U.S. Department of Labor

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

JUL 19 2002

The Honorable Don Siegelman
Governor of Alabama
Montgomery, Alabama 36130

Dear Governor Siegelman:

It is with pleasure that I respond to the State of Alabama's request for a waiver of statutory and regulatory requirements under the Workforce Investment Act (WIA), in accordance with the Secretary's authority to waive certain requirements of WIA Title I, subtitles B and E and sections 8-10 of the Wagner-Peyser Act. This authority is granted to the Secretary by section 189(i)(4)(A) of the Workforce Investment Act (WIA or the Act), and in the implementing regulations at 20 CFR 661.420.

These waivers grant states flexibility in program design for seamless program delivery and improved customer service, in exchange for accountability and agreed-to programmatic outcomes. We hope that these changes will assist your state in meeting its workforce needs and improving programmatic outcomes at the local level and statewide.

We are pleased to be able to respond positively to your request. The following is the disposition of the state's waiver submission.

Waiver: Subsequent Eligible Training Provider (ETP) Requirements; 18 month subsequent eligibility requirement (WIA Sec. 122(c)(5) and 20 CFR 663.530)

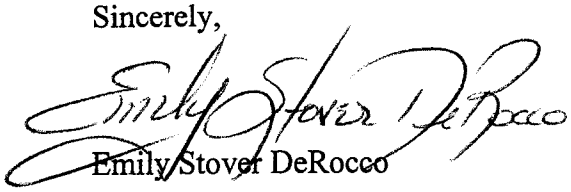
The Alabama Department of Economic and Community Affairs is requesting a waiver (copy attached) of the time limit on the period of initial eligibility of training providers found at 20 CFR 663.530. Under the waiver, the state proposes to postpone the determination of subsequent year eligibility of training providers until January 1, 2004. The stated reason for this postponement is to give the state additional time to effectively implement the subsequent eligibility process. The state indicates that this additional time will give the state's program customers a broader range of choices among eligible training providers. The state reports that current ongoing efforts to implement the subsequent eligibility process, including data collection on local provider performance,

would continue during the period of the waiver, if granted, with a complete implementation date of January 1, 2004. The state reports that the postponement will also allow the local areas to become more familiar with the ETP and ITA processes. The state believes that the waiver will enhance the implementation of the WIA concepts of consumer choice and accountability. The waiver is written in the format identified in WIA section 189(i)(4)(B) and 20 CFR 661.420(c). Upon review, the state's request appears to meet the standard for waiver of requirements relating to key reform principles, as specified at 20 CFR 661.410(c).

Accordingly, the State of Alabama is granted a waiver of the time limit on the period of initial eligibility of training providers at 20 CFR 663.530 to extend the period of initial eligibility through January 1, 2004, as requested. The granted waiver is incorporated by reference into the state's WIA Grant Agreement, as provided for under paragraph 3 of the executed Agreement, and also constitutes a modification of Alabama's approved five-year strategic plan. A letter is being sent to your state WIA Liaison, which supplements this notification letter and spells out the terms and conditions that apply to the granted waiver. A copy of each letter should be filed with the state's WIA Grant Agreement and the state's approved five-year plan, as appropriate.

We look forward to continuing our partnership with you and to the achievement of better workforce investment outcomes and the improvement of the lives of many of the residents of Alabama. We are prepared to entertain other state and local-level waiver requests that the state may wish to submit, consistent with the provisions of the Act and regulations.

Sincerely,



Emily Stover DeRocco

Enclosure

OFFICE OF THE GOVERNOR

DON SIEGELMAN
GOVERNOR

STATE OF ALABAMA

ALABAMA DEPARTMENT OF ECONOMIC
AND COMMUNITY AFFAIRS

Anne A. Payne
DIRECTOR

April 11, 2002

2002 APR 17 P 12:58

Ms. Emily DeRocco
Assistant Secretary of Labor
Employment and Training Administration
Unites States Department of Labor
200 Constitution Avenue N. W., Room S2307
Washington. D.C. 20210

Dear Ms. DeRocco:

Enclosed is the State of Alabama's request for a waiver to extend the period of "Initial Eligibility of Training Providers " through December 31, 2003, postponing the "Subsequent Eligibility of Training Providers" period until January 1, 2004. The reason for this request is to give Alabama additional time to effectively implement the process. This additional time will give the state's program customers a broader choice among eligible training providers. The current ongoing effort to implement the subsequent eligibility process would continue with a complete implementation date of January 1, 2004. This waiver request is being written in the format identified in WIA Section 189(i)(4)(B) and WIA Regulations at Section 661.420(c).

If granted the waiver, Alabama plans to research "substantially similar" performance measures that can ensure that customers are provided with useful information to assist them in the selection of training providers. Alabama also intends to work with State education entities in an effort to resolve the inherent conflicts in data privacy regulations that are a barrier to the collection of performance data. In addition, we would like the opportunity to participate in any initiatives that will generate information for the Department of Labor to use during the reauthorization of the Workforce Investment Act.

Alabama fully understands the need for accountability and supports efforts to ensure that customers are making informed decisions based on quality data. But when the ability to effectively collect the

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required data is severely limited, the resulting chaos could effectively destroy customer choice and severely limit the use of ITAs. If you have any questions about the request, please feel free to call Ray Clenney, Supervisor, Planning and Rapid Response Section, at (334) 242-5300.

Sincerely,

Anne A. Payne
Director

Enclosure

Cc: Anna Goddard
Steve Walkley

State of Alabama
Waiver Request
Workforce Investment Act
Subsequent Eligibility of Training Providers

The Alabama Department of Economic and Community Affairs (ADECA), the administrative entity for the Workforce Investment Act, is requesting a waiver to extend the period of "Initial Eligibility of Training Providers" until December 31, 2003, postponing the "Subsequent Eligibility of Training Providers" period until January 1, 2004. The reason for this request is to give Alabama additional time to effectively implement the process. This additional time will give the state's program customer a broader range of choices among eligible training providers. The current ongoing effort to implement the subsequent eligibility process would continue with a complete implementation date of January 1, 2004. Alabama is fully committed to the WIA concept of increased consumer choice and training provider accountability. This waiver will allow Alabama to fully implement this concept.

This waiver request is being written in the format identified in WIA Section 189(i)(4)(B) and WIA Regulations 661.420(c).

A. **Statutory Regulations to be Waived:** WIA Section 122(c)(5) and WIA Regulations at Section 661.530 deal with the time limit for initial eligibility that would be waived with an extension of the initial eligibility period to December 31, 2003.

B. **Goals to be Achieved by the Waiver:** The goals to be achieved by the waiver are to:

- Improve efforts of data collection from training providers;
- Increase the amount and accuracy of WIA performance information from training providers;
- Provide time to investigate whether there are "substantially similar" measures that could be substituted in place of the required measures; and
- Allow local workforce investment areas to increase familiarity with the Eligible Training Provider List (ETPL) system.
- Continue to offer customer choice while working with the Department of Labor to identify possible revisions to this section of the Act.

C. **State or Local Statutory or Regulatory Barriers:** These are no state or local statutory or regulatory barriers to implementing the requested waiver.

D. **Description of the Waiver Goal and Programmatic Outcomes:** During Program Year 2000 (July 1, 2000 - June 30, 2001), Alabama's three Workforce Investment Areas (WIAs) approved more than 60 training providers. The state's ETPL system currently contains the names of more than 80 eligible training providers offering more than 1400 individual training programs. It includes the state's technical and community colleges, some state universities,

private-for-profit, and nonprofit schools and training agencies. The complete list of approved training providers is located at http://www.dir.state.al.us/lmi/alcrs. For Program Year 2001 so far, the state's three WIAs have issued more than 4,200 Individual Training Accounts (ITAs) and state-level issued ITAs number 607.

The Workforce Development Division has worked in conjunction with the three local WIAs to market the concept of the ETPL to training providers throughout the state. For the most part, efforts have been very successful. Most of the state four-year colleges, however, have declined to participate due to the current reporting requirements. Most indicated that the reporting effort required was not realistic based on the limited number of potential enrollments. Once the period of initial eligibility began, the state worked with local Workforce Investment Boards (WIBs) to further educate local area training providers on the data collection and performance requirements of the subsequent eligibility process. Several concerns were identified during by training providers:

- Creating and maintaining a system that would collect the data required around the WIA regulations would be very costly and burdensome.
- For many of the providers, the relatively small number of WIA-eligible participants accessing their training services through Individual Training Accounts IITA) did not justify the resources that would have to be committed to collecting the data required.
- The occurrence of potential violations of data privacy especially related to the Family Educational Rights Privacy Act.
- WIA data requirements would present an additional burden to the amount of data already being collected from students at a time when most businesses/ schools/colleges are trying to streamline processes and be more customer friendly.

These very valid concerns have led several potential training providers to forego completing the training provider application and many current providers to state that they would be unable to comply with the requirements for subsequent eligibility certification. The loss of a great number of training providers, especially in the state's two-year college system, would have a very negative impact in rural areas where the number of eligible training providers is already very limited. The lack of eligible training options would virtually shut down the ITA effort in many of our state's rural (one-stop) career centers. The waiver to extend the initial period of certification would keep providers on the ETPL and provide our customers with the training option choices mandated by the Act.

At present, the local WIBs do not have sufficient data (neither "all student" data nor "WIA" student data) to make adequate decisions about which training providers should be re-certified. Since information on employment and earnings come from the unemployment insurance wage system, there is a tremendous delay in obtaining wage information on the quarter after termination and three quarters after termination. Any decisions made by local boards regarding a provider's eligibility could be considered arbitrary and open to a challenge by a provider denied subsequent eligibility.

Alabama fully understands the need for accountability and supports efforts to ensure that customers are making informed decisions based on quality data. But when the ability to effectively collect the required data is severely limited, the resulting chaos could effectively destroy customer choice and severely limit the use of ITAs. The primary goal of this waiver request is to ensure that the state's adult and dislocated workers are afforded an opportunity to receive quality training through a system that provides a wide range of effective training providers from which to choose.

The State has been unable to develop a system that would allow for the easy collection of data utilizing unemployment insurance wage reports. In addition, the State has also encountered issues with the current computer program that maintains the ETP system. The state is currently working with the software developer in an effort to make the system more "user friendly". The state's two-year college system, our primary deliverer of WIA training within the State, has reported difficulties in developing a tracking system to report the data required under WIA. The State is working with this agency to developing an acceptable system.

The waiver will also allow the local WIAs to become more familiar with the ETP and ITA processes. As a result, local one-stop staff would be afforded more accurate performance data with which to assist participants in making informed training choices based on accurate and reliable data. Accurate performance data will also result in greater confidence in the ETP system.

The following action will be taken if the waiver is approved:

- Workshops will be conducted and technical assistance will be provided for all three local WIAs on the ETP process. These workshops will begin in May 2002.
- Action will be taken to improve the current ETPL website and to ensure that data fields are developed to provide for the collection of required data.
- Work is currently being performed on our AlaWorks system to ensure that participant data can be accurately entered in a timely fashion and so that the information can be utilized for management analysis and planning purposes.
- A unified system will be developed for collecting participant follow-up data utilizing the state's U. I. Wage Reports. Responsibility for collection of the required data will be assigned to the Workforce Development Division's Information Management/ Reporting Section.
- Once the new system has been developed, an aggressive public relations effort will be initiated to inform the local one-stops of the subsequent eligibility process.
- Customer satisfaction survey results will be analyzed to determine reaction to our current ETPL system. Appropriate changes to the system will be accomplished during PY2002.

E. **Discussions with Local Boards:** The submission of this waiver has been discussed with the local boards in all three of the state's WIAs. The boards are supportive of this waiver request.

F. **Public Input:** While there has been no formal effort to solicit public comment of the waiver request, it has been on the published agendas and open to comment at all of the local board meetings and at the State WIA board meeting.

G. **Description of the Individuals Impacted by the Waiver:** Local workforce investment areas and boards, training providers, local one-stop staff, and our customers will all be positively affected by this waiver.

H. **Description of the Process to Monitor Progress:** The Director of the Workforce Development Division and his staff will monitor the progress being made on the activities and time frames identified in the waiver. He will require monthly reports from the staff in charge of the ETPL system.