



JUN 20 2012

The Honorable Pat Quinn
Governor of Illinois
State Capitol
207 Statehouse
Springfield, Illinois 62706

Dear Governor Quinn:

This letter provides approval of an extension of Illinois' current Workforce Investment Act (WIA) and Wagner-Peyser Act (W-P) State Plan for a portion of Program Year (PY) 2012. This letter also responds to Illinois' requests for new and extended waivers. Training and Employment Guidance Letter (TEGL) No. 21-11, issued on March 27, 2012, provides guidance for states to secure approval of their WIA/W-P State Plans and waivers for PY 2012. In accordance with TEGL No. 21-11 and your extension request, the State must submit a full five-year WIA/W-P State Plan and annual W-P Agricultural Outreach Plan by September 15, 2012.

Extension of State Plan

Illinois' existing State Plan will expire on June 30, 2012. This letter constitutes a written determination under WIA Section 112 (29 USC 2822) that the Employment and Training Administration (ETA) is temporarily extending the approval of Illinois' State Plan for WIA Title I and the Wagner-Peyser Act into PY 2012, for the period July 1, 2012 through December 31, 2012. The State already received its formula allotment for the WIA Youth program for PY 2012. The State is eligible to receive WIA formula allotments for the Adult and Dislocated Worker programs under the PY 2012 Annual Funding Agreement. The W-P Annual Funding Agreement for PY 2012/Fiscal Year 2013 will provide the W-P Act initial base allocation of PY 2012 funds.

Performance Levels

Illinois requested to temporarily extend its existing PY 2011 WIA and W-P performance goals for a portion of PY 2012. ETA has incorporated these performance goals, identified as PY 2012 performance goals, into the Regional and National Office copies of the State Plan. Please include these PY 2012 goals in the State's official copy of the State Plan. As required by TEGL 21-11, the State must renegotiate its new PY 2012 goals upon submission of its full State Plan.

Waivers

As part of the State's extension of the WIA/W-P Act State Plan, and as described in TEGL No. 21-11, the State requested temporary extensions of Illinois' PY 2011 waivers of statutory and regulatory requirements under WIA for PY 2012. The State also submitted requests for new

waivers (copy enclosed). The State's requests for new waivers are written in the format identified in WIA Section 189(i)(4)(B) and 20 CFR 661.420(c). The disposition of the State's waiver extensions as well as its submission of new waiver requests is outlined below. This action is taken under the Secretary's authority at WIA Section 189(i) to waive certain requirements of WIA Title I, Subtitles B and E, and Sections 8-10 of the Wagner-Peyser Act.

Extension of Waivers

Waiver to permit the State to replace the performance measures at WIA Section 136(b) with the common measures.

The State was previously granted a waiver that allows the State to replace the 17 performance measures under WIA Section 136(b) with the common measures. The State is granted an extension of this waiver through December 31, 2012.

This waiver permits the State to negotiate and report WIA outcomes against the common performance measures only, rather than the performance measures described at WIA Section 136(b). The State will no longer negotiate and report to ETA on the following WIA measures: WIA adult and dislocated worker credential rates; participant and employer customer satisfaction; older youth measures; and younger youth measures. The State will use the three adult common performance measures to negotiate goals and report outcomes for the WIA Adult and WIA Dislocated Worker programs. The State will use the three youth common performance measures to negotiate goals and report outcomes for the WIA Youth program. Workforce Investment Act Standardized Record Data system (WIASRD) item 619, Type of Recognized Credential, should be completed for each individual as appropriate, regardless of this waiver to report on common performance measure outcomes only.

Waiver of WIA Section 134(a) to permit local areas to use a portion of local funds for incumbent worker training.

The State was previously granted a waiver to permit local areas to conduct allowable statewide activities as defined under WIA Section 134(a)(3) with local WIA formula funding, specifically incumbent worker training. The State is granted an extension of this waiver through December 31, 2012. Under this waiver, the State is permitted to allow local areas to use up to 10 percent of local Dislocated Worker funds and up to 10 percent of local Adult funds for incumbent worker training only as part of a layoff aversion strategy. Use of Adult funds must be restricted to serving lower income adults under this waiver. ETA believes limiting incumbent worker training to the specified level and requiring it to be a part of layoff aversion is the best use of funds in the current economic climate where serving unemployed workers is a paramount responsibility of the workforce system. All training delivered under this waiver is restricted to skill attainment activities. Local areas must continue to conduct the required local employment and training activities at WIA Section 134(d), and the State is required to report performance outcomes for any individual served under this waiver in the Workforce Investment Act Standardized Record Data system (WIASRD), field 309. TEGL No. 26-09, Section 7A,

“Workforce Investment Act (WIA) Waiver Policy and Waiver Decisions for PY 2009 and 2010” and TEGL No. 30-09, “Layoff Aversion Definition and the Appropriate Use of Incumbent Worker Training for Layoff Aversion Using a Waiver” provide policy guidance related to implementation of this waiver.

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 was previously granted 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 an extension of this waiver through December 31, 2012. 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.

New Waiver Requests

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 has requested 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 effective July 1, 2011 through December 31, 2012.

Waiver of WIA Section 134(a)(2)(B)(iii) and 20 CFR 665.200(e) to exempt a state from the requirement to provide local workforce investment area incentive grants.

The State has requested a waiver of the requirement to provide local workforce investment areas incentive grants to reward regional cooperation, local coordination of activities, and exemplary performance. The State is granted this waiver effective July 1, 2011 through December 31, 2012.

Waiver of 20 CFR 665.200(b)(3) to exempt the state from the requirement to disseminate training provider performance and cost information.

The State has requested a waiver of the requirement to disseminate training provider performance and cost information. The State is granted this waiver effective July 1, 2011 through December 31, 2012.

Waiver of WIA Section 185(a)(2)-(3), Training and Employment Notice Number 14-02, Data Validation Initiative, and related TEGLs addressing data element validation requirements.

The State has requested a waiver to integrate the process of data element validation into the regular, annual programmatic monitoring rather than a specific set period during the year. ETA denies this waiver. The process of data element validation is prescribed by ETA policy guidance rather than WIA statute or its regulations and, therefore is an issue that falls outside the waiver authority. The State's request for data validation timeline flexibility has been forwarded to ETA's Office of Policy Development and Research for consideration outside of the waiver process.

Waiver of 20 CFR 663.105 to discontinue certain registration and data collection requirements for dislocated workers enrolled in on-the-job training.

The State has requested a waiver of 20 CFR 663.105 to discontinue certain registration and data collection requirements for dislocated workers enrolling in on-the-job training. ETA denies this waiver. It is ETA's determination that such information is essential for effective program management and performance accountability.

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

The State has requested 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. The State is granted this waiver effective July 1, 2012 through December 31, 2012. Under the waiver, the following reimbursement amounts will be permitted: 1) up to 90 percent for employers with 50 or fewer employees, and 2) up to 75 percent for employers with 51-250 employees. For employers with more than 250 employees, the current statutory requirements (50 percent reimbursement) will continue to apply. When determining the funding source for on-the-job training, the State must use the appropriate program funds for the appropriate WIA-eligible population. The State and local areas may provide on-the-job training to individuals 18 years of age or older with WIA Adult funds and must provide priority to low-income individuals when funds are limited; the State and local areas may provide on-the-job training to dislocated workers with WIA Dislocated Worker funds. On-the-job training provided with statewide funds must serve WIA eligible individuals.

Waiver of WIA Section 134(a)(1)(A) to permit a portion of the funds reserved for rapid response activities to be used for incumbent worker training.

The State has requested a waiver to permit the use of rapid response funds to conduct allowable statewide activities as defined under WIA Section 134(a)(3), specifically incumbent worker training. The State is granted this waiver effective July 1, 2012 through December 31, 2012. Under this waiver, the State is permitted to use up to 20 percent of rapid response funds for incumbent worker training only as part of a layoff aversion strategy. ETA believes limiting

incumbent worker training to layoff aversion is the best use of funds in the current economic climate where serving unemployed workers is a paramount responsibility of the workforce system. All training delivered under this waiver is restricted to skill attainment activities. The State is required to report performance outcomes for any incumbent workers served under this waiver in the Workforce Investment Act Standardized Record Data system (WIASRD), field 309. TEGL No. 26-09, Section 7A, "Workforce Investment Act (WIA) Waiver Policy and Waiver Decisions for PY 2009 and 2010" and TEGL No. 30-09, "Layoff Aversion Definition and the Appropriate Use of Incumbent Worker Training for Layoff Aversion Using a Waiver" provide policy guidance related to implementation of this waiver.

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 described in TEGL No. 29-11, the State should address the impact that 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 receiving your full State Plan for PY 2012 and working together as you implement your State workforce strategies. If you have any questions related to the issues discussed above, please contact Arlene Charbonneau, Federal Project Officer for Illinois, at 312-596-5491 or Charbonneau.Arlene@dol.gov.

Sincerely,



Jane Oates
Assistant Secretary

Enclosures

cc: Byron Zuidema, Regional Administrator, ETA Chicago Regional Office
Arlene Charbonneau, Federal Project Officer for Illinois



Illinois Department of Commerce & Economic Opportunity

Pat Quinn, Governor • Warren Ribley, Director

April 12, 2012

Ms. Arlene Charbonneau
US DOL Region V
230 S. Dearborn – Room 638
Chicago IL 60604

Dear Ms. Charbonneau,

The State of Illinois requests a temporary extension of our current WIA / Wagner-Peyser State Plan and current negotiated performance targets through December 31, 2012. This extension is necessary because the three local areas in Cook County are actively planning a merger.

A merger of local areas in such a densely populated area will have significant impacts on service delivery strategies. These changes will affect a vast majority of WIA and Wagner-Peyser customers in Illinois. This action will also require changes in local area maps, new breakouts of LMI data, new local board alignments. Depending on how the merger is executed, there are many possible permutations for service delivery including changes in policy and new waiver requests.

We would prefer the State Plan be able to include updated local area information, updated policy and updated service delivery strategies based on the new alignment. The extension will also allow us to more fully engage partners by providing time to meet with key stakeholders. The updated plan will be submitted by December 31, 2012.

If you have any questions please contact Mike Baker at 217-558-6423 or michael.baker@illinois.gov.

Regards,

Therese McMahon, Deputy Director
Office of Employment & Training

Jay Rowell, Director
Illinois Department of Employment Security

www.ildceo.net

500 East Manroe
Springfield, Illinois 62701-1643
217/782-7500 • TDD: 800/785-6055

James R. Thompson Center
100 West Randolph Street, Suite 3-400
Chicago, Illinois 60601-3219
312/814-7179 • IDD: 800/785-6055

2309 West Main, Suite 118
Marion, Illinois 62959-1180
618/997-4394 • TDD: 800/785-6055

Current WIA Waivers to Extend

Illinois requests the following WIA waivers currently in effect be extended along with the State Plan:

- Common Performance Measures
- Incumbent Worker Training
- ITAs for Out of School Youth



Illinois Department of Commerce & Economic Opportunity

Pat Quinn, Governor • Warren Ribley, Director

March 23, 2012

Division of Workforce System Support
Employment and Training Administration
U.S. Department of Labor
Washington, DC 20210

ATTN: Federal Coordinator for Plan Review and Approval

Illinois, welcomes the opportunity to submit the following waivers referenced in TEGL 9-11, *Revised Fiscal Year (FY) 2012 "Advance" Funding Levels Available October 2011 for Workforce Investment Act (WIA) Programs and Clarification on the Governor's Reserve*. Approval of these waivers will ensure that the Office of Employment and Training (OET) is able to prioritize the use of the remaining Governor's Reserve funds for the required activities essential to the basic functions of the workforce investment system. Furthermore, we are taking this opportunity to request additional waivers that increase access to services for dislocated workers and waivers that will streamline the governance processes.

A summary of the attached seven waiver requests is below:

1. Governor's Reserve funding is insufficient to allow the state to cover the costs of funding evaluations to meet WIA Section 134(a)(2)(B)(ii) and 20 CFR 665.200(d). The authority in TEGL 9-11 will allow the state to redirect funds normally set aside for this activity to those activities that preserve the basic functions of the system.
2. Illinois is requesting approval to stop dissemination of training provider performance and cost information as allowed by TEGL 9-11. A waiver to exempt the state from 20 CFR 665.200 (b)(3) will support the state's efforts to best utilize the remaining Governor's Reserve funds for those actions fundamental to workforce.
3. Providing incentives to local areas has been one strategy to acknowledge that a local area has met its performance requirements. However, meeting performance is not indicative of the quality of service a customer receives so the state implemented additional policies such as meeting a minimum training expenditure (40%) requirement with adult and dislocated worker formula funds. Since funding is no longer available to continue to acknowledge the meeting of performance, state policies will change to maintain this level of direct training to customers. In addition, the state is requesting a waiver of WIA Section 134 (a)(2)(B)(iii) and 20 CFR 665.200 (e) requiring the provision of incentive grants to local areas.

www.ildceo.net

James R. Thompson Center
100 West Randolph Street, Suite 3-400
Chicago, Illinois 60601-3219
312/814-7179 • TDD: 800/785-6055

500 East Monroe
Springfield, Illinois 62701-1643
217/782-7500 • TDD: 800/785-6055

2309 West Main, Suite 118
Marion, Illinois 62959-1180
618/997-4394 • TDD: 800/785-6055

4. As one strategy to streamline governance, reduce expenditures, and focus resources efficiently, the state is requesting to integrate the process of data element validation into the regular, annual programmatic monitoring rather than a specific set period during the year. Specifically, OET is requesting a waiver from WIA Section 185 (a)(2)&(3), TEN 14-02, *Data Validation Initiative*, and related TEGs addressing data element validation timelines.
5. As a rapid and effective strategy to employment, the state is seeking permission to treat dislocated workers placed in on-the-job training (OJT) opportunities as incumbent workers for purposes of registration and data collection requirements. Based on lessons learned from employers engaged in National Emergency Grant (NEG) for OJT, there is a deterrent to providing OJT programs to customers due to the current registration and data collection requirements. The abundance of information requested deters both employers from entering into and employer associations from assisting with the development and recruitment of customers into OJT programs. Specifically, we are requesting a waiver from 20 CFR 663.105 and TEG 17-09, *Quarterly Submission of Workforce Investment Act Standardized Record Data (WIASRD)* for this population. The combined approach of work and training stresses quick entry of dislocated workers into employment while at the same time providing training opportunities that up-skill or re-skill workers.
6. On-the Job-Training (OJT) has been a beneficial but under-utilized training option. In line with other state's requests, Illinois is seeking a waiver to support an increase in the allowable reimbursement rate for OJT programs, under WIA Section 101 (31)(B) and 20 CFR 663.700. This waiver would provide greater opportunities for employers to engage in OJT contracts and would benefit dislocated workers, as well as business customers. Granting the LWIAs the ability to allow employer reimbursement of up to 90% of the wage rate of participants to compensate for employer's costs, increases the pool of employers that will utilize OJT services and provides additional employment opportunities for dislocated workers. The reimbursement rate would be a sliding scale based on the number of employees.
7. Reduction in the Governor's Reserve funding requires states to think more creatively in how to utilize the remaining funds available to them. Consistent with requests of other states around the country, Illinois is seeking to set aside a portion of their state rapid response dollars for incumbent worker training and other statewide activities. This waiver will expand state resources to assist workers and provide support to companies to retain or retrain workers. Furthermore, the waiver is consistent with USDOL's national strategic priorities and policy direction to develop workforce development strategies that respond to both individual and employer customers.

In order for states to continue providing effective employment and training services to customers, greater flexibility is imperative. These waivers move Illinois in that direction and support Illinois' workforce development strategies that align supply and demand for skilled workers through training in demand occupations and career pathways. We appreciate your consideration of these requests and seek an expedited response so that we may be able to move forward in our efforts.

Sincerely

A handwritten signature in black ink, appearing to read "Ch. Moyer", written in a cursive style.

ILLINOIS Department of Commerce and Economic Opportunity
Bureau of Workforce Administrator
Illinois WIA State Administrator

Attachments

cc: Dan Seals, DCEO Assistant Director
Andrew Moyer, DCEO Chief of Staff

**Workforce Investment Act Waiver Request
Conducting Evaluations**

Date:

March 23, 2012

State:

Illinois

Agency:

Illinois Department of Commerce and Economic Opportunity (DCEO), Office of Employment and Training (OET)

SUMMARY:

As provided within TEGL 09-11, Illinois is seeking a waiver from the requirement to conduct evaluations of workforce investment activities for adults, dislocated workers, and youth.

Statutory and/or regulatory requirements to be waived

The OET is requesting 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.

Actions undertaken to remove state or local barriers

No state or local barriers exist.

Goals and expected programmatic outcomes of waiver

Our goal in seeking this waiver is to ensure that OET may prioritize the use of Governor's Reserve funds for the required activities essential to the basic functions of the workforce investment system.

The reduction to five percent in the WIA allotment for Program Year 2011 Governor's Reserve funds restricts OET's ability to effectively fund and carry out all of the required statewide workforce investment activities. Specifically, Governor's Reserve funding is insufficient to cover the cost of conducting evaluations. These reduced funds will cover the following required activities:

- Operating fiscal and management accountability information systems. However, it is important to note that as a cost saving measure, OET will be expanding its use of desk reviews rather than conducting on-site reviews.
- Submitting required reports.
- Disseminating the list of eligible training providers for adults, dislocated workers, and youth.
- The OET staff has been engaged in providing substantial technical assistance and direct staff support to address program and fiscal deficiencies to approximately 1/3 of our local areas. Most recently, it has been necessary to directly engage state staff and redirect federal funds from low performing local grantees receiving funds through the On-the-Job Training National Emergency Grant and the Statewide Energy Sector Partnership Grant.

Individuals impacted by the waiver

This waiver will provide OET with more flexibility in directing Governor's Reserve funds to those activities that best preserve basic functions of the statewide workforce investment system.

Process for monitoring progress in implementation

The OET has the appropriate safeguards in place to ensure the elimination of this activity via the waiver will not negatively impact the workforce system. From a programmatic perspective, our Automation of Compliance Monitoring Events (ACME) system provides the backend monitoring as it is a mechanism to confirm a grantee's compliance against Federal, State, and local requirements. In addition, when deficiencies have been identified, ACME generates a standardized course of action that is shared with the local areas to ensure the proper correction is made.

Fiscal monitoring occurs on a monthly basis to track the expenditures of the local area and compare costs reported to cash requested. On a quarterly basis, we are confirming revenues and expenditures to the trial balances of the sub grantees.

Notice to affected local boards

The OET has informed the Illinois Workforce Partnership (IWP) of its intent for requesting this waiver. Comprised of representatives from Illinois' 26 local workforce investment areas, the IWP represents the interests of the Workforce Investment Boards (WIBs) and its elected officials.

Public Comment

The waiver was published from March 15, 2012 to March 20, 2012, on the public website maintained by the Department of Commerce and Economic Opportunity, as well as on the Illinois workNet portal.

One public comment was received from an Illinois business owner and LWIB member expressing favorable remarks for this waiver. It is their belief that these waivers will benefit Illinois.

**Workforce Investment Act Waiver Request
Dissemination of Training Provider Performance and Cost Information**

Date:

March 23, 2012

State:

Illinois

Agency:

Illinois Department of Commerce and Economic Opportunity (DCEO), Office of Employment and Training (OET)

SUMMARY:

As provided within TEGL 09-11, OET is seeking a waiver from the requirement to disseminate training provider performance and cost information.

Statutory and/or regulatory requirements to be waived

The OET is requesting a waiver of 20 CFR 665.200 (b)(3) requiring the dissemination of training provider performance and cost information.

Actions undertaken to remove state or local barriers

No state or local barriers exist.

Goals and expected programmatic outcomes of waiver

Our goal in seeking this waiver is to ensure that OET may prioritize the use of Governor's Reserve funds for the required activities essential to the basic functions of the workforce investment system.

The reduction to five percent in the WIA allotment for Program Year 2011 Governor's Reserve funds restricts OET's ability to effectively fund and carry out all of the required statewide workforce investment activities. Specifically, Governor's Reserve funds are insufficient to cover the cost of providing training provider performance and cost information. These reduced funds will cover the following required activities:

- Operating fiscal and management accountability information systems. However, it is important to note that as a cost saving measure, OET will be expanding its use of desk reviews rather than conducting on-site reviews.

- Submitting required reports.
- Disseminating the list of eligible training providers for adults, dislocated workers, and youth.
- The OET staff has been engaged in providing substantial technical assistance and direct staff support to address program and fiscal deficiencies to approximately 1/3 of our local areas. Most recently, it has been necessary to directly engage state staff and redirect federal funds from low performing local grantees receiving funds through the On-the-Job Training National Emergency Grant and the Statewide Energy Sector Partnership Grant.

Individuals impacted by the waiver

This waiver will provide OET with more flexibility in directing Governor's Reserve funds to those activities that best preserve basic functions of the statewide workforce investment system. Furthermore, this will eliminate the need to try to meet a requirement that in practice is hard to achieve. Often publicly funded colleges are unable to provide the data needed to show the employment and retention performance measures of their students.

Process for monitoring progress in implementation

The OET has the appropriate safeguards in place to ensure the elimination of this activity via the waiver will not negatively impact the workforce system.

The Automation of Compliance Monitoring Events (ACME) is the OET system utilized to conduct ongoing desk and on-site reviews of the grantees to ensure proper certification of training providers and approval of training programs in demand occupations. Specifically, ACME addresses many areas related to the Training services for Adults, Dislocated Workers, and Youth including:

- Desk Reviews of reports found in the Illinois Workforce Development System (IWDS); on training programs currently approved, rejected, pending, or near recertification, and exiters from training;
- On-Site reviews to ascertain proper retention of documentation of: provider/program accreditation, support of entry level requirements, programs pending initial certification or recertification, programs that have been rejected, and customer exiters in demand/growth occupations;
- Conclusions of findings from the desk and on-site reviews; and
- Recommendations to comply with any deficiencies outlined in the conclusion report.

Additionally, on a monthly basis, monitoring of the expenditures of the local area and comparison of costs reported to cash requested is conducted. On a quarterly basis, revenues and expenditures to the trial balances of the sub grantees are confirmed.

Notice to affected local boards

The OET has informed the Illinois Workforce Partnership (IWP) of its intent for requesting this waiver. Comprised of representatives from Illinois' 26 local workforce investment areas, the IWP represents the interests of the Workforce Investment Boards (WIBs) and its elected officials.

Public Comment

The waiver was published from March 15, 2012 to March 20, 2012, on the public website maintained by the Department of Commerce and Economic Opportunity, as well as on the Illinois workNet portal.

One public comment was received from an Illinois business owner and LWIB member expressing favorable remarks for this waiver. It is their belief that these waivers will benefit Illinois.

**Workforce Investment Act Waiver Request
Incentive Grants to Local Areas**

Date:

March 23, 2012

State:

Illinois

Agency:

Illinois Department of Commerce and Economic Opportunity (DCEO), Office of Employment and Training (OET)

SUMMARY:

As provided within TEGL 09-11, OET is seeking a waiver from the requirement to provide incentive grants to local areas.

Statutory and/or regulatory requirements to be waived

The OET is requesting a waiver of WIA Section 134(a)(2)(B)(iii) and 20 CFR 665.200(e) requiring provision of incentive grants to local areas.

Actions undertaken to remove state or local barriers

No state or local barriers exist.

Goals and expected programmatic outcomes of waiver

Our goal in seeking this waiver is to ensure that OET is able to prioritize the use of Governor's Reserve funds for the required activities essential to the basic functions of the workforce investment system.

The reduction to five percent in the WIA allotment for Program Year 2011 Governor's Reserve funds restricts OET's ability to effectively fund and carry out all of the required statewide workforce investment activities. Specifically, Governor's Reserve funding is insufficient to cover the cost of providing incentives to local areas. These reduced funds will cover the following required activities:

- Operating fiscal and management accountability information systems. However, it is important to note that as a cost saving measure, Illinois will be expanding its use of desk reviews rather than conducting on-site reviews.

- Submitting required reports.
- Disseminating the list of eligible training providers for adults, dislocated workers, and youth.
- The OET staff has been engaged in providing substantial technical assistance and direct staff support to address program and fiscal deficiencies to approximately 1/3 of our local areas. Most recently, it has been necessary to directly engage state staff and redirect federal funds from low performing local grantees receiving funds through the On-the-Job Training National Emergency Grant and the Statewide Energy Sector Partnership Grant.

Individuals impacted by the waiver

This waiver will provide OET with more flexibility in directing Governor's Reserve funds to those activities that best preserve basic functions of the statewide workforce investment system.

Process for monitoring progress in implementation

The OET has the appropriate safeguards in place to ensure the elimination of this activity via the waiver will not negatively impact the workforce system. From a programmatic perspective, staff routinely monitor where local areas are in meeting their negotiated performance goals.

In addition, because meeting performance is not indicative of the quality of service a customer receives, OET has implemented policies that address quality. Over the last several years, OET has issued policy on:

- Meeting a minimum training expenditure (40%) with adult and dislocated worker formula funds,
- Meeting the 40 percent minimum training expenditure to be eligible to receive performance incentive funds,
- Tying provider eligibility to demand occupations, and
- Program Exit Requirements.

OET will reissue policy regarding our 40% minimum expenditure requirement to maintain this level of direct training to customers, as we will no longer have incentive funds to encourage LWIAs to meet the requirement.

Compliance with these policies occurs through the Automation of Compliance Monitoring Events (ACME) system. This system has an additional mechanism to confirm a grantee's compliance against Federal, State, and local requirements and provide feedback when deficiencies have been identified to correct and improve their operations.

Fiscal monitoring occurs on a monthly basis to track the expenditures of the local area and compare costs reported to cash requested. On a quarterly basis, we are confirming revenues and expenditures to the trial balances of the sub grantees.

Notice to affected local boards

The OET has informed the Illinois Workforce Partnership (IWP) of its intent for requesting this waiver. Comprised of representatives from Illinois' 26 local workforce investment areas, the IWP represents the interests of the Workforce Investment Boards (WIBs) and its elected officials.

Public Comment

The waiver was published from March 15, 2012 to March 20, 2012, on the public website maintained by the Department of Commerce and Economic Opportunity, as well as on the Illinois workNet portal.

One public comment was received from an Illinois business owner and LWIB member expressing favorable remarks for this waiver. It is their belief that these waivers will benefit Illinois.

**Workforce Investment Act Waiver Request
Data Validation**

Date:

March 23, 2012

State:

Illinois

Agency:

Department of Commerce and Economic Opportunity (DCEO), Office of Employment and Training (OET)

SUMMARY:

This waiver would allow OET to integrate the Data Element Validation process into the ongoing monitoring process routinely conducted by the office.

Statutory and/or regulatory requirements to be waived

The OET is requesting a waiver of the requirement to conduct Data Element Validation as a stand-alone process among its grantees. Instead, OET would conduct data validation as part of the regular, annual programmatic monitoring visits to the grantees.

Ultimately, the goal is to streamline the process of Data Element Validation into a comprehensive data management strategy by cutting unnecessary costs and duplicative efforts.

The request is to waive the requirements of the following sections of the WIA and other governing requirements:

- WIA of 1998, Section 185(a)(2) and (3) - Reports, Recordkeeping, Investigations
- TEN 14-02 (and all TEGs related to annual data validation reporting timelines)

The requested waiver supports strategic priorities by implementing system reform and streamlining governance, focusing on an efficient use of resources and reducing expenditure of funds.

The nature of the OET Illinois Workforce Development System (IWDS) creates unnecessary work in which a significant portion of data elements are pulled directly from IWDS and then validated using IWDS itself as source documentation. These elements could be eliminated and

accepted as self-evident, leaving a manageable amount of data to be validated in paper files in the course of OET's regular and extensive programmatic monitoring schedule.

Actions undertaken to remove state or local barriers

There is no state or local barrier to incorporating the data validation process into the annual monitoring process. System changes may be necessary to incorporate a revised file system selection process to ensure compliance with any USDOL selection criteria requirements.

Goals and expected programmatic outcomes of waiver

The Data Element Validation process is extremely labor intensive. Approximately 3,000 staff hours are dedicated to the Data Element Validation process, which does not include staff hours of the LWIAs who collect and produce the participant files. In addition, the staff cost of completing the Data Element Validation process is estimated to be \$200,000. This includes travel, supplies, postage, equipment, and other incidental expenses.

This waiver would integrate the data validation process with the current monitoring efforts producing a cost savings, while at the same time eliminating duplicative processes and conserving limited staff resources.

Individuals impacted by the waiver

To continue serving customers per the requirements of WIA, given the reduced funding allocations, OET must strategically target staff hours and administrative funding. This waiver will further streamline its proven monitoring system through consolidation efficiencies. By integrating data validation into the Automation of Compliance Monitoring Events (ACME), the system has an additional mechanism to confirm a grantee's compliance against Federal, State, and local requirements and provide feedback when deficiencies have been identified to correct and improve their operations.

Furthermore, the routine monitoring process uses current files, whereas during data validation, files as old as 2004 have been pulled. Integrating the two processes more closely reflects the general purpose of monitoring and data validation which is to make sure that current reporting is valid.

Process for monitoring progress in implementation

This request was developed because of concerns expressed by regional management, and from the need to respond to the current economic climate. The OET's ongoing monitoring will ensure the effects of the waiver include an overall efficiency of the data validation process. Once approved, OET will incorporate this waiver into current monitoring procedures in ACME.

Changes to ACME that would support the streamlined monitoring process include:

- Adding a section of non IWDS- validation elements that meet the data validation requirements to the ACME tool
- Including a sample of customer exits during regular monitoring to ensure adequate sample results to meet USDOL-ETA requirements

Notice to affected local boards

The OET has informed the Illinois Workforce Partnership (IWP) of its intent for requesting this waiver. Comprised of representatives from Illinois' 26 local workforce investment areas, the IWP represents the interests of the Workforce Investment Boards (WIBs) and its elected officials.

Public Comment

The waiver was published from March 15, 2012 to March 20, 2012, on the public website maintained by the Department of Commerce and Economic Opportunity, as well as on the Illinois workNet portal.

One public comment was received from an Illinois business owner and LWIB member expressing favorable remarks for this waiver. It is their belief that these waivers will benefit Illinois.

**Workforce Investment Act Waiver Request
Dislocated Worker Project**

Date:

March 23, 2012

State:

Illinois

Agency:

Department of Commerce and Economic Opportunity (DCEO), Office of Employment and Training (OET)

SUMMARY:

This waiver is to alter the registration and data collection requirements for dislocated workers wanting to enter into On-the-Job Training (OJT) programs and align them with those required for incumbent worker training programs.

Statutory and/or regulatory requirements to be waived

The OET is requesting a waiver of the requirements for registration and data collection of dislocated workers at:

- 20 CFR 663.105
- TEGL 17-09

Based on lessons learned from employers engaged in National Emergency Grant (NEG) for OJT, there is a deterrent to providing OJT programs to customers due to the current registration and data collection requirements for dislocated workers. The abundance of information requested deters both employers from entering into and employer associations from assisting with the development and recruitment for customers into OJT programs.

Actions undertaken to remove state or local barriers

No state or local barriers exist to accommodate providing services to dislocated workers with the requested waiver of eligibility. All barriers are at the Federal level related to eligibility requirements.

The OET will utilize application forms currently used in the Incumbent Worker Training (IWT) program to gather the information necessary for customer intake.

Goals and expected programmatic outcomes of waiver

The anticipated goal is an increased ability to recruit and the placement of additional employers to provide opportunities for customers to participate in OJT programs. This addition of prospective employers will increase the available opportunities for customers to receive training and employment in jobs that pay sustaining wages. Increasing OJT opportunities for employers also meets the business demand for skilled workers.

Individuals impacted by the waiver

A waiver approval will increase placements of dislocated workers by opening training opportunities where they will gain new skills while being employed.

Process for monitoring progress in implementation

The OET staff will utilize a similar process as with the current Incumbent Worker Training program to track the customers throughout the training program and ensure they succeed in their training goals and plan. For example, current IWT program applications and the documentation of the program's progress occur in the State's incumbent worker tracking system (IWTS). This system automates the planning, tracking, and reporting of all WIA funded incumbent worker projects.

In addition, our Automation of Compliance Monitoring Events (ACME) system will provide the backend monitoring as it is a mechanism to confirm a grantee's compliance against Federal, State, and local requirements and provide feedback when deficiencies have been identified to correct and improve their operations.

Fiscal monitoring occurs on a monthly basis to track the expenditures of the local area and compare costs reported to cash requested. On a quarterly basis, we are confirming revenues and expenditures to the trial balances of the sub grantees.

Notice to affected local boards

The OET has informed the Illinois Workforce Partnership (IWP) of its intent for requesting this waiver. Comprised of representatives from Illinois' 26 local workforce investment areas, the IWP represents the interests of the Workforce Investment Boards (WIBs) and its elected officials.

Public Comment

The waiver was published from March 15, 2012 to March 20, 2012, on the public website maintained by the Department of Commerce and Economic Opportunity, as well as on the Illinois workNet portal. *(TEGL 9-11 requires comments that are received from the publishing of the waiver to be included in this section).*

One public comment was received from an Illinois business owner and LWIB member expressing favorable remarks for this waiver. It is their belief that these waivers will benefit Illinois and its businesses.

A second commenter expressed a concern about a potential risk in public relations with businesses in the event a customer was registered into an OJT without a thorough analysis of their needs and background, resulting in an unsuccessful relationship between the business and customer. The State would like to indicate in response to this comment that there is no intent to require a local area to utilize this waiver in their OJT projects, but rather make it an option for consideration.

**Workforce Investment Act Waiver Request
OJT Reimbursement**

Date:

March 23, 2012

State:

Illinois

Agency:

Department of Commerce and Economic Opportunity (DCEO), Office of Employment and Training (OET)

SUMMARY:

This waiver is to support an increased use of On-the-Job Training (OJT) contracts. The OET is requesting a waiver to utilize a sliding scale of reimbursement to the employer of up to 90 percent of the wage rate and extraordinary costs as defined by the law.

Statutory and/or regulatory requirements to be waived

The OET is requesting a waiver of WIA Section 101(31)(B) and 20 CFR 663.700 to provide reimbursement to the employer for OJT of up to 50 percent of the wage rate of the participant, and for the extraordinary costs of providing for the training and additional supervision related to the training.

The OET is proposing a sliding scale of reimbursement to the employer of up to 90 percent of the wage rate and extraordinary costs as defined by the law, based on the following criteria:

- Up to 90 percent: Employers with 50 or fewer employees
- Up to 75 percent: Employers with 51-250 employees
- Up to 50 percent: Employers with more than 250 employees

Reimbursement to business and industry based on a sliding scale will increase employer participation in WIA On-the Job Training. OET will issue policy guidance, with input from the local workforce investment regions, regarding implementation of the sliding scale which will adhere to the principles of training workers in high-demand, higher skill, and higher wage occupations.

Actions undertaken to remove state or local barriers

There are no state or local statutory or regulatory barriers to implementing the proposed waiver. The OET policies are currently in compliance with Federal guidelines. However, upon notification of approval of this waiver request, OET will create or amend policy to comply with the terms of the waiver.

Goals and expected programmatic outcomes of waiver

The OET's request for this waiver includes attainment of the following goals and outcomes:

- Maximize the flexibility needed to ensure speedy implementation of formula and discretionary grants
- Increase business usage of the workforce system
- Provide greater incentives for employers to retain and retrain current employees to avoid layoffs and to create new jobs
- Create additional opportunities for new workers, and for unemployed and underemployed workers to speed their return to full-time employment
- Reduce the length of time for a UI claim, and reduce the need for usage of other public assistance benefits

Individuals impacted by the waiver

Individuals impacted by the approval of the requested waiver include:

- Unemployed and underemployed workers who do not have transferrable or marketable skills
- Individuals entering the workforce for the first time
- Hard-to-serve, low-income youth who are unable to compete for limited job openings
- Businesses needing to retain current workers, and/or hire additional workers to sustain their productivity, who do not have the resources to do so
- Local boards needing greater flexibility for timely implementation of funding programs and initiatives

Process for monitoring progress in implementation

The OET has the appropriate safeguards in place to ensure the elimination of this activity via the waiver will not negatively impact the workforce system. From a programmatic perspective, our Automation of Compliance Monitoring Events (ACME) system provides the backend monitoring as it is a mechanism to confirm a grantee's compliance against Federal, State, and local requirements. In addition, when deficiencies have been identified, ACME generates a

standardized course of action that is shared with the local areas to ensure the proper correction is made.

Fiscal monitoring occurs on a monthly basis to track the expenditures of the local area and compare costs reported to cash requested. On a quarterly basis, we are confirming revenues and expenditures to the trial balances of the sub-grantees.

Notice to affected local boards

The OET has informed the Illinois Workforce Partnership (IWP) of its intent for requesting this waiver. Comprised of representatives from Illinois' 26 local workforce investment areas, the IWP represents the interests of the Workforce Investment Boards (WIBs) and its elected officials.

Public Comment

The waiver was published from March 15, 2012 to March 20, 2012, on the public website maintained by the Department of Commerce and Economic Opportunity, as well as on the Illinois workNet portal.

One comment was received from an operator of multiple Illinois workNet centers strongly supporting this waiver as supported by their experience with OJT training partnerships. They indicate sliding scale reimbursement rate helps to engage small businesses and minimizes the perceived risk of hiring an individual that may not have the complete skill set of the position, but does have the will to work.

A second public comment was received from an Illinois business owner and LWIB member expressing favorable remarks for this waiver. It is their belief that these waivers will benefit Illinois and its businesses.

**Workforce Investment Act Waiver Request
State Rapid Response Funding**

Date:

March 23, 2012

State:

Illinois

Agency:

Illinois Department of Commerce and Economic Opportunity (DCEO), Office of Employment and Training (OET)

SUMMARY:

The OET is requesting a waiver to allow the use of up to 50 percent of the State rapid response funding described in WIA Sec. 133(a)(2) for use in developing statewide projects to improve job retention and avoid additional layoffs. This waiver will expand state resources to assist workers and companies to retain or retrain workers. Incumbent Worker Training (IWT) has been a proven tool in Illinois' economic recovery efforts to assist companies to upgrade skills of current workers and hire additional employees through pipeline strategies.

Statutory and/or regulatory requirements to be waived

The OET is requesting a waiver of WIA Section 133(a)(2) to allow up to a maximum of 50 percent of the funding described in Sec. 133 (a)(2) to be used for the described activities allowable under statewide activities described in 134(a).

Actions undertaken to remove state or local barriers

No state or local barriers exist.

Goals and expected programmatic outcomes of waiver

This waiver request is consistent with USDOL's national strategic priorities and policy direction to develop workforce development strategies that respond to both individual and employer customers. Furthermore, this waiver aligns with Illinois' workforce development strategies that align supply and demand for skilled workers through training in demand occupations and career pathways. These strategies are intended to develop a more integrated, efficient, and effective workforce system utilizing current policies like IWT. This type of training is utilized in

conjunction with local workforce investment boards (LWIBs), industry associations, businesses, and post-secondary education institutions to respond to changes within their local areas. Flexibility in the use of State Rapid Response funding will further encourage these collaborations to address worker training.

Individuals impacted by the waiver

This waiver will provide OET with more flexibility to expand beyond the current projects and include additional workers at risk of losing jobs during the fragile recovery. These workers would receive needed skill enhancements that retain them within their current employment or prepare them for opportunities in new companies. An advantage includes the ability to target areas of the state most in need of services.

Process for monitoring progress in implementation

OET has operated a successful IWT program for many years and will align utilization of this waiver with the policies and monitoring strategies currently in place. For example, current IWT program applications and the documentation of the program's progress occur in the State's incumbent worker tracking system (IWTS). This system automates the planning, tracking, and reporting of all WIA funded incumbent worker projects.

In addition, our Automation of Compliance Monitoring Events (ACME) system will provide the backend monitoring as it is a mechanism to confirm a grantee's compliance against Federal, State, and local requirements and provide feedback when deficiencies have been identified to correct and improve their operations.

Fiscal monitoring occurs on a monthly basis to track the expenditures of the local area and compare costs reported to cash requested. On a quarterly basis, we are confirming revenues and expenditures to the trial balances of the sub grantees.

Notice to affected local boards

The OET has informed the Illinois Workforce Partnership (IWP) of its intent for requesting this waiver. Comprised of representatives from Illinois' 26 local workforce investment areas, the IWP represents the interests of the Workforce Investment Boards (WIBs) and its elected officials.

Public Comment

The waiver was published from March 15, 2012 to March 20, 2012, on the public website maintained by the Department of Commerce and Economic Opportunity, as well as on the Illinois workNet portal.

One public comment was received from an Illinois business owner and LWIB member expressing favorable remarks for this waiver. It is their belief that these waivers will benefit Illinois and its businesses.