



OCT 6 - 2014

The Honorable Robert Bentley
Governor of Alabama
State Capitol
Montgomery, Alabama 36130

Dear Governor Bentley:

The Employment and Training Administration (ETA) is pleased to respond to your request for waivers of statutory and regulatory requirements under the Workforce Investment Act (WIA). This action is taken under 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.

On July 22, 2014, the Workforce Innovation and Opportunity Act (WIOA) was enacted. Many of WIOA's provisions take effect on July 1, 2015, but the existing WIA state and local plan provisions remain in effect until July 1, 2016. ETA is conducting a review of WIOA's implementation timeline and provisions, and will be issuing guidance in the future regarding the new State Unified Plan provisions and waivers as part of its implementation actions. Current WIA waiver approval timelines have been adjusted in accordance with the expected end date (June 30, 2016) for the existing WIA State Plans, with the exception of certain waivers which are reviewed annually.

The State's recent WIA waiver requests are written in the format identified in WIA section 189(i)(4)(B) and 20 CFR 661.420(c), and meet the standard for approval at 20 CFR 661.420(e). The following is the disposition of the State's waiver requests (copy enclosed).

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 is requesting an extension of 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 through June 30, 2015.

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 is requesting 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 this waiver through June 30, 2016.

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. Under this waiver, the State must identify indicators or information gathering it will use to track improved outcomes, and report the results of the waiver in the WIA Annual Report.

Waiver of WIA Section 123 that requires that providers of Youth program elements be selected on a competitive basis.

The State is requesting a waiver of the requirement for competitive procurement of service providers for three of the ten youth program elements: supportive services, follow-up services, and work experience. The State is granted this waiver through June 30, 2016. Under this waiver, the State is permitted to allow its American Job Centers or partner agencies to directly provide the above youth program elements. In utilizing this waiver, the State and local areas must still meet Office of Management and Budget requirements (codified in 29 CFR 95.40-95.48 and 97.36) and all state and local procurement laws and policies. Under this waiver, the State must identify indicators or information gathering it will use to track improved outcomes, and report the results of the waiver in the WIA Annual Report.

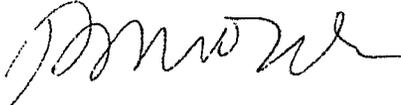
Waiver of WIA Section 101(31)(B) to increase the employer reimbursement for on-the-job training for youth program participants.

The State is requesting 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 for youth program participants. The State was previously granted this waiver in a letter dated August 28, 2013. The State may apply the use of this waiver to youth program participants as part of its occupational skills training strategy. Under this waiver, the State must identify indicators or information gathering it will use to track improved outcomes, and report the results of the waiver in the WIA Annual Report.

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 required by TEGL No. 6-13, the State should address the impact 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 continuing our partnership with you and achieving better workforce outcomes. If you have any questions related to the issues discussed above, please contact Claudine Noel the Federal Project Officer for Alabama, at (404) 302-5368 or noel.claudine@dol.gov.

Sincerely,



Portia Wu
Assistant Secretary

Enclosure

cc: Les Range, Regional Administrator, ETA Atlanta Regional Office
Claudine Noel, Federal Project Officer for Alabama

OFFICE OF THE GOVERNOR

ROBERT BENTLEY
GOVERNOR



STATE CAPITOL
MONTGOMERY, ALABAMA 36130

(334) 242-7100
FAX: (334) 242-3282

STATE OF ALABAMA

 COPY

June 26, 2014

Mr. Les Range
Regional Administrator
U.S. Department of Labor – ETA Region III
Sam Nunn Atlanta Federal Center
61 Forsyth Street, SW, Room 6M12
Atlanta, Georgia 30303

Dear Mr. Range:

RE: Workforce Investment Act (WIA) Title I-B Waiver Requests
for Program Year 2014

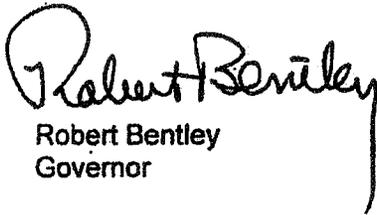
The State is requesting that one of the attached Workforce Investment Act Title I-B waivers be extended through June 30, 2015 and the other three waivers be approved through June 30, 2017. The first waiver would give the State of Alabama the needed flexibility in regard to conducting evaluations utilizing the limited availability of Governor's Reserve funds since Congress and the administration elected to require that the majority of the Governor's 10 Percent Program funds, 6.25 percent, would need to be allocated to the local workforce investment areas for Program Year 2014. The other waivers request permission to use Individual Training Accounts (ITAs) for youth, to waive competitive selection of providers of youth elements (supportive services, follow-up services, and work experience), and to increase employer reimbursement for youth funded On-the-Job Training (OJT) for small and medium sized businesses. These waiver requests are submitted in accordance with the process described in Section 189(i)(4) of the Workforce Investment Act.

We are very proud of our commitment to support local flexibility whenever possible. The requested waivers have the potential, if granted, to expedite the delivery by Alabama WIA professionals of quality workforce development services to program participants eligible for and in need of such services. We believe that approval of these waiver requests will have a positive impact on the people of Alabama.

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WIA Title I-B Waiver Requests PY14
June 26, 2014

Thank you for your prompt and favorable response to this request. Please contact Bill Hornsby, Supervisor, Alabama Department of Economic and Community Affairs, Workforce Development Division, State Programs, Planning, and Divisional Budget Management Section at (334) 242-5847 if you have any questions or concerns regarding these Waiver Requests.

Sincerely,

A handwritten signature in black ink that reads "Robert Bentley". The signature is written in a cursive style with a large initial "R".

Robert Bentley
Governor

RB:BEH:ls

Attachment

c: Linda Lundy
Claudine Noel
Winston Tompoe
Jim Byard
Steve Walkley

**State of Alabama
Workforce Investment Act
PY14 Waiver Requests**

The following are requests for waivers made by the State of Alabama for Program Year 2014. They are submitted pursuant to 20 CFR 661.420(c).

Use of Individual Training Accounts (ITAs) for Youth

Statutory and/or regulatory requirements to be waived

The language at 20 CFR 664.510 which prohibits the use of Individual Training Accounts (ITAs) for youth program participants

State or Local Statutory Barriers

There is no State or local statutory or regulatory barrier to implementing the proposed waiver.

Goals of the Waiver and Expected Programmatic Outcomes

The goals of the waiver are to expand service options for youth, increase program flexibility, enhance customer choice, improve staff efficiency, and decrease paperwork, tracking and dual enrollment of older youth.

A waiver allowing ITA use for youth will maximize the delivery of services by enabling staff to use this option for training if and when it is the best service option. This will also eliminate the need for dual enrollment of older youth in Adult programs and provide broader options for younger and out-of-school youth. In addition to enhancing the available service options and customer choice, the ability to provide ITAs will reduce tracking, reporting, and paperwork that come with dual enrollment, resulting in a more efficient service delivery.

The state will continue to make available the ten (10) youth program elements described at WIA Section 129(c)(2) to youth participants enrolled in ITAs. It will also ensure that funds used for ITAs are tracked and that the ITAs are reflected in the individual service strategies for these youth.

This waiver will allow Alabama to continue to develop and strengthen, through education and training, a highly skilled workforce. This is consistent with Alabama's WIA/Wagner-Peyser Integrated Workforce Plan.

Description of Individuals Impacted by the Waiver

The waiver will directly impact WIA eligible youth and the local Alabama Career Center staff that will develop and issue the ITAs.

Description of the Process to Monitor the Waiver Program

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

Opportunity for Local Board and Public Comment on the Waiver Request

Local workforce administrative entities and board members were provided a copy of this proposed waiver request. No comments were received. Should the waiver be granted, the Department would issue an electronic notice and a Governor's Workforce Development Directive (GWDD) that will be disseminated to Chairpersons of Local Workforce Investment Boards and WIA Local Area Contact persons. The GWDD will also be posted on the Alabama Department of Economic and Community Affairs' website at: www.adeca.alabama.gov. The approval of this waiver would extend through June 30, 2017.

Public Comment

Information of this request was made available on the ADECA website at www.adeca.alabama.gov for a minimum of 30 days prior to June 25, 2014. No comments were received in regard to this waiver.

Competitive Selection of Providers of Youth Elements

Statutory and/or regulatory requirements to be waived

A waiver of WIA Section 123 that requires providers of all ten (10) Youth program elements be selected on a competitive basis. Specifically, the State is requesting this waiver to allow its Alabama Career Centers and/or partner agencies to directly provide the youth program elements of supportive services, follow-up services, and work experience.

State or Local Statutory Barriers

There is no State or local statutory or regulatory barrier to implementing the proposed waiver.

Goals of the Waiver and Expected Programmatic Outcomes

The expected outcomes of this waiver are:

- Maximization of quality training opportunities for youth through the development of stronger ties with work experience host agencies and employers
- An increase in the number of providers that can deliver activities to youth participants
- Improvement in the continuity of services to youth
- Improvement in the cost-effectiveness of the delivery of youth services

Approval of this waiver will allow Alabama to achieve efficiencies in the delivery of youth services, keep the administrative costs of competitive procurement processes at a minimal level, and increase work experiences for youth.

Description of Individuals Impacted by the Waiver

The waiver will directly impact WIA eligible youth, work experience host agencies, and employers. It will also impact community organizations seeking to partner with LWIAs to meet the needs of youth that their current resources alone cannot address.

Description of the Process to Monitor the Waiver Program

Monitoring will be conducted by fiscal and programmatic monitors to ensure compliance with the intent of this waiver and the use of WIA Title I-B funds by the LWIAs.

Opportunity for Local Board and Public Comment on the Waiver Request

Local workforce administrative entities and board members were provided a copy of this proposed waiver request. No comments were received. Should the waiver be granted, the Department would issue an electronic notice and a Governor's Workforce Development Directive (GWDD) that will be disseminated to Chairpersons of Local Workforce Investment Boards and WIA Local Area Contact persons. The GWDD will also be posted on the Alabama Department of Economic and Community Affairs' website at: www.adeca.alabama.gov. The approval of this waiver would extend through June 30, 2017.

Public Comment

Information of this request was made available on the ADECA website at www.adeca.alabama.gov for a minimum of 30 days prior to June 25, 2014. No comments were received in regard to this waiver.

Conduct Evaluations using Governor's Reserve

Statutory and/or regulatory requirements to be waived

The State of Alabama is seeking a waiver of WIA Section 134(a)(2)(B)(ii) and 20 CFR 665.200(d) requiring the conduct of evaluations of workforce investment activities for adults, dislocated workers, and youth.

State or Local Statutory Barriers

There are no state or local barriers.

Goals of the Waiver and Expected Programmatic Outcomes

The continued reduction (from 10 percent to 3.75 percent) in the WIA allotment for PY 2014 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 in 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:

§ 665.200

(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 (OJT) and customized training;

(4) A list of eligible providers of youth activities as described in WIA section 123;

(e) Providing Incentive Grants

(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 sec. 112(b)(14))

(i) 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 secs. 129(b)(2), 134(a)(2), and 136(e)(2))

Governor's Reserve Administrative Funds are being used by the state in regard to WIA grant administration, oversight and monitoring, reporting to the USDOL, very limited workforce projects, and required activities. The 3.75 percent "10 percent funds" are being used for Incentive Awards, and limited state level workforce projects, programmatic staff costs, etc.

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.

The following is the amount of funding available (including estimated carry in funds) for statewide activities:

Governor's 10% Program Funds Carried into PY14:	\$0.00
Governor's Reserve Administrative Funds:	\$2,580,816.00
Governor's 3.75% (10%) Funds:	\$1,203,396.00
Rapid Response:	\$ 482,966.00
Total Available:	\$4,267,178.00

The following amount would be spent on required activities:

\$2,859,918.00 is budgeted/obligated for required activities. Required activities include:

- Statewide Rapid Response Services
- Grants management
- Reporting to the Grantor
- Maintenance of the required financial management and participant management information systems
- Incentive Awards
- Maintenance of the State Eligible Training Provider List
- Oversight and Monitoring
- Other functions required to properly manage the WIA Title I-B program as the Grantee for U.S. Department of Labor funds.

Allowable activities are continuing to be funded with Governor's Reserve funds as follows:

\$1,407,260 is budgeted/obligated for allowable activities

Once all required activities necessary for the Grantee to administer the WIA program, to include participant management information systems, reporting, oversight and monitoring, etc., are budgeted, then a determination is made as to funding new and/or continuing statewide programs/activities. Note that some previously funded programs such as the statewide ITA program, which was linked to dislocated workers who were provided services by the State Rapid Response Team no longer exists due to the loss of 10 Percent Funds and only 3.75 percent is being made available for Program Year 2014. The few remaining participants were funded with Governor's Reserve Administrative funds in PY13, and participants remaining in PY14 will continue to be funded with Governor's Reserve Administrative funds until they complete their training via ITAs. The highly successful Incumbent Worker Training Program is budgeted (limited amount) with Governor's Reserve Administrative funds in order to keep it somewhat viable and to be able to offer some services to employers.

Description of 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 basic functions of the statewide workforce investment system.

Description of the Process to Monitor Waiver Program

The State will monitor progress and ensure accountability for Federal funds in connection with this waiver by reviewing monthly expenditure, performance and other reports, through regular contact with the ETA Regional Office liaisons, and through its monitoring and performance accountability system.

Opportunity for Local Board and Public Comment on the Waiver Request

State Workforce Investment Board and local workforce administrative entities and board members were provided a copy of this proposed waiver request. No comments were received. Should the waiver be granted, the Department would issue an electronic notice and a Governor's Workforce Development Directive (GWDD) that will be disseminated to Chairpersons of Local Workforce Investment Boards and WIA Local Area Contact persons. The GWDD will also be posted on the Alabama Department of Economic and Community Affairs' website at: www.adeca.alabama.gov. The approval of this waiver would extend through June 30, 2015.

Public Comment

Information of this request was made available on the ADECA website at www.adeca.alabama.gov for a minimum of 30 days prior to June 25, 2014. No comments were received in regard to this waiver.

Increase the Employer Reimbursement for Youth Funded On-the-Job Training for Small- and Medium-Sized Businesses

Statutory and/or regulatory requirements to be waived

The State of Alabama currently provides On-the-Job Training to older, out-of-school youth (ages 18 – 21) using youth funds on a limited basis as part of its Occupational skill training strategy required in 20 CFR 664.410(a)(5) and is seeking a waiver of 20 CFR 663.700(a) and CFR 663.710(b), which require business receive a maximum reimbursement of 50% of the newly hired employee's wages during OJT.

State or Local Statutory Barriers

There are no State or local statutory or regulatory barriers to implementing the proposed waiver.

Goals of the Waiver and Expected Programmatic Outcomes

The requirement that businesses be allowed a maximum wage reimbursement of 50% for OJT does not provide sufficient incentive for small- and medium-sized businesses to take advantage of OJT during this harsh economic time, especially when considering employment of a youth with little skills compared to other more experienced candidates. Therefore, Alabama is requesting a waiver of this requirement specifically for youth funded OJT, and approval to allow a graduated scale for youth funded OJT reimbursement as follows:

Up to 90% for businesses with 50 or fewer employees;

Up to 75% for businesses with 51 – 250 employees; and

Up to 50% (current statutory requirement) for businesses with 251 or more employees.

The goals of the waiver are to accelerate businesses hiring youth; to strengthen the labor pool by providing youth with marketable skills; to strengthen the business community by increasing its competitiveness in the global economy; to improve the capacity of local boards to market demand-driven services; and, to build beneficial relations with a greater number of businesses in the private sector. Additionally, this waiver will promote long-term employment of older youth who may not attend post-secondary training. This waiver request is consistent with Alabama's WIA/Wagner Peyser State Plan, which places a strong emphasis on strengthening the business community and increasing the number of individuals who receive training through the One-Stop Career System.

Description of Individuals Impacted by the Waiver

The waiver will accelerate hiring and thus positively impact the population of youth workers who are hired through OJT in terms of skill acquisition and income. In addition, the waiver will have a positive impact on the State's participating businesses with 250 or fewer employees, the State's workforce, and the State's economy.