



OCT 26 4000

Ms. Patricia Haffey  
Commissioner  
Department of Labor and Industry  
1327 Lockey  
Helena, Montana 59624-1728

Dear Ms. Haffey:

This is in reference to the State's request, included in its Five-Year Strategic Plan, to waive the 10-percent limit on local-level administrative costs, at section 128(b)(4)(A) of the Workforce Investment Act (WIA) and 20 CFR 667.210(a)(2) under the Secretary's new general waiver authority contained in WIA, at section 189(i)(4).

The State's request to waive the local administrative cost limitation is approved in part, as described below. The State requested a waiver, to apply to both local workforce investment areas, of the 10% local administrative cost limitation set forth in WIA section 128(b)(4)(A) and 20 CFR 667.210(a)(2). Other States have applied for similar waivers, but we are not approving statewide waivers of the local administrative cost limitation because we do not believe that the limitation generally impedes the ability of local areas to implement their local plans. The definition of administrative costs, described in 20 CFR 667.220, was developed through extensive consultation with our federal, state and local partners, and after extensive field-testing. We believe that this provision presents a reasonable and easy-to-use definition, and expect that experience will show that by applying this definition, most local areas will be able to provide high-quality services while still meeting the 10% administrative cost limitation.

However, we acknowledge that circumstances may exist in some local areas which would prevent the area from meeting the 10% limitation despite its best efforts to do so. In your application you describe in detail why the waiver is needed for the Rural CEP area and the Balance-of-State area. Therefore, based on the Governor's determination that this waiver is necessary to provide more streamlined services to customers in large geographical areas with small populations, we are providing the Governor authority to apply a waiver of the 10% administrative cost limitation to those local areas that have demonstrated the need for the waiver.

The appropriate grant document including the approved waiver will be forwarded to you under separate cover. Please handle according to the instructions included with the document and return to the Grant Officer.



We appreciate the State's views and look forward to working with the State as we proceed to fully implement the new program. We are prepared to entertain other State and local-level waiver requests that Montana may wish to submit, consistent with the provisions of the Act and regulations.

Sincerely,

A handwritten signature in black ink, reading "Raymond J. Uhalde". The signature is written in a cursive style with a long, sweeping horizontal line extending to the right.

RAYMOND J. UHALDE  
Deputy Assistant Secretary