

RICK SNYDER
GOVERNOR



CHRISTINE QUINN
DIRECTOR

E-mailed: 1/xx/2015 (tk)

January XX, 2015

Ms. Rose Zibert, Acting Regional Administrator
Employment & Training Administration
U.S. Department of Labor
230 South Dearborn Street, Room 628
Chicago, Illinois 60604

Dear Ms. Zibert:

The State of Michigan is submitting a waiver request for a modification to our Workforce Investment Act (WIA)/Wagner-Peyser (W-P) State Plan. This request is submitted in accordance with the WIA Section 189(i)(4)(B) and the WIA Regulations at 20 Code of Federal Regulations (CFR) 661.420(c). Specifically, the State of Michigan is seeking a waiver from the requirement that a dislocated worker must be enrolled in a training program by the end of the 13th week after their most recent qualifying layoff in order to receive Needs-Related Payments.

This waiver request will further the implementation of a job-driven workforce system in the State of Michigan in alignment with the Job-Driven Elements outlined in Training and Employment Guidance Letter 3-14, issued July 30, 2014, and with the recently passed Workforce Innovation and Opportunity Act. Specifically, this waiver will:

- Further the design of training programs that are responsive to employer needs;
- Increase the ability of job seekers to take advantage of available work-based learning opportunities as a training path to employment;
- Promote a seamless progression from one educational stepping stone to another, and across work-based training and education, so individuals' efforts result in progress; and
- Break down barriers to accessing job-driven training and hiring for any American who is willing to work, including access to supportive services and relevant guidance.

This waiver will continue to assist the State to further develop its workforce investment system by providing vital re-employment services necessary to get long-termed unemployed dislocated workers back into the workforce and meet employer needs for skilled workers. In addition, this waiver request provides greater flexibility and increased capacity to respond to job seeker needs. This request is being made under the Secretary's authority at the 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.

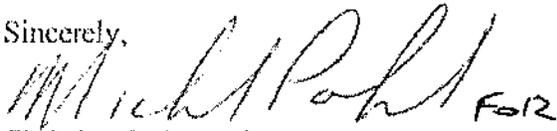


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Your review and immediate consideration of this waiver request is greatly appreciated. Please contact Ms. Stephanie Beckhorn, Director, Office of Workforce Policy and Strategic Planning at 517-241-4078 or via email at BeckhornS@michigan.gov with any questions regarding this request. Thank you.

Sincerely,

Handwritten signature of Christine Quinn in black ink. The signature is cursive and includes the initials "CQ" at the end.

Christine Quinn, Director
Workforce Development Agency

CQ:JC:tk
Attachment

cc: Corey Bulluck
Danielle Waddell
Mike Pohrl

Stephanie Beckhorn
Krista Johnson
Mike Wurmlinger

Joe Billig
WIA State Coordinators

The State of Michigan is seeking approval of a statutory waiver request in accordance with the Workforce Investment Act (WIA) Section 189(i)(4)(B) and the WIA Regulations at 20 Code of Federal Regulations (CFR) 661.420(c). This waiver request will assist Michigan to further develop its workforce investment system while continuing to align its workforce development efforts. The request is being made under the Secretary's authority at the 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 134(e)(3)(B)(i); 20 CFR 663.825(a)(2)

Michigan requests a waiver from the requirement that a dislocated worker must be enrolled in a program of training services under the WIA Section 134(d)(4) by the end of the 13th week after their most recent qualifying layoff in order to receive Needs-Related Payments.

Background:

Despite recent employment growth, Michigan continues to experience over time a number of smaller dislocation events which add to the already significant number of long-term unemployed individuals who have been jobless for 27 weeks or more, and who represent 36 percent of all unemployed persons according to the Bureau of Labor Statistics.¹ In Michigan, the long-term unemployed represented 42.5 percent of all unemployed persons in Michigan during 2012. The Bureau of Labor Statistics, Current Population Survey indicates that Michigan's share of the long-term unemployed was 33.7 percent of all unemployed persons in Michigan from September 2013 through August 2014. These two factors combined continue to strain our workforce investment system's capacity to provide the reemployment services necessary to get these individuals back to work. At the same time, many businesses are reporting difficulty in finding and hiring workers with the right skills for the jobs they need to fill.

To help address this problem, Michigan is pursuing a thoughtful progression of strategies leading to a focus on real demand for actual jobs in the labor market rather than an overreliance on job market forecasts. In partnership with the Michigan Works! system, a demand-driven approach to workforce development has been implemented where the primary source of information about actual employment demand and related job characteristics is employers.

Michigan was recently awarded \$6,175,000 in Job-Driven National Emergency Grant funds which give priority for service to the long-term unemployed. As Michigan Works! Agencies continue to work with the long-term unemployed, they are finding that Needs-Related Payments (NRPs) would be extremely beneficial to providing financial assistance to participants to enable them to participate in training programs and related services. However, by definition, the long-term unemployed are already beyond the required enrollment timeframe to be eligible to receive NRPs. Many long-term unemployed individuals will not enroll in training because they do not have the financial support necessary to be successful and will instead find the next available low-skilled, low-wage job as an alternative.

¹ <http://www.bls.gov/news.release/empsit.t12.htm>

Further, Michigan's maximum Unemployment Insurance (UI) benefit period has been reduced from 26 weeks (plus extensions, if applicable) to 20 weeks (no extensions). In addition, Michigan's maximum benefit amount is \$362, a ceiling that has not risen in over a decade thus eroding purchasing power over that time. Therefore, NRPs provide a key policy option for case-managing long-term unemployed participants when their circumstances are such that schooling may extend beyond the cessation of their UI benefits.

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 provide NRPs to long-term unemployed (27 weeks or more) individuals who were not enrolled in a training activity prior to the end of the 13th week following their most recent qualifying dislocation. NRPs would provide financial support to participants who have exhausted their unemployment benefits and are still enrolled in training.

Waiver goals and outcomes include:

- Increased enrollment in demand-driven training;
- Higher training completion rates;
- Increased employment directly related to training;
- Improved ability of local Workforce Development Boards to develop strategies to align with workforce and economic realities within their service delivery areas; and
- Increased local control over program delivery.

This waiver request is consistent with our Governor's vision to transform Michigan's economy by growing and attracting businesses, keeping talented residents here, and revitalizing urban centers. To that end, the development of talent by training the long-term unemployed for demand-driven jobs is one of the key steps in reinventing Michigan. Developing workers with the skills needed in today's economy is critical to Michigan's ability to compete globally.

Individuals impacted by the waiver:

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

Monitoring progress and implementation:

Annual WIA on-site programmatic reviews include an evaluation of how local area 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/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 provide 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 review and comment by the general public.

In addition, a copy of this waiver request was provided to all local boards and their association. Any comments received will be forwarded to the U.S. Department of Labor and included as a modification to the State's WIA/W-P Five-Year Plan. Impact on the State's performance will be addressed in our Program Year 2015 WIA annual performance report.

RICK SNYDER
GOVERNOR



CHRISTINE QUINN
DIRECTOR

January xx, 2015

E-mailed 1/XX/2015 (tk)

Ms. Rose Zibert, Acting Regional Administrator
Employment & Training Administration
U.S. Department of Labor
230 South Dearborn Street, Room 628
Chicago, Illinois 60604

Dear Ms. Zibert:

The State of Michigan is submitting a revised waiver request for a modification to our Workforce Investment Act (WIA)/Wagner-Peyser State Plan. We are withdrawing our original request, dated August 8, 2014. This revised request is submitted in accordance with the WIA Section 189(i)(4)(B) and the WIA Regulations at 20 Code of Federal Regulations (CFR) 661.420(c). Specifically, the State of Michigan is seeking two waivers in support of apprenticeships consistent with Training and Employment Guidance Letter (TEGL) 02-07. The requested waivers are for the:

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

These waiver requests will further the implementation of a job-driven workforce system in the State of Michigan in alignment with the Job-Driven Elements outlined in TEGL 3-14, issued July 30, 2014, and with the recently passed Workforce Innovation and Opportunity Act. Specifically, these waivers will:

- Further encourage local areas to work up-front with employers to determine local or regional hiring needs and design training programs that are responsive to those needs;
- Promote work-based learning opportunities with employers – including apprenticeships – as training paths to employment;
- Inform what programs are offered and what is taught, and offer information for job seekers to choose what programs and pathways work for them and are likely to result in jobs;
- Assist with the measurement and evaluation of employment and earnings outcomes;
- Promote a seamless progression from one educational stepping stone to another, and across work-based training and education, so individuals' efforts result in progress;
- Break down barriers to accessing job-driven training and hiring for any American who is willing to work;
- Create regional collaborations among American Job Centers, education institutions, labor, and non-profits.

These waivers will continue to assist the State to further develop its workforce investment system by allowing greater flexibility in utilizing WIA funds in support of apprenticeships. Additionally, these



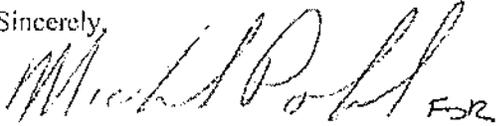
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statutory waiver requests maximize the impact of reduced WIA training dollars, as well as provide greater flexibility and increased capacity to respond to participants' training needs. This request is being made under the Secretary's authority at WIA 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 revised waiver request is appreciated. Please contact Ms. Stephanie Beckhorn, Director, Office of Workforce Policy and Strategic Planning at 517-241-4078 or via email at BeckhornS@michigan.gov with any questions regarding this request. Thank you.

Sincerely,

Handwritten signature of Christine Quinn in black ink. The signature is cursive and includes the initials 'CQ' at the end.

Christine Quinn, Director
Workforce Development Agency

CQ:JC:tk

Attachment

cc: Corey Bulluck
Danielle Waddell
Mike Pohnl

Stephanie Beckhorn
Krista Johnson
Joe Billig

Mike Wurmlinger
WIA State Coordinators

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 part of 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 focus 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 (USDOL), 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 further encourage 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, at their discretion, 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 local areas to utilize up to 50 percent of their Adult and Dislocated Worker funds allocated under WIA Section 133(b), at their discretion, for apprenticeships. As formula funding will not be held at the state level for apprenticeships, the waiver is one way to further encourage local areas throughout the state to integrate registered apprenticeships into their overall employment and training strategies for Adult and Dislocated Worker program participants. The decision to utilize the waiver and a determination on the percentage of funds to target apprenticeships will be at the sole discretion of the local Workforce Development Board and consistent with their strategic plan.

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:

- Local 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 Michigan’s 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. Local Workforce Development Boards are further 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 was posted online for comment and review by the general public. Also, a copy of this waiver request was provided to all local boards and their association. One comment was received as a result of this review and has been incorporated into this revised waiver request.

Statutory and/or regulatory requirements to be waived:

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

Michigan requests a waiver of the statutory requirements that limit the use of State Rapid Response set-aside 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 Michigan's 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 further 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.

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 was posted online for comment and review by the general public. Also, a copy of this waiver request was provided to all local boards and their association. No comments were received as a result of this review.