RICK SNYDER
GOVERNOR

Michigan WDA
WORKFORCE DEVELOPMENT AGENCY

CHRISTINE QUINN
DIRECTOR

August 8, 2014

E-mailed 8/8/2014 (im)

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 two waivers in support of apprenticeships consistent with Training and Employment Guidance Letter 02-07. The requested waivers are for the:

- Utilization of up to 50 percent of local area WIA Adult and Dislocated Worker formula allocations in support of apprenticeships; and
- Utilization of up to 50 percent of WIA Rapid Response set-aside funds in support of apprenticeships.

The waivers will continue to assist the State to further develop our workforce investment system by allowing greater flexibility in utilizing WIA funds in support of apprenticeships. Additionally, the statutory waiver requests maximize the impact of reduced WIA training dollars, as well as provide greater flexibility and increased capacity to respond to participants' training needs. This request is 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

CQ:JC:cg
Attachment
cc: Corey Bulluck
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WDA is an equal opportunity employer/program. Auxiliary aids, services, and other reasonable accommodations are available upon request to individuals with disabilities.

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.

Background:

Registered apprenticeship is an important addition to the wide range of education and training services the workforce system provides. As a business/industry-driven model, registered apprenticeships focus on high-wage, high-growth industries, some of which are facing skilled worker shortages. Registered apprenticeships are also a key component of the recently passed Workforce Innovation and Opportunity Act.

Registered apprenticeship and pre-apprenticeship training programs are an important component of Michigan's industry and cluster development strategy, as well as an effective means of advancing growth and competitiveness for individual and/or groups of related businesses. In a demand-driven environment, the public workforce system at the federal, state, and local levels works collaboratively with business and industry, economic development, education, training providers, and other key partners on talent development strategies and workforce solutions to provide workers with the skills businesses need. Registered apprenticeship is a potential workforce solution that contributes to the development of industry-defined competencies and also serves as a proven industry-driven workforce education and preparation strategy for workers.

Michigan encourages the use of Individual Training Accounts (ITAs) to support pre-apprenticeship training as well as the related instruction portion (e.g., classroom based or online learning) of registered apprenticeship training. The work-based training portion of a registered apprenticeship training program is conducted in partnership with registered apprenticeship sponsors through customized or on-the-job-training agreements. If an apprenticeship program is registered with the U.S. Department of Labor, it is automatically approved on the Career Education Consumer Report, which is Michigan's eligible training provider list. ITA funds may also provide supportive services, such as books and work clothes, and other items needed by participants, as long as the individual remains eligible for WIA.

While registered apprenticeship training is not mandated in Michigan, some progress is being made to expand registered apprenticeship opportunities. Our expectation is that approval of the requested waivers will "incentivize" local areas throughout the state to integrate registered apprenticeships into their overall employment and training strategies.

Statutory and/or regulatory requirements to be waived:

WIA Sections 133(b)(2)(A) & (B)

Michigan requests a waiver to permit local areas to use up to 50 percent of their WIA Adult and Dislocated Worker formula allocations, as though it were state set-aside funding, in support of registered apprenticeship programs.

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:

The waiver would permit the State to utilize up to 50 percent of local area Adult and Dislocated Worker funds allocated under WIA Sections 133(a) and (b) to incentivize local areas throughout the state to integrate registered apprenticeships into their overall employment and training strategies for Adult and Dislocated Worker program participants.

Waiver goals and outcomes include:

- Promoting partnerships between businesses and the Workforce Development System by leveraging available funds;
- Strengthening the integration of services and programs;
- Bolstering efforts to quickly assist moving Adult and Dislocated Workers back into the workforce by incentivizing employers to hire WIA Adult and Dislocated Worker program participants;
- Providing family-sustaining wages to newly hired Adult and Dislocated Workers in occupations that offer advancement opportunities or visible career ladders;
- Reimbursing the cost of training newly-hired workers to incentivize employers to implement apprenticeship training programs;
- Filling employers' in-demand occupations that have higher skill needs or skills gaps;
- Increasing local control over program design;
- Employers having access to a pipeline of highly-skilled workers trained to meet and exceed certification and licensing requirements;
- Increasing employer exposure and use of the state's public workforce system; and
- Improving the state's overall economic and business climate.

In addition to the realization of waiver goals, expected additional programmatic outcomes are:

- Workforce Development Boards have the increased ability to respond quickly to immediate employer training needs;

- Participants have immediate employment opportunities and earn wages while participating in training;

- Participants' skills are upgraded;

- Participants receive portable credentials that are nationally and often globally recognized;

- Participants have the opportunity to apply their apprenticeship training to two-and four-year college programs; and

- Results in significant employment retention and wage outcomes for participants.

This waiver request is consistent with our Governor's vision to transform the Michigan economy by growing and attracting businesses and keeping talented residents here. The reinvention of Michigan includes collaboration with our employer partners and delivering services that create opportunities for growing businesses in Michigan. To that end, the development of talent is one of the key steps in reinventing Michigan, and critical to Michigan's ability to compete globally.

Individuals impacted by the waiver:

The waiver potentially impacts all service delivery areas and their WIA Adult and Dislocated Worker program participants.

Approval of this waiver will continue to enhance overall WIA programs and activities at the local level, and will provide additional flexibility for the use of funds. Workforce Development Boards are enabled to tailor their programs to provide work-based training to Adult and Dislocated Workers through apprenticeships while meeting employer needs for a skilled workforce. This waiver will also assist in significantly increasing wage and retention rates, thereby avoiding additional strain on the state's workforce, unemployment, and health and human services resources.

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 its 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:

WIA Section 134(a)(1)(A), 20 CFR 665.310 and 20 CR 665.320

Michigan requests a waiver of the statutory requirements that limit the use of State set-aside Rapid Response funds to permit the State to utilize up to 50 percent of WIA Rapid Response set-aside funds, which are not subject to the respective eligibility requirements of traditional formula funds, in support of registered apprenticeship training programs.

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:

The waiver would permit the State to utilize a portion, up to 50 percent, of the funding reserved for Rapid Response activities as "local activity funds" to enable dislocated workers to transition into new employment as quickly as possible through work-based learning opportunities under Sections 20 CFR 665.300 through 310 and to provide additional assistance under 20 CFR 665.340 to areas of the state that experience increased numbers of unemployed individuals due to plant closings, mass layoffs or other events. The waiver would allow the provision of direct services to participants in the form of registered apprenticeship training programs, in conjunction with appropriate Federal, State, and local agencies and officials, employer associations, technical councils, and labor organizations.

Waiver goals and outcomes include:

- Promoting partnerships between businesses and the Workforce Development System by leveraging available funds;
- Strengthening integration of services and programs;
- Bolstering efforts to quickly assist moving dislocated workers back into the workforce by incentivizing employers to hire;
- Provide family-sustaining wages to newly hired dislocated workers in occupations that offer advancement opportunities or that have visible career ladders;
- Reimbursing the cost of training newly-hired workers to incentivize employers to implement apprenticeship training programs;
- Filling employers' in-demand occupations that have higher skill needs or skills gaps;

- Increasing local control over program design;
- Employers having access to a pipeline of highly-skilled workers trained to meet and exceed certification and licensing requirements;
- Increasing employer exposure and use of the state's public workforce system; and
- Improving the state's overall economic and business climate.

In addition to the realization of waiver goals, expected additional programmatic outcomes are:

- Workforce Development Boards have the increased ability to respond quickly to immediate employer training needs;
- Participants have immediate employment opportunities and earn wages while participating in training;
- Participants' skills are upgraded;
- Participants receive portable credentials that are nationally and often globally recognized;
- Participants have the opportunity to apply their apprenticeship training to two-and four-year college programs; and
- Results in significant employment retention and wage outcomes for participants.

This waiver request is consistent with our Governor's vision to transform the Michigan economy by growing and attracting businesses and keeping talented residents here. The reinvention of Michigan includes collaboration with our employer partners and delivering services that create opportunities for growing businesses in Michigan. To that end, the development of talent is one of the key steps in reinventing Michigan, and critical to Michigan's ability to compete globally.

Individuals impacted by the waiver:

The waiver has the potential to positively impact WIA Dislocated Worker program participants in all service delivery areas of the state.

Approval of this waiver will continue to enhance overall WIA programs and activities at the local level, and will provide additional flexibility for the use of funds. Workforce Development Boards are enabled to tailor their programs to provide work-based training to dislocated workers through apprenticeships, while meeting employer needs for a skilled workforce. This waiver will also assist in significantly increasing wage and retention rates, thereby avoiding additional strain on the state's workforce, unemployment, and health and human services resources.

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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.

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