



JUN 21 2002

The Honorable Don Sundquist  
Governor of Tennessee  
Nashville, Tennessee 37243-0001

Dear Governor Sundquist:

It is with pleasure that I respond to the State of Tennessee'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 state's waiver submission (copy enclosed) requests a waiver 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, 2003. The state indicates that the reason for this request is to give Tennessee more time to obtain performance data on all eligible providers and to effectively implement the subsequent eligibility determination process. The intent of the waiver is to give the state's program customers more and better choices among training providers. 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).

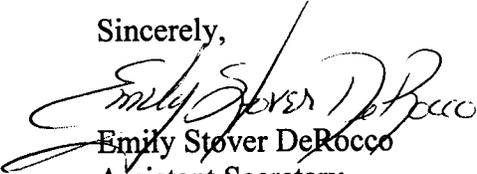


A Proud Member of America's Workforce Network

Accordingly, the State of Tennessee 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, 2003, 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 Tennessee'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 Tennessee. 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  
Assistant Secretary

Enclosure



OWS

STATE OF TENNESSEE  
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

Andrew Johnson Tower  
710 James Robertson Pkwy 8<sup>th</sup> Floor  
Nashville, TN 37243-0655  
(615) 741-2582

MICHAEL E. MAGILL  
COMMISSIONER

DON SUNDQUIST  
GOVERNOR

March 11, 2002

Ms. Anna Goddard  
Regional Administrator, United States Department of Labor  
Employment and Training Administration  
Room 6M12, 61 Forsyth Street, Federal Center  
Atlanta, GA 30303

RECEIVED  
MAR 13 7 32 AM '02  
U.S. DEPARTMENT OF LABOR  
EMPLOYMENT AND TRAINING ADMINISTRATION

Dear Ms. Goddard:

Enclosed is Tennessee's request for a waiver to postpone, until January 1, 2003, the implementation of the subsequent eligibility process for training providers, as described in the Workforce Investment Act (WIA) Section 122. In addition, we request to concurrently extend the duration of the initial eligibility provider list.

The primary reason for this request is to allow for continual operation of our Individual Training Account (ITA) programs that would be drastically affected if the current state policy for subsequent eligibility were to be implemented. When the state established policies relative to subsequent eligibility, we had no experience or historical data to establish performance measures. The goals that we established, if implemented at the current level, would eliminate approximately 30% of the current providers and create substantial problems in service delivery for the ITA program. We are planning a meeting with our LWIAs next week to discuss a change in policy. We then plan to present the policy to the State Workforce Development Board and modify the state plan and policy to reflect the average placement rates for training programs.

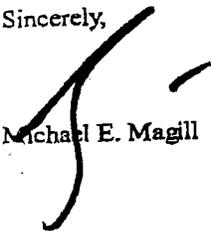
In addition, this postponement will allow the state to more effectively and efficiently implement the process by giving us time to gather more performance data and to provide our customers with information necessary to make informed choices among training providers. Local Workforce Boards would also have more information on which to make certification determinations. Ongoing work in implementing the subsequent eligibility process would continue throughout the year.

We want to emphasize our full support of the WIA concepts of consumer choice and program accountability. This postponement will allow us to fully implement them in this state and not compromise services to our customers.

If you have any questions about the request, please feel free to contact Susan Cowden, Director, Employment and Training Division, at 1-800-255-5872 or 615-741-3874.

Thank you for your consideration of our waiver.

Sincerely,

  
Michael E. Magill

STATE OF TENNESSEE  
WAIVER REQUEST  
WORKFORCE INVESTMENT ACT:  
SUBSEQUENT ELIGIBILITY OF TRAINING PROVIDERS

The Tennessee Department of Labor and Workforce Development (DOLWD), the state administrative entity for the Workforce Investment Act (WIA), is requesting a waiver to postpone the "Subsequent Eligibility of Training Providers" until January 1, 2003. The reason for this request is to give Tennessee more time to effectively implement the process. This will give the program participants enhanced choices among training providers. Ongoing work in implementing the subsequent eligibility process would continue with full implementation by January 1, 2003. Tennessee fully believes in the WIA concepts of consumer choice and accountability. This waiver will enhance the implementation of these concepts in the state.

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 663.530 dealing with the time limit for initial eligibility would be waived with an extension for an additional year.

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

- Allow for continual operation of our Individual Training Account (ITA) programs that would be drastically affected if the current state policy for subsequent eligibility were to be implemented. When the state established policies relative to subsequent eligibility, we had no experience or historical data to establish performance measures. The goals that we established, if implemented at the current level, would eliminate approximately 80% of the current providers and create substantial problems in service delivery for the ITA program.

- Allow for the time required to make system changes that will allow for UI wage data to be matched, and performance to be posted;

- Improve efforts of data collection from potential training providers;

- Increase the amount of Workforce Investment Act (WIA) performance information from potential training providers;

- Allow more time to analyze data to set reasonable criteria for "subsequent eligibility";  
and

- Allow local areas to increase their familiarity with the Individual Training Account (ITA) and Eligible Training Provider (ETP) systems.

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

**D. Description of Waiver Goal and Programmatic Outcomes:** Since the WIA program began on July 1, 2001, Tennessee's 13 Workforce Investment Areas (LWIAs) have planned for 4334 ITAs and actually issued 3756 actual vouchers. Currently, the State List of Initially Eligible Training Providers identifies more than 2825 training programs at 187 different providers. It includes the state's technology centers, community college, and state university system, private for profit and nonprofit schools and training agencies. The complete list is located at: [http://www.state.tn.us/thec/work\\_train.html](http://www.state.tn.us/thec/work_train.html).

The primary reason for this request is to allow for continual operation of our Individual Training Account (ITA) programs that would be drastically affected if the current state policy for subsequent eligibility were to be implemented. When the state established policies relative to subsequent eligibility, we had no experience or historical data to establish performance measures. The goals that we established, (completion rates of 66%, when the state average is less than 53%) if implemented at the current level, would eliminate approximately 80% of the current providers and create substantial problems in service delivery for the ITA program.

At present, the Local Workforce Investment Boards (LWIB) does not have sufficient data (either "all student" data or "WIA supported" student data) to make thoughtful decisions about which training providers should be certified. DOLWD has had difficulty in working within the data privacy frameworks of the Family Educational Rights Privacy Act (FERPA) and the state's Data Privacy statutes. These efforts have taken a great deal of time not allowing DOLWD the opportunity, as of yet, to fully populate the data fields on the official web site, [http://www.state.tn.us/thec/work\\_train.html](http://www.state.tn.us/thec/work_train.html). These fields are essential to LWIBs considerations of training provider applications for subsequent eligibility. Without the time requested by the waiver, Local Workforce Investment Boards will be making arbitrary decisions about such applications.

The additional time will allow DOLWD the opportunity to collect more data allowing more thoughtful decisions. DOLWD will better be able to set subsequent eligibility thresholds that reflect an emphasis on quality training while not arbitrarily excluding any potential quality trainer.

The waiver will allow the local Workforce Investment Act (WIA) to become more familiar with the ETP and ITA processes. Thus, there will be a better opportunity to advertise the Consumer Report/Subsequent Eligibility process to the training provider community to the state. This will cause more providers to ask for the opportunity to become eligible as a WIA trainer providing more choices to the customer.

To accomplish these goals, DOLWFD intends to carry on the following activities:

1. We are planning a meeting with our LWIAs on March 22nd to discuss a change in policy. We then plan to present the policy to the State Workforce Development Board and modify the state plan and policy to reflect the average placement rates for training programs.

2. Conduct technical assistance visits to all LWIAs on ITAs and the ETP process. These workshops will begin in January 2002 and will continue throughout the year. All 13 LWIAs will be visited by six teams that have program expertise, two members (WIA and Trade Act) having expertise in the ITA and ETP process.

3. Enhance DOLWD's website to contain revised information on the subsequent eligibility process including procedures and definitions and links to the state list of eligible providers and other resources. A fully functioning website was in place on November 1, 2001 but it will need to be updated. Continued enhancements to the website will be ongoing.

4. The state of Tennessee is the first in the nation to embark upon a comprehensive data collection system that will be used by the majority of workforce development partners. This system is commonly referred to as CMATS (Case Management and Activity Tracking System). Ten of the mandatory partners will be using this system or interfacing with the system by January 1, 2003. As of July 1, 2001, CMATS became the tracking and reporting system for WIA programs. This extension will allow Tennessee to finalize processes for incorporating WIA data on the Eligible Training Provider list. In addition, a complete match of the UI data will be conducted.

5. Carry on a public relations effort informing training providers throughout the state of the potential of the Consumer Report and the WIA subsequent eligibility process. Although done in Program Year 2000, efforts will be made to intensify the outreach throughout the year.

6. Analyze customer satisfaction survey results to ascertain reactions to the present state list of eligible providers. Appropriate changes will be made during 2002.

Involvement with the Local Workforce Investment Boards:

Through Technical Assistance Visits that have already been conducted with local areas 5, 6, 9, 10, 12 and 13 (6 of 7 LWIAs) the state has received overwhelming support of this waiver request. The decision to revise our policies will greatly enhance the ETP process and assure the continuation of a successful program. All local areas will have the opportunity to discuss the details of the policy change at a meeting to be held on March 22, 2002.

**E. Description of the Individuals Impacted by the Waiver/Public Comment:** All customers (e.g., employers, training providers, LWIBs, and ITA participants) will be positively affected by the waiver:

- Employers will continue to be able to access a trained workforce.
- Training providers initially eligible and on the state list of ETP will have an additional opportunity to establish WIA and all-student performance base before subsequent year determinations need to be made.

Local Workforce Investment Boards will have additional data on which to make decisions.

ITA users will have a wider selection of training providers for a longer period of time until subsequent eligibility is determined. (NOTE: This is especially important given the recent layoffs in the manufacturing industry)

The Public comment period for our local providers begins this month. We have asked that each LWIA post the proposed changes to the ETP policies as part of this comment period. In addition, the state will post the changes on the state web site from April 1, 2002 through May 30, 2002.

**F. Description of the Process to Monitor Progress:** DOLWFD' Director, Employment and Training Division, Susan Cowden and her management staff will monitor progress being made on the activities and time frames identified in "D."