

SECRETARY OF LABOR
WASHINGTON

SEP 17 2002

The Honorable Paul Patton
Governor of Kentucky
Frankfort, Kentucky 40601

Dear Governor Patton:

It is with pleasure that I respond to the Commonwealth of Kentucky's request for a waiver of statutory and regulatory requirements under the Workforce Investment Act of 1998 (WIA or the Act) 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 Act, and in the implementing regulations at 20 CFR 661.420.

Granted waivers provide states the flexibility in program design for seamless service delivery and improved customer service, in exchange for accountability and agreed-to programmatic outcomes. We are pleased to be able to respond positively to your request. The following is the disposition of the Commonwealth's waiver submission.

Requested Waiver Provision: Waive 20 CFR 664.510 to permit the use of Individual Training Accounts (ITAs) for older youth participants.

The Commonwealth's waiver submission (copy enclosed) requests a waiver of the prohibition on the use of Individual Training Accounts (ITAs) for older youth found at 20 CFR 664.510. Under the waiver, the Commonwealth proposes to allow One-Stop operators, in all ten Workforce Investment Areas, to use WIA youth formula funds for ITAs for older youth that may select training providers from the Commonwealth's Eligible Training Provider list. The intent of the waiver request is to eliminate the need for co-enrollment in both adult and youth services which thereby increases service efficiency and customer choice.

The waiver is written in the format identified in WIA section 189(i)(4)(B) and 20 CFR 661.420(c). Upon review, the Commonwealth'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 Commonwealth of Kentucky is granted a waiver on the prohibition of individual training accounts (ITAs) for older youth participants cited at 20 CFR 664.510 consistent with the Commonwealth's waiver plan submission. This approval allows older youth to

select training providers from the ETPL with the use of ITAs from the WIA allocated youth formula funds. Although the Commonwealth has not requested a duration for the waiver, if granted, we are approving the waiver through Program Year 2003 (June 30, 2004), the current period of the WIA authorization.

The granted waiver is incorporated by reference into the Commonwealth's WIA Grant Agreement, as provided for under paragraph 3 of the executed Agreement, and also constitutes a modification of Kentucky'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 Commonwealth's WIA Grant Agreement and the Commonwealth'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 the youth of Kentucky. We are prepared to entertain other state and local-level waiver requests that the Commonwealth may wish to submit, consistent with the provisions of the Act and regulations.

Sincerely,

A handwritten signature in black ink that reads "Elaine L. Chao". The signature is written in a cursive style with a large initial "E" and "L".

Elaine L. Chao

Enclosure



320214

William H. Gaunce
Commissioner

Department for Training and ReEmployment
Cabinet for Workforce Development
209 St. Clair Street, 4th Floor
Frankfort, Kentucky 40601

Allen D. Rose
Secretary

May 24, 2002

DEPARTMENT OF THE SECRETARY
CABINET FOR WORKFORCE DEVELOPMENT
FRANKFORT, KY 40601

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RECEIVED

The Honorable Elaine Chao
Secretary
U. S. Department of Labor
200 Constitution Avenue NW
Room S-2018
Washington, D.C. 20210

Dear Secretary Chao:

Kentucky is requesting a waiver on the regulatory prohibition of using Individual Training Accounts (ITAs) for older youth (20 CFR 664.510), which would allow older youth to use ITAs and select training providers from the Eligible Training Provider list. We seek this waiver for our entire state consisting of ten local Workforce Investment Areas.

We have a high-quality WIA youth system in our state; but like other states we strive to improve our comprehensive services to older youth. Older youth want to seek and secure the resources necessary to obtain self-sufficient, full-time employment. This waiver would serve to increase efficiency and customer choice for our older youth.

One-Stop operators would have a full array of services to offer the older youth that can benefit from these services without having to register in both youth and adult programs. The waiver would also allow for ease in tracking of funds for each funding stream.

As outlined in Training and Guidance Letter (TEGL) No. 12-01, attached are responses to the requested items in TEGL, Attachment B. Also, attached are letters of support from the Kentucky Workforce Investment Board and Youth Committee, a representative of Local Workforce Investment Areas and a representative of local service providers.

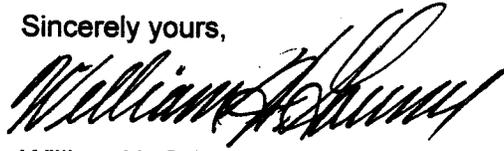


Phone: 502.564.5360 TTY: 502.564.9164
Fax: 502.564.8974 TTY Toll Free: 888.258.7577
Web Address <http://dtr.state.ky.us>



If you need additional information, please contact me at (502) 564-5360.

Sincerely yours,

A handwritten signature in black ink, appearing to read "William H. Gaunce". The signature is written in a cursive style with a large, looping initial "W".

William H. Gaunce
Commissioner

Attachments

cc: Julia Inman
Secretary Allen Rose
Colonel Elmo Head
Ken Oilschlager
Nancy Laprade
Anna Goddard

**Commonwealth of Kentucky
Waiver Request
Workforce Investment Act
Prohibition of use of Individual Training Accounts for Older Youth**

The Department for Training and ReEmployment (DTR), as the administrative entity for the Workforce Investment Act (WIA or Act), is requesting a waiver of the regulatory prohibition of using Individual Training Accounts (ITAs) for older youth.

In compliance with WIA Section 189(l)(4)(B) and WIA Regulations 661.420(c), please accept the following as a request for a waiver.

A. Statutory Regulation to be Waived:

WIA Regulation 29 CFR §664.510 prohibits the use of Individual Training Accounts for older youth. This waiver requests the use of Individual Training Accounts for older youth with implementation being upon approval of this waiver request.

B. Goals to be Achieved by the Waiver:

- Ensures the local areas have the flexibility to design and deliver programs based on the needs of their customers, rather than restrictions based solely on age.
- Reduces the paperwork and tracking processes requirement in dual enrollment (Older Youth and Adult) as is now necessary for an older youth to access occupational skills training through the Adult Individual Training Account (ITA) and Eligible Training Provider List (ETPL) process.
- Offers Youth the real-life learning experience of making an informed decision that has direct impact on his/her life. Using the ITA/ETPL process with older youth offers case managers the opportunity to discuss the process of decision-making (training provider, finances, etc) and the results that ensue.
- Levels the performance playing field by allowing Older Youth to be counted only once in the performance measures, rather than twice as when dually enrolled in Adult and Youth funds. (This can be especially critical when serving challenging populations such as Older Youth.)

C. State or Local Statutory or Regulatory Barriers:

There are no existing state or local statutory or regulatory barriers to implementing this waiver request.

D. Description of the Goals of the Waiver and Expected Outcomes:

Under WIA, the focus of youth programs have changed from the provision of short-term, stand alone job training to providing year-round, long-term services designed to assist both in-school and out-of-school youth make the transition to post-secondary training and careers. We believe the intent of this regulation is viable; however, we do not feel that contracted year-round youth programs are the best and only training vehicle for certain individuals within Kentucky's older youth population. Older youth continue to be one of the most difficult populations to serve because their interest lies in obtaining self sufficient, full-time employment

more often than being involved in a typical structured setting that youth contracts provide. Utilization of service elements through year-round contracting, sometimes only serves to delay access to training, then employment. In addition, many of these youth are beginning to act as responsible adults and would benefit from the real-life informed decision-making involved in using ITAs and the ETPL.

We realize these individuals may access ITAs through dual enrollment in youth and adult services, but this waiver would allow the flexibility for youth funds to be expended on youth services and retain adult funds on adult services. The option for dual enrollment into youth and adult services would still be accessible if the need of the individual so indicates or if funding in one stream becomes limited. However, the option to allow Older Youth to access ITAs and the ETPL process using only Youth funds would usually be preferable. Using only Youth funds for occupational skills training through ITAs stops the individual customer from being counted twice in performance; once as a Older Youth and once as an Adult. Older Youth can be very challenging to serve, so lessening the performance "risk" associated with the population by only counting them once, would be a benefit to the service delivery system.

WIA requires local areas make available a menu of ten program elements, specified at 20 CFR 664.410, to eligible youth. We believe the intent of this regulation is practical for successful outcomes for older youth. We will, through the local plan process, require the local workforce investment areas to outline a plan of action to ensure compliance with this regulation for persons receiving payment of training services through an Individual Training Account.

This waiver is not being requested to circumnavigate the older youth requirements of WIA, but to bring service delivery for youth closer to the intent of the Act; to serve the customer efficiently according to their individual needs.

E. Description of the Individuals Impacted by the Waiver:

The waiver can positively impact all older WIA eligible youth. These customers will receive the type of services that most closely and quickly meet their needs without unnecessary paperwork and tracking.

F. Description of the Process to Monitor Progress:

DTR will be the entity responsible for monitoring the goals established in this waiver request. We will also be responsible for monitoring the local area process during our annual on-site review.

G. Opportunity for Local Boards to Comment on the Waiver Request:

This waiver request was initiated based on needs identified by local area Youth Leads (person identified in each area to spearhead youth initiatives). Attached are letters of support from a representative of the local areas and local service providers.

H. Public Comment on the Waiver Request:

The Kentucky Workforce Investment Board (KWIB) endorsed this waiver request at its quarterly public board meeting on May 8-9, 2002. It was also endorsed by the Youth Committee of the KWIB. Attached is a letter of support from Ken Oilschalger, KWIB chair and Colonel Elmo Head, Youth Committee Chair, outlining the Board and Committee support.

I. Further Information

1) What guidelines will be provided to the local areas on the use of ITAs?

The Department for Training and ReEmployment, administrator of the Workforce Investment Act in Kentucky, will issue through guidance memorandums, authority for the ten Local Workforce Investment Areas (LWIAs) to pursue the use of Individual Training Accounts (ITAs) for older youth utilizing the methodology outlined in sections 663.400-440 and 663.500-595 of the regulations.

2) How will these guidelines be incorporated into local areas' service delivery plans for youth?

Each local area that chooses to make use of this methodology for older youth will be required to amend their local area plan. They will be required to state how the ITA will be utilized, the maximum length of training, and the maximum amount of allowable funding.

3) What criteria will be used for determining when the use of the ITAs is appropriate?

Each LWIA will follow locally established policies and procedures governing the use. The LWIAs will be encouraged to monitor the process during the on-site monitoring visits. The state will monitor the process during the annual on-site assessment.

4) What assistance will be provided to youth to assist them in choosing an appropriate service provider?

Case managers will guide the process when the individual is a walk-in at the comprehensive One-Stop Centers. If the individual is receiving services through a locally funded contract, the responsibility then lies with the contractor. It will, however, be the responsibility of the LWIA to provide training and technical assistance to the contractors.



Department for Training and ReEmployment

Cabinet for Workforce Development
209 St. Clair Street, 4th Floor
Frankfort, Kentucky 40601

William H. Gaunce
Commissioner

Allen D. Rose
Secretary

May 10, 2002

The Honorable Elaine Chao
Secretary
U.S. Department of Labor
200 Constitution Avenue NW
Room S-2018
Washington, D.C. 20210

Dear Secretary Chao:

The Kentucky Workforce Investment Board and Board Youth Committee support the attached waiver request on the regulatory prohibition of using Individual Training Accounts (ITAs) for older youth (20 CFR 664.510), which would allow those youth with the ITAs to select training providers from the Eligible Training Provider list.

Our overall vision is to afford Kentucky's youth every opportunity to become productive citizens through life long learning and training opportunities. We believe this waiver would enhance our service strategy for this age group.

This waiver would serve as a catalyst to increased efficiency and customer choice. It would also provide our older youth a major stepping stone toward successful training ultimately leading to employment.

If I may be of further assistance, please contact me at (502) 564-0494.

Sincerely,

Ken Oilschlager, Chairman
Kentucky Workforce Investment
Board

Colonel Elmo Head, Chairman
Kentucky Workforce Investment
Board Youth Committee



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April 19, 2002

Elaine Chao
Secretary
U. S. Department of Labor
200 Constitution Avenue – NW
Room S-2018
Washington, D. C. 20210

Dear Secretary Chao:

The Lincoln Trail Local Workforce Investment Area supports the Commonwealth's request to waive the regulatory prohibition of using Individual Training Accounts (ITAs) for older youth (20 CFR 664.510). Older youth continue to be one of the most difficult populations to serve because they are more interested in obtaining self-sufficient, full-time employment more often than being involved in a typical structured setting that youth contracts provide. The waiver would give us increased flexibility to provide the older youth with additional choices for WIA services. More importantly, it develops a natural gateway for them to move from basic educational or work readiness skills to occupational skills and ultimately self-sufficient employment.

We appreciate your consideration of this waiver request to allow Kentucky's older youth to have more options for WIA services.

Sincerely,

Sherry L. Johnson
Associate Director



Grant Co. High School
715 Warsaw Road
Dry Ridge, KY. 41035
859-824-9739



Gail K. Bailey

School 859-824-9739
Cell 513-259-4043
Pager 513-944-0135
Home 859-824-1542

**Drop-out Prevention Directors
Grant County**

Scott Shipp

School 859-824-9739
Home 859-824-7251

To: Sharon Britton
From: Gail K. Bailey
Re: Support ITA's
Date: 4/25/02



Ms. Britton,

I would like to extend my support in favor of increasing services available to the older youths served. Often times we get youths to a certain level of success but are not able to complete the entire cycle. Services should be available that enables programs to offer life careers and educational training. Adding this feature will help ensure the long term success of the youths we serve.

Thank You,

Gail K. Bailey
Director-Positive Outcome Program