



AUG 26 2014

The Honorable Rick Snyder
Governor of Michigan
P.O. Box 30013
Lansing, Michigan 48909

Dear Governor Synder:

The Employment and Training Administration (ETA) is responding 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.

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 the prohibition at 20 CFR 664.510 on the use of Individual Training Accounts for youth participants.

The State was previously approved a waiver to allow the use of Individual Training Accounts for older and out-of-school youth. The State is now requesting a waiver of the prohibition at 20 CFR 664.510 on the use of Individual Training Accounts (ITAs) for in-school youth program participants. The State is granted this waiver through June 30, 2016. Under this waiver, the State can use ITAs for in-school youth 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.

Waiver of Section 129(c)(4)(A) of WIA that requires that a minimum of 30 percent of Youth funds be used for services to out-of-school youth.

The State is requesting a waiver of the 30 percent youth funds expenditure requirement for out-of-school youth. ETA denies this waiver. ETA believes serving out-of-school youth is a priority for the use of Youth funds under WIA.

The approved waiver is 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 of the waiver 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 Danielle Waddell, the Federal Project Officer for Michigan, at 312-596-5539 or Waddell.Danielle@dol.gov.

Sincerely,



Portia Wu
Assistant Secretary

Enclosure

cc: Byron Zuidema, Regional Administrator, ETA Chicago Regional Office
Danielle Waddell, Federal Project Officer for Michigan

RICK SNYDER
GOVERNOR



CHRISTINE QUINN
DIRECTOR

July 15, 2014

E-mailed 07/16/2014 (cg)

Mr. Byron Zuidema, Regional Administrator
Employment & Training Administration
U.S. Department of Labor
230 South Dearborn Street, Room 628
Chicago, Illinois 60604

Dear Mr. Zuidema:

The State of Michigan is submitting a modification request to our Workforce Investment Act (WIA) / Wagner-Peyser State Plan. This request is submitted in accordance with the WIA Section 189(i)(4)(B) and the WIA Regulations at 20 CFR 661.420(c). Specifically, the State of Michigan is seeking a waiver for a reduction in the 30 percent expenditure requirement for Out-of-School youth and a waiver to allow Individual Training Accounts (ITAs) for younger youth.

These waivers will continue to assist the State to further develop our workforce investment system by allowing the State to focus on in-school youth before they drop out. Additionally, the statutory waiver requests will maximize the impact of reduced WIA dollars, as well as provide greater flexibility and increased capacity to respond to participants' training needs. This request is being made 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.

Your review and immediate consideration of this waiver request is appreciated. Please contact me with any questions.

Sincerely,

SIGNED

Christine Quinn, Director
Workforce Development Agency

Attachment
CQ:JC:cg

cc: Eric Seleznow
Corey Bulluck
Malcom Jackson
Catherine Brooks
Mike Pohnl
Mike Wurmlinger

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The State of Michigan seeks approval of the following statutory waivers in accordance with the WIA Section 189(i)(4)(B) and the WIA Regulations at 20 CFR 661.420(c). These waiver requests will assist Michigan to further develop our workforce investment system while continuing to align our workforce development efforts. The requests are made under the Secretary's authority at WIA Section 189(i) to waive certain requirements of the WIA Title I, Subtitles B and E, and Sections 8-10 of the Wagner-Peyser Act.

Statutory and/or regulatory requirements to be waived:

WIA Section 129(c)(4)(A), 20 CFR 664.320

Michigan requests a waiver from the requirement that at least 30 percent of youth funds be used to provide activities to out-of-school youth.

Background:

Over the past decade, there has been a significant decline in employment for teens and young adults. In fact, America is currently experiencing the highest unemployment rate among teenagers and young adults in the last ten years. Employment rates for teenagers are now at an all-time low of 30 percent. In particular, younger male teens have been especially impacted by this decline. For African American youth seeking full-time employment, the employment rate is seven percent. For at-risk and disadvantaged populations seeking employment, the unemployment rate is 26%.

To help address this dilemma, the State of Michigan has committed \$1 million during Program Year 2014 to implement a statewide program focused on providing a comprehensive set of services designed to keep WIA-eligible in-school youth attached to the education system to improve their rate of success in achieving educational and career goals. The statewide funds will augment youth formula funds in order to implement a robust program. The program will be targeted to the most at-risk and disadvantaged youth in danger of dropping out of school. At risk of dropping out includes students who are credit deficient, have repeated a class, maintain a GPA at or below a cumulative 1.5, score poorly on assessment tests, are often truant from school, are involved in the court system, or are currently involved in gang activity or are likely to join a gang, as defined by local authorities. The ultimate goal is for youth to receive a high school diploma (or GED if a diploma is not feasible), secure a quality entry-level job in the workforce, pursue post-secondary education, and/or seek career advancement opportunities.

Program components include classroom instruction, competency-based curriculums, mentoring, counselling and support, summer employment, leadership development, job and post-secondary placement services, and follow up services for up to twelve months following employment and/or post-secondary enrollment.

A wide array of services will be provided to program participants to keep young people transitioning from middle school to high school and in high school through graduation. Available services will include counselling, employability skills and job development, job placement services, experiential learning, esteem building, leadership development, and team building, with the end result being placement of the youth into a quality job leading to a career

after graduation and/or enrollment into post-secondary education and training. Early intervention services, such as providing supportive services during the participants' high school years or through offering alternative education programs for students that are unable to be successful in a traditional high school setting, will also be provided.

Outcomes for programs with similar components and services demonstrate graduation rates around 90 percent, job placement rates over 50 percent, and placement into post-secondary education or occupational training rates just under 50 percent, which is exceptional considering that these services are targeted toward at-risk and hard-to-serve youth with multiple barriers.

In order to fully implement and fund a statewide program that focuses on in-school youth, Michigan is requesting a 50 percent reduction in the requirement that 30 percent of youth formula funds be used to provide activities for out-of-school youth. The 50 percent reduction would decrease the requirement from 30 percent to 15 percent, thereby increasing funding for in-school youth activities from 70 percent to 85 percent.

Actions undertaken to remove state or local statutory or regulatory barriers:

Currently, no state or local statutory or regulatory barriers exist.

Waiver goals and outcomes:

Approval of this waiver request will allow the State to focus local funds on in-school, at-risk youth so they are not lost when they drop out. It is much more cost-effective to keep youth engaged in a career pathway, which in the long run can secure quality jobs that lead to meaningful and satisfying careers.

At-risk students have multiple barriers, such as living in single-parent, economically disadvantaged households, low academic performance due to certified special education needs or a lack of maturity or motivation, emotional or physical disabilities, runaway youth or homelessness, one or more years behind their peers and/or repeating grades, excessive absences, a record of suspensions, being expelled or put on probation, a lack of transportation, limited English proficiency, substance abuse, pregnancy or parenting, and little or no work experience due to a lack of marketable skills.

The program's focus is on supporting students in school through successful graduation while equipping them with academic and technical skills necessary to improve their employability. This helps ensure a young person's success in a job and/or in post-secondary education during the time when the student is most at-risk of failure. Additional follow up and contact with participants following high completion ensures satisfactory progress is made while employed or enrolled in post-secondary or vocational training programs.

This waiver could potentially assist in-school youth up to age nineteen, regardless of school status, along with out-of school youth who, as part of their service strategy, are being enrolled back into secondary school.

Waiver goals and outcomes include:

- Increased graduation rates and increased percentages in the number of at-risk students that graduate and enroll in post-secondary education or gain employment following graduation. At-risk students will remain in school and successfully transition from middle school to high school, and graduate with at least a high school diploma and/or work readiness certificate, occupational skills, or post-secondary credits;
- Allow for innovative strategies to address barriers facing at-risk students, on an individualized basis;
- Allow for innovative strategies to address student retention, such as dual college enrollment, occupational training, or apprenticeships, that will keep students engaged in school through graduation;
- Alignment with the Michigan Department of Education's approach for drop-out prevention, which in the long run, safeguards students from being unemployed or on public assistance;
- Students will improve their academic performance, school behavior, attendance, participation, and self-esteem;
- Offer youth the real-life learning experience of making an informed decision that has direct impact on his/her life;
- Provide in-school youth more choices;
- Students will improve their skills in leading and being an effective member of a team;
- Improve the ability of the Workforce Development Boards to develop strategies to align with workforce and economic realities within their service delivery areas;
- Increase local control over program delivery; and
- Improve the ability of Workforce Development Boards to design programs in response to the needs of youth.

The ten youth program elements will continue to be available to all youth, as described in WIA Section 129(c)(2).

This waiver request is consistent with our Governor's vision to transform the Michigan economy by growing and attracting businesses, keeping talented residents here, and revitalizing urban centers. To that end, the development of talent, along with retention of our youth, is one of the key steps in reinventing Michigan. Developing the next generation of talent is critical to Michigan's ability to compete globally.

Individuals impacted by the waiver:

The waiver potentially impacts all service delivery areas and their WIA Youth program participants.

Monitoring progress and implementation:

Annual WIA on-site programmatic reviews include an evaluation of how local waivers are being utilized and ensure programmatic goals and outcomes are being met.

The WIA state coordinators, dedicated to the administration of the WIA programs, will continually examine the effectiveness of waivers throughout the program year. This strategy ensures that the goals described above, as well as those outlined in the existing state and local WIA and Wagner-Peyser plans, are consistent with established objectives of the WIA, and federal and state regulations.

Notice to local boards and public comment:

In accordance with the WIA Regulations at 20 CFR 661.230(d), which provides requirements for public review and comment, Michigan's waiver request is posted at: <http://www.michigan.gov/wda/0,5303,7-304-64178---,00.html> for comment and review by local Workforce Development Boards and the general public.

A copy of this waiver request was provided to all local Boards and their association. Any comment received will be forwarded to the U.S. Department of Labor and included as a modification to the State's Comprehensive Five-Year Plan, and their impact on the State's performance will be addressed in the State's PY 2015 WIA annual performance report.

Statutory and/or regulatory requirements to be waived:

20 CFR 664.510

Michigan requests a waiver of the prohibition on the use of Individual Training Accounts (ITAs) for in-school youth participants.

Background:

In 2012, the Educational Achievement Authority (EAA) was created to turn around the academic performance of students in the state's lowest achieving schools, which currently include a total of 15 schools in Detroit, including nine elementary/middle schools and six high schools. EAA schools are creative, innovative learning environments that offer struggling students the opportunity to catch up to their peers around the state and receive the education needed to succeed in a college or career after high school.

Students' progress is based upon mastery, not seat time. Use of digital learning tools gives students, teachers, and parents the ability to track progress on an ongoing basis and provides high-quality, personalized data to teachers to better assist students to succeed.

Each student is provided an assessment and their teacher develops an individual learning plan and tailors instruction to the needs of each individual student, which may include dual enrollment in college or participation in a paid apprenticeship while still in high school.

One such strategy, the "Career Awareness and Readiness Equals Success" (CARES) program, exposes high school students to the skills necessary to prepare them for employment in high growth/high demand occupations. Up to 1,000 juniors and seniors within the City of Detroit's five EAA high schools earn up to \$30,000 worth of free college credit (24 to 60 college credits over the course of two years). This dual enrollment model (one of several strategies) offers the opportunity for students to earn free college or post-secondary credits from a community college, to participate in vocational education or career technical educational courses, or to obtain paid apprenticeships while still attending high school. Students follow a split-day schedule that allows for core academic instruction at their home high school for three hours and post-secondary instruction at a designated institution for the remainder of the day. Students may also receive up to 120 hours of work readiness instruction that prepares them to earn a Work Keys Career Readiness Certificate.

The program is the result of a partnership between the EAA, the U.S. Department of Labor (USDOL), the Detroit Employment Solutions Corporation (DESC – a Michigan Works! Agency), Henry Ford Community College, Wayne County Community College District, and Focus: HOPE. The program is funded primarily out of the EAA's general fund budget and includes paying for transportation between the high schools and the community colleges. Students are offered morning or afternoon class schedules at the participating colleges or Focus: HOPE. Focus: HOPE and the community colleges provide the courses, faculty, and student services. USDOL's involvement includes working with companies to employ students in long-term apprenticeship programs with the anticipation of long-term employment following the apprenticeship. Wages for the student apprenticeships vary by company. Students have the

opportunity to remain in their apprenticeships until they complete high school. The DESC provides career readiness training for students at the high school campuses.

Based on the latest Michigan Educational Assessment Program (MEAP) standardized testing results, students within the EAA operated state school turn around districts have made steady progress toward or are beyond proficiency in meeting the state's standard in reading and math (38.2 percent improvement in reading and 21.4 percent improvement in math). Arne Duncan, the U.S. Secretary of Education, referred to Education Achievement Authority Schools as "the future."¹

Actions undertaken to remove state or local statutory or regulatory barriers:

Currently, no state or local statutory or regulatory barriers exist.

Waiver goals and outcomes:

Based on its promising outcomes, the State of Michigan would like the flexibility to replicate statewide programs similar to the CARES program currently being piloted in the five EAA high schools within the City of Detroit. In order to implement a statewide dual enrollment model, Michigan is requesting a waiver of the prohibition on the use of Individual Training Accounts (ITAs) for in-school youth participants. An approved waiver will allow at-risk younger youth, not enrolled in an EAA school district, the opportunity to participate, through ITAs, in a dual enrollment program while receiving services offered through the WIA youth program.

Studies of dual enrollment programs (Maine and Tennessee) have documented the effectiveness of these types of strategies in increasing student performance and in developing future aspirations of students. The programs are effective in low-achieving schools in both urban and rural areas. Successful programs document the need for expanded partnerships not only between and among school systems, but with non-profits and other intermediaries that provide a full range of services for students. Dual enrollment strategies which increase the scope of technical training for students counteract the decline of vocational programs through increased enrollments.

Due to reduced funding for schools, not all school districts will be able to provide funding for tuition and/or transportation to and from a community college, occupational training program, or an apprenticeship. Payment for community college tuition with dual enrollment in high school credits is part of the program; the ability to expend ITA funds on younger, in-school youth training allows WIA-eligible students to earn post-secondary credentials or college credits prior to high school graduation. Students enrolled in this program can easily attain the skills and credentials necessary to obtain high quality employment by the end of their twelfth grade year. The waiver will expand service options for younger youth, helping to improve retention outcomes by at least 20 percent, with participant numbers to be determined by available funding.

¹ Arne Duncan, U.S. Secretary of Education, Author of the Scientific American Article "How Technology will Revolutionize Technology and Learning," July 7, 2013: <http://www.scientificamerican.com/article/arne-duncan-how-technology-will-revolutionize-testing-learning/>

Waiver goals and outcomes include:

- Expanded service options for youth, helping to improve program retention outcomes;
- Students will stay in school and successfully transition from middle school to high school, and graduate with at least a high school diploma and/or work readiness certificate, occupational skills, or post-secondary credits;
- Students will improve their academic performance, school behavior, attendance, participation, and self-esteem;
- Students will earn post-secondary credentials and/or college credits prior to high school graduation;
- Students can easily attain the skills and credentials necessary to obtain quality employment by the end of their 12th year of school;
- Students will improve their skills in leading and being an effective member of a team;
- Improve the ability of the Workforce Development Boards to develop strategies to align with workforce and economic realities within their service delivery areas;
- Increase local control over program delivery;
- Improve the ability of Workforce Development Boards to design programs in response to the needs of youth.

In cases where the use of a per-pupil allocation for Career Technical Education courses is not feasible, WIA in-school funds or ITAs would be used to fund this program. Funds utilized for Individual Training Accounts will be tracked and reflected in the individual service strategies.

The ten youth program elements will continue to be available to all youth, as described in WIA Section 129(c)(2).

This waiver request is consistent with our Governor's vision to transform the Michigan economy by growing and attracting businesses, keeping talented residents here, and revitalizing urban centers. To that end, the development of talent, along with retention of our youth, is one of the key steps in reinventing Michigan. Developing the next generation of talent is critical to Michigan's ability to compete globally.

Individuals impacted by the waiver:

The waiver will impact WIA Older and Younger Youth program participants in all service delivery areas of the state.

Monitoring progress and implementation:

Annual WIA on-site programmatic reviews include an evaluation of how local waivers are being utilized and ensure programmatic goals and outcomes are being met.

The WIA state coordinators, dedicated to the administration of the WIA programs, will continually examine the effectiveness of waivers throughout the program year. This strategy ensures that the goals described above, as well as those outlined in the existing state and local WIA and Wagner-Peyser plans, are consistent with established objectives of the WIA, and federal and state regulations.

Notice to local boards and public comment:

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A copy of this waiver request was provided to all local Boards and their association. Any comment received will be forwarded to USDOL and included as a modification to the State's Comprehensive Five-Year Plan, and their impact on the State's performance will be addressed in the State's PY 2015 WIA annual performance report.