U.S. Department of Labor
Assistant Secretary for
Employment and Training
Washington, D.C. 20210

JUN 24 2011

The Honorable Mark Dayton
Governor of Minnesota
130 State Capitol
75 Rev. Dr. Martin Luther King, Jr. Boulevard
St. Paul, Minnesota 55155

Dear Governor Dayton:

This letter provides approval of (1) an extension for Program Year (PY) 2011 of those portions of Minnesota's Unified State Plan that relate to Title I of the Workforce Investment Act (WIA) and the Wagner-Peyser Act (W-P) and (2) an extension of WIA waivers for PY 2011.

Training and Employment Guidance Letter (TEGL) No. 17-10, issued on December 30, 2010, provides guidance for states to secure approval of their WIA/W-P State Plans and waivers for PY 2011, and included the option to receive an extension of the existing State Plan and waivers for an additional year.

Extension of State Plan

Minnesota's existing State Plan will expire on June 30, 2011. This letter constitutes a written determination under WIA Section 112 (29 USC 2822), and WIA Section 501 (20 USC 9271) which pertains to State Unified Plans, that the Employment and Training Administration (ETA) is extending the approval of those portions of the Minnesota Unified State Plan that relate to Title I of the WIA and the Wagner-Peyser Act for Program Year 2011, July 1, 2011 through June 30, 2012. The State has already received its formula allotment for the WIA Youth program for PY 2011. The State is eligible to receive WIA formula allotments for Adult and Dislocated Worker programs and W-P initial base program allotments under the PY 2011 annual funding agreement for WIA and the PY 2011/Fiscal Year 2012 annual funding agreement for W-P.

Unified Plan Partner Programs

Minnesota's Unified State Plan includes the Vocational Rehabilitation Program (VR), Adult Education and Family Literacy Programs (AEFL), Temporary Assistance for Needy Families (TANF), Food Stamp and Employment Training Program (FSET), and Veterans' Programs. In accordance with WIA Section 501 (20 USC 9271), the Departments of Education (for both VR and AEFL), Health and Human Services, and Agriculture, and the Veterans' Employment and

Training Service (VETS) have the authority to deem complete or approve those portions of the Unified State Plan relating to their respective programs. We have advised these Federal agencies that ETA is extending the approval of those portions of the Minnesota Unified State Plan that relate to Title I of WIA and the Wagner-Peyser Act, and provided their offices with a copy of this letter.

VETS concurs with ETA's extension of the approval of the WIA/W-P portions of the Minnesota Unified State Plan. VETS also notes that the Jobs for Veterans' State Grant (JVSG) Plans approved by VETS through a separate application process for Fiscal Years (FY) 2010-2014 are considered to be incorporated into your Unified State Plan by reference only. Therefore, your Unified Plan needs to refer to the FY 2010-2014 JVSG Plan, indicating that approval by VETS of the grant modification for the period beginning October 1, 2011 is pending.

The Minnesota Unified Plan also includes Trade Act Programs (TAA), the Senior Community Service Employment Program (SCSEP), and the Unemployment Insurance (UI) Program. ETA exercises administrative authority over these programs, and those portions of the Minnesota Unified State Plan that relate to TAA, SCSEP, and UI Programs are approved through June 30, 2012.

WIA Title I Performance Levels

Minnesota has decided to extend its existing PY 2010 WIA and W-P performance goals for PY 2011. ETA has incorporated these performance goals, identified as PY 2011 performance goals, into the Regional and National Office copies of the State Plan. Please include these PY 2011 goals in the State's official copy of the State Plan. For your convenience, a copy of the PY 2011 performance goals is enclosed with this letter.

WIA Title I Waivers

As part of the State's extension of the WIA/W-P State Plan, and as described in TEGL 17-10, the State requested extensions of Minnesota's PY 2010 waivers of statutory and regulatory requirements under WIA for PY 2011. The disposition of the State's waiver extension 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. Unless otherwise indicated, all waiver approvals that follow apply to WIA formula funds.

Extension of Waivers

Waiver of the required 50 percent employer contribution for customized training at WIA Section 101(8)(C).

The State was previously granted a waiver of the required 50 percent employer contribution for customized training to permit the use of a sliding scale for the employer contribution based on the size of the business. The State is granted an extension of this waiver through June 30, 2012. Under the waiver, the following sliding scale is permitted: 1) no less than 10 percent match for employers with 50 or fewer employees, and 2) no less than 25 percent match for employers with 51-250 employees. For employers with more than 250 employees, the current statutory requirements (50 percent contribution) continue to apply. When determining the funding source for customized training, the State must use the appropriate program funds for the appropriate WIA-eligible population. The State and local area may provide customized training to individuals over age 18 with WIA Adult funds and must provide priority to low-income individuals when funds are limited; the State and local area may provide customized training to dislocated workers with WIA Dislocated Worker funds. Customized training provided with statewide funds must serve WIA eligible individuals.

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

The State was previously granted 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 an extension of this waiver through June 30, 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 area may provide on-the-job training to individuals over age 18 with WIA Adult funds and must provide priority to low-income individuals when funds are limited; the State and local area 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 133(b)(4) to increase the allowable transfer amount between Adult and Dislocated Worker funding streams allocated to a local area.

The State was previously granted a waiver to permit an increase in the amount a state is allowed to transfer between the Adult and Dislocated Worker funding streams. The State is granted an extension of this waiver through June 30, 2012. Under the waiver, transfer authority is limited to 50 percent. This limitation provides states flexibility while ensuring consistency with Congressional intent regarding the level of funding appropriated for the WIA Adult and Dislocated Worker programs.

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 June 30, 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 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 was previously granted a waiver to permit 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 an extension of this waiver through June 30, 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 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 June 30, 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 ITA is reflected in the individual service strategies for these youth.

Waiver of the provision at 20 CFR 663.530 that prescribes a time limit on the period of initial eligibility for training providers.

The State was previously granted a waiver of the time limit on the period of initial eligibility of training providers provided at 20 CFR 663.530. The State is granted an extension of this waiver through June 30, 2012. Under the waiver, the State is allowed to postpone the determination of subsequent eligibility of training providers. The waiver also allows the State to provide an opportunity for training providers to re-enroll and be considered enrolled as initially eligible providers.

Waiver of performance measures for youth participants in summer youth employment activities and co-enrolled in TANF and WIA programs.

In a letter dated March 25, 2011, ETA granted Minnesota a waiver of performance measures for youth participants in summer youth employment

activities and co-enrolled in TANF and WIA programs. Approval of this waiver related to summer youth employment activities remains in effect through September 30, 2011.

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. 09-10, 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 working together as you implement your Unified State Plan for PY 2011. If you have any questions related to the issues discussed above, please contact Carl Stahlheber, the Federal Project Officer for Minnesota, at 312-596-5415 and Stahlheber.Carl@dol.gov.

Sincerely,

Jane Oates
Assistant Secretary

Enclosures

cc: Byron Zuidema, Regional Administrator, ETA Chicago Regional Office
Dr. Brenda Dann-Messier, Assistant Secretary for Vocational and Adult Education, U.S. Department of Education
Robert M. Shelbourne, Director, Division of State TANF Policy, U. S. Department of Health and Human Services
Lynnae Ruttledge, Commissioner, Rehabilitation Services Administration, U.S. Department of Education
Jackie Windfeldt, Program Analyst, Food and Nutrition Service, U. S. Department of Agriculture
Gordon Burke, Director of the Office of Operations, Grants and Transition Programs, Veterans' Employment and Training Service
Carl Stahlheber, Federal Project Officer for Minnesota

Workforce Investment Act and Wagner-Peyser Act Performance Goals for PY 2011

Minnesota

Workforce Investment Act Performance Goals

Adult Measures	PY2011
Adult Entered Employment Rate	80%
Adult Employment Retention Rate	80%
Adult Average Six-Month Earnings	$10,800
Adult Employment and Credential	66%
Dislocated Worker Measures	
Dislocated Worker Entered Employment Rate	83%
Dislocated Worker Employment Retention	88%
Dislocated Worker Average Six Month Earnings	$16,400
Dislocated Worker Employment & Credential	62%
Older Youth Measures	
Older Youth Entered Employment	75%
Older Youth Employment Retention	78%
Older Youth Earnings Change	$3,800
Older Youth Credential	55%
Younger Youth Measures	
Younger Youth Skill Attainment	90%
Younger Youth Diploma	75%
Younger Youth Retention Rate	70%
Customer Satisfaction	
Participants	76%
Employers	77%

Wagner-Peyser Act Performance Goals

Measures	PY2011
Entered Employment Rate	59%
Employment Retention Rate	83%
Average Six Month Earnings	$13,577

positively Minnesota
Department of Employment and Economic Development

April 12, 2011

Kimberly Vitelli
Division of Workforce System Support
Employment and Training Administration
U.S. Department of Labor
200 Constitution Ave. NW, Room S-4231
Washington, DC 20210

Minnesota's Unified Plan for PY 2011

Dear Ms. Vitelli:

The State of Minnesota submits this letter in accordance with TEGL 17-10 to request an extension of our current Workforce Investment Act and Wagner-Peyser Plan through PY 2011 (July 1, 2011 - June 30, 2012). Minnesota is not required to make any modifications to our current plan and we request that all of our current waivers be extended through June 30, 2012. Our waivers are posted with this letter as Attachment A: Waiver Decisions for PY2009-2011. A youth waiver request for PY2011 supporting the TANF/WIA youth partnership was submitted under a separate letterhead and is also posted.

The State of Minnesota also requests the continuation of our performance standards from PY2010 until we have results from the regression-based performance model which Minnesota is piloting. Minnesota is currently serving as a volunteer state and will participate in formulating an implementation plan for using regression analysis for the negotiation of performance levels. It will be our goal to apply the adjustment factor results of the regression model in negotiating performance levels for local areas, as well as for the entire state.

We look forward to the approval of our State Unified Plan and continuing to work with DOL on the Regression Based Performance Model.

Sincerely,

Mark R. Phillips
Commissioner
Minnesota Department of Employment & Economic Development

cc: Byron Zuidema, Regional Administrator, ETA
Bonnie Elsey, Sr. Administrative Officer, Workforce Development Division, MN DEED

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