providers to re-enroll and be considered enrolled as initially eligible providers.

New Waiver Requests

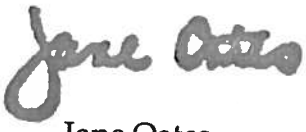
Waiver of WIA Section 134(a)(2)(B)(ii) and 20 CFR 665.200(d) to exempt the state from the requirement to conduct evaluations.

The State has requested a waiver of the requirement to conduct evaluations of workforce investment activities for adults, dislocated workers, and youth in order to establish and promote continuous improvement of the statewide workforce investment system. The State is granted this waiver effective July 1, 2011 through December 31, 2012.

The approved waivers are incorporated by reference into the State's WIA Grant Agreement, as provided for under paragraph 3 of the executed Agreement, and this constitutes a modification of the State Plan. A copy of this letter should be filed with the State's WIA Grant Agreement and the approved State Plan. In addition, as described in TEGL No. 29-11, the State should address the impact that these waivers have had on the State's performance in the WIA annual performance report, due on October 1 of each year.

We look forward to receiving your full State Plan for PY 2012 and working together as you implement your State workforce strategies. If you have any questions related to the issues discussed above, please contact Malcom Jackson, the Federal Project Officer for Michigan, at 312-596-5414 or Jackson.Malcom@dol.gov.

Sincerely,



Jane Oates
Assistant Secretary

Enclosure

cc: Byron Zuidema, Regional Administrator, ETA Chicago Regional Office
Malcom Jackson, Federal Project Officer for Michigan

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April 4, 2012

E-mailed 4/3/2012 (tk)

Federal Coordinator
Division of WIA Adult Services and Workforce System
Employment and Training Administration
U.S. Department of Labor (USDOL)
200 Constitution Avenue, NW, Room S-4209
Washington, D.C. 20210

Attention: Heather Fleck

In accordance with Training Employment Guidance Letter (TEGL) 21-11, issued on March 27, 2012, the Workforce Development Agency (WDA), State of Michigan ("the State"), is requesting a temporary extension of our current Workforce Investment Act (WIA) and Wagner-Peyser strategic plan, including the continuation of existing waivers and performance levels into Program Year 2012.

The WDA will use the additional time in preparing the Plan to solicit input from workforce, education and economic development partners, as well as new WDA leadership. Partner input will help shape State strategies and initiatives as we strive for an employer-driven economy. The WDA will submit the new five-year plan by September 14, 2012.

Continuation of Existing Waivers:

Continuation of the following WIA waivers will continue to assist the State in developing its workforce investment system.

1. Waiver of WIA Section 133(b)(4): Waiver to increase the allowable transfer amount between Adult and Dislocated Worker funding streams allocated to local areas. The waiver allows an increase of up to 50 percent in the amount that local areas can transfer between Adult and Dislocated Worker funding streams.
2. WIA Section 101(8)(C): Waiver of the required 50 percent employer contribution for customized training. The waiver permits the use of a sliding scale for the employer contribution, based on the size of the business.
3. WIA Section 101(31)(B): Waiver to increase the employer reimbursement for on-the-job training (OJT). The waiver increases the reimbursement for OJT through a sliding scale, based on the size of the business. OJT training is restricted to skill attainment activities.
4. WIA Section 134(a): Waiver to permit local areas to use a portion of local funds for incumbent worker training. The waiver permits local areas to utilize up to 20 percent of local dislocated worker funds for incumbent worker training as part of a lay-off aversion strategy.

Workforce Development Agency, State of Michigan
Victor Office Center | 201 North Washington Square, 5th Floor | Lansing, Michigan 48913
michigan.gov/bwt | 517.335.5858 | TTY 888.605.6722

The WDASOM is an equal opportunity employer/program. Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.

5. WIA Section 134(a)(1)(A): Waiver to permit a portion of the funds reserved for rapid response activities to be used for incumbent worker training. The waiver allows the State to utilize up to 20 percent of rapid response funds for incumbent worker training as part of a lay-off aversion strategy.

6. WIA Section 20 CFR 664.510: Waiver on the use of Individual Training Accounts (ITAs) for older and out-of-school youth program participants. Funds utilized for older and out of school youth ITAs are tracked and reflected in the individual service strategies. The ten youth program elements will continue to be available as described in WIA Section 129(c)(2).

7. WIA Regulations 20 CFR 666.100: Waiver to exempt the State from including credential attainment outcomes for participants enrolled in OJT in the credential performance measure calculations. The waiver applies for all participants enrolled in OJT, regardless of funding source. The State will continue to report outcomes in the WIASRD for participants enrolled in OJT.

8. WIA Regulations 20 CFR 663.530: Waiver of the provision that prescribes a time limit on the period of initial eligibility for training providers. The waiver extends the period of "Initial Eligibility of Training Providers," thereby postponing the "Subsequent Eligibility of Training Providers." The extension maintains the broadest range of eligible providers to enable individuals to make informed choices relating to their training goals.

9. WIA Section 134(a)(2)(B)(ii): Waiver of the requirement to conduct evaluations of WIA activities for adult, dislocated worker, and youth. The WDA recently submitted this waiver request on March 20, 2012, in accordance with TEGL 09-11, published October 26, 2011. The request is pending U.S. Department of Labor (USDOL) approval.

Your consideration of our temporary extension and continuation of waivers and performance levels is appreciated. Please contact Mr. Gary Clark, Director of the Office of Talent Development Services at (517) 241-2729 with questions.

Sincerely,

SIGNED

Michael Pohnl, Interim Director
Workforce Development Agency
WIA Title I Signatory Official

MP:JC:tk
cc: Byron Zuidema, Regional Administrator, ETA Chicago Regional Office, USDOL
Adele Gagliardi, Regional Director, ETA Chicago Regional Office, USDOL
Malcom Jackson, Project Officer for Michigan, USDOL
Janet Howard, Deputy Director, Strategic Planning, Operations, Policy and Finance
Gary Clark, Director, Office of Talent Development Services
Stephanie Beckhorn, Manager, WIA Section
Brian Marcotte, Manager, Welfare Reform/Wagner-Peyser Section
Joseph Billig, Manager, Management Information Systems.
Janice Cooper, WIA Specialist, WIA Section
Sara Spielman, Analyst, Welfare Reform/Wagner-Peyser Section

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March 20, 2012

E-mailed: 03/20/12 (pv)

Federal Coordinator
Division of Workforce Investment System Support
Employment and Training Administration (ETA)
U.S. Department of Labor (USDOL)
200 Constitution Avenue NW, Room S-4231
Washington, D.C. 20210

Byron Zuidema
Regional Administrator
Employment and Training Administration
U.S. Department of Labor
230 South Dearborn Street, 6th Floor
Chicago, Illinois 60604

Attention: Federal Coordinator for Plan Review and Approval

State: Michigan

Agency: Workforce Development Agency, State of Michigan
Office of Talent Development Services
201 North Washington Square, 5th Floor
Lansing, Michigan 48913

RE: Waiver Request Submission

Dear Federal Coordinator:

The Workforce Development Agency, State of Michigan, is requesting a waiver of the Workforce Investment Act (WIA) requirement to conduct evaluations of the workforce investment activities for adults, dislocated workers, and youth. This waiver request applies to Program Year 2011, effective July 1, 2011 through June 30, 2012.

The proposed waiver request was developed in accordance with Training Employment and Guidance Letter 09-11, published October 26, 2011.

Statutory and/or regulatory requirements to be waived:

- Waiver of the WIA Section 134(a)(2)(B)(ii) and 20 CFR 665.200(d) requirement to conduct evaluations of WIA activities for adult, dislocated worker, and youth

The WDASOM is an equal opportunity employer/program. Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.

Actions undertaken to remove state or local barriers:

- There are no state or local barriers.

Goals and programmatic outcomes of waiver:

- The reduction to five percent in the WIA allotment for Program Year 2011 Governor's Reserve funds restricts the State's ability to effectively fund and carry out all of the required statewide workforce investment activities. The current funding level on the Governor's Reserve is insufficient to cover the cost of evaluations.

  The State's reduced funds are being used to cover the following required activities under WIA 20 CFR 665.200 (d):

  A) Required rapid response activities, as described in Section 665.310;

  B) Disseminating:

     1) The State list of eligible providers of training services (including those providing non-traditional training services), for adults and dislocated workers;

     2) Information identifying eligible providers of on-the-job training and customized training;

     3) The list of eligible providers of youth activities as described in WIA Section 123;

  C) Providing incentive grants for exemplary performance by local areas on the performance measures;

  D) Operating a fiscal and management accountability information system, based on guidelines established by the Secretary after consultation with the Governors, chief elected officials, and One-Stop partners, as required by WIA Section 136(f); (WIA Sections 129(b)(2), 134(a)(2), and 136(e)(2);

  E) Submitting required reports (WIA Section 136(f));

  F) Providing technical assistance to local areas that fail to meet local performance measures;

  G) Assisting in the establishment and operation of One-Stop delivery systems in accordance with the strategy described in the State Workforce Investment Plan (WIA Section 112(b)(140)); and

  H) Providing additional assistance to local areas that have high concentrations of eligible youth.

Our goal in seeking this waiver is to ensure that the State may prioritize the use of Governor's Reserve funds for the required activities we deem most essential to the basic functions of the workforce investment system.

Individuals Impacted by the Waiver:

- This waiver will provide the State agency with more flexibility in directing Governor's Reserve funds to those activities that best preserve the functions of the statewide workforce investment system.

Process for monitoring progress in implementation:

- The State will monitor progress and ensure accountability for federal funds in connection with these waivers by reviewing quarterly expenditure, performance, and other reports through regular contact with the ETA Regional Office liaisons and through its monitoring and performance accountability system.

Notice to affected local boards:

- This waiver request was distributed by e-mail to all Michigan Works! Agency Directors and the Michigan Works! Association.

Public Comment:

- This waiver request is posted on the Workforce Development Agency, State of Michigan Web site at: http://www.michiganadvantage.org/Public-Notices-Requests-for-Proposals/. If comments are received during the comment period, they will be carefully considered and forwarded to the USDOL.

Your review and immediate consideration of this waiver request is appreciated. Please contact Mr. Gary Clark, Director of the Office of Talent Development Services, at (517) 241-2729 with questions.

Sincerely,

Michael Pohnl, Interim Director
Workforce Development Agency

MP:JC:pv

cc: Adele Gagliardi, Regional Director, United States Department of Labor
Malcom Jackson, Federal Project Officer, United States Department of Labor
Janet Howard, Deputy Director, Strategic Planning, Operations, Policy and Finance
Gary Clark, Director, Office of Talent Development Services
Stephanie Beckhorn, Manager, Workforce Investment Act Section
Joe Billig, Manager, Management Information Systems
Janice Cooper, Workforce Investment Act Specialist
Chelsea Mates, Workforce Investment Act Analyst