



EST. 10 2012

The Honorable Beverly Perdue
Governor of North Carolina
20301 Mail Service Center
Raleigh, North Carolina 27699-0301

Dear Governor Perdue:

This letter provides approval of North Carolina's State Integrated Workforce Plan for Title I of the Workforce Investment Act (WIA), the Wagner-Peyser Act (W-P), including W-P Agricultural Outreach Plan, and plans for coordination with Trade Adjustment Assistance (TAA). The Employment and Training Administration (ETA) received the State Plan on September 12, 2012. This letter also responds to North Carolina's WIA waiver requests.

Training and Employment Guidance Letter (TEGL) No. 21-11, issued on March 27, 2012, and TEGL No. 21-11, Change 1 issued on August 8, 2012, provide guidance for states to submit their State Workforce Plans and waivers for Program Year (PY) 2012 and beyond. We appreciate the State's responsiveness to this guidance.

Plan Review and Approval

ETA has reviewed the North Carolina State Integrated Workforce Plan in accordance with Title I of WIA, the Wagner-Peyser Act, the Trade Act (as amended), the corresponding regulations, the State Integrated Workforce Plan Requirements for Workforce Investment Act Title I/Wagner-Peyser Act and Department of Labor Workforce Programs (<http://www.doleta.gov/usworkforce/wia-planning/docs/integrated-planning-guidance.pdf>), and TEGL No. 21-11 and the corresponding Change 1. Pursuant to 20 CFR 661.230(e), this letter constitutes a written determination under WIA Section 112 (29 USC 2822) that ETA is approving the WIA Title I, W-P and TAA portions of North Carolina's State Plan for the period July 1, 2012 through June 30, 2017, PY 2012-PY 2016. The annual W-P Agricultural Outreach Plan is approved for the period July 1, 2012 through June 30, 2013.

The State is eligible to receive WIA formula allotments for Adult, Dislocated Worker, and Youth programs, and W-P program allotments, effective July 1, 2012 through June 30, 2017.

Performance Levels

As you are aware, the Regional Administrator annually negotiates with State representatives the performance goals for the WIA and W-P programs. As required by TEGs No. 21-11 and 38-11 dated June 18, 2012, the negotiations of PY 2012 goals were completed in September 2012, well before the deadline of December 31, 2012. On September 17, 2012, the Regional Administrator forwarded to North Carolina a letter advising the State of the PY 2012 WIA and W-P final performance goals. The letter constitutes a modification to the State Integrated Workforce Plan. ETA will incorporate North Carolina's final performance goals for PY 2012 into the Regional and

National Office copies of the State Integrated Workforce Plan. Please include these final PY 2012 goals in the State's official copy of the State Workforce Plan.

Waivers

As part of North Carolina's State Integrated Workforce Plan, the State submitted waiver requests for waivers of statutory and regulatory requirements under WIA (copy enclosed). The State's request for waivers is 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 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.

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 is requesting 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 this waiver through June 30, 2017. 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 to permit the State to replace the performance measures at WIA Section 136(b) with the common measures.

The State is requesting 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 this waiver through June 30, 2017.

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

The State is requesting 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 this waiver through June 30, 2017. 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 WIA Section 134(a) to permit local areas to use a portion of local funds for incumbent worker training.

The State is requesting 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 this waiver through June 30, 2017. 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 101(31)(B) to increase the employer reimbursement for on-the-job training.

The State is requesting 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 through June 30, 2017. 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 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 is requesting 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 this waiver through June 30, 2017. 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.

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 is requesting 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 through June 30, 2013.

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 are incorporated into the State Integrated Workforce Plan. A copy of this letter should be filed with the State's WIA Grant Agreement and with the approved State Plan. In addition, as described in TEGL No. 29-11, 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 State Integrated Workforce Plan for PY 2012 and beyond. We encourage your efforts in exploring the adoption of the American Job Center brand. We are available to provide technical assistance. If you have any questions related to the issues discussed above, please contact Winston Tompoe, the Federal Project Officer for North Carolina, at (404) 302-5372 and Tompoe.Winston@dol.gov.

Sincerely,


Jane Oates
Assistant Secretary

Enclosures

cc: Helen Parker, Regional Administrator, ETA Atlanta Regional Office
Winston Tompoe, Federal Project Officer for North Carolina

From: [Savage, Brenda S](#)
Date: Wednesday, September 12, 2012 12:42:05 PM
Posted At: WIA.PLAN
Conversation: North Carolina 2012 Integrated State Workforce Plan Submission
Subject: North Carolina 2012 Integrated State Workforce Plan Submission
Attachments: [The N.C. State Integrated Plan as submitted to USDOL.pdf](#)

To: Heather Fleck, Federal Coordinator

On behalf of Governor Bev Perdue, the North Carolina Division of Workforce Solutions is pleased to submit the full Integrated State Workforce Plan in accordance with Employment and Training Administration, U. S. Department of Labor's Training and Employment Guidance Letter (TEGL) No. 21-11, Change 1 and additional resources provided by USDOL.

The Signature Pages (Program Administration Designees and Plan Signature at North Carolina Plan Attachment A and State of Assurances Certifications), signed by Governor Perdue were sent via Federal Express to you today.

Please contact Daniel Giddens, 919-814-0325, daniel.giddens@nccommerce.com, or me if you have questions.

We look forward to continuing to work with USDOL-Washington and Region 3 in providing Workforce Investment Act, Wagner-Peyser Act and Agricultural Outreach services.

Brenda Savage

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WIA Waiver Requests

1. Waiver title/purpose: Adult-Dislocated Worker Funds Transfer

2. Statutory Regulations to be waived:

Amending Federal Regulations, Part II, Department of Labor, Employment and Training Administration, 20 CFR Part 652, et al., Workforce Investment Act, Final Rules, Section 667.140 and Public Law 105-220, Section 133(b)(3), the Consolidated Appropriations Resolution, 2003, Public Law 108-7, increased the limit on fund transfers between the adult and dislocated worker programs to 30%.

North Carolina requests continuation of a waiver to the above mentioned law to allow an increase in the State's transfer authority to permit 50% transfers between Adult and Dislocated Worker funding. Such a waiver will empower individuals' access to needed services. In addition, such a waiver will ensure universal access to core, intensive, and training services to a broader spectrum of the population.

3. State or Local Statutory or Regulatory Barriers:

There are no North Carolina state or local regulatory barriers to implementing the waiver.

4. Description of the goals of the waiver and the expected programmatic outcomes:

North Carolina has experienced significant job loss coupled by the effects of the recent recession. A waiver allowing for up to a 50% transfer of funds between the Dislocated Worker and Adult programs will give Local Workforce Areas that have fewer dislocations opportunity to serve their adult population more efficiently and effectively by having more options to address workforce and economic development concerns and the same is true for transferring from Adult to Dislocated Worker funds where the opposite situation occurs.

Expected outcomes include:

- Ability of Local Workforce Development Boards to better respond to ongoing changes within their local areas will continue.
- Increased local control over program delivery will continue.
- Collaboration between industry needs and worker training will continue to improve as WIA opportunities are increased in the Local Areas.
- Increased accountability for delivery of needed services at the state, local and service provider levels will continue.
- Improvements in designing and implementing WIA programs and in meeting employer and participant needs will be realized by having increased resources available.
- The waiver will continue to benefit all local Workforce Development Boards and their customers (the businesses and job seekers of North Carolina).
- North Carolina will continue to enhance effective, efficient use of resources resulting in more customers served.

- Local Boards will have the flexibility to move funds where they are most needed and can provide the greatest benefit.

Local Workforce Development Areas are reminded that appropriate services to both Dislocated Workers and Adult customers are required when transferring funds. For requests exceeding 40% of the Local Area's base allocation, Local Areas are required to give detailed rationales and explanation of how service to both Adults and Dislocated Workers will be maintained.

5. Description of individuals affected by the waiver:

The waiver will benefit all local Workforce Development Boards and their customers – the businesses and job seekers of North Carolina. The positive impacts will include: program participants will have program choices based on local needs; North Carolina will increase effective, efficient use of resources resulting in more customers served; and local boards will have the flexibility to move funds where they are most needed and can provide the greatest benefit.

6. Description of the processes that will be used to monitor the progress in implementing the waiver:

The North Carolina Division of Workforce Solutions will be responsible for providing guidance to Local Areas in implementing this waiver as well as monitoring the goals established in this request. Monitoring will include regular review of expenditure reports and quarterly reviews of performance reports, site visits and other direct contacts will be done throughout the year.

7. Opportunity for Local Board and Public Comment on Waiver Request:

The Division solicits public input concerning this waiver request through notification to state and local partners by posting the request on the NC Department of Commerce's website.

1. Waiver title/purpose: Use of Local Funds for Incumbent Worker Training

2. Statutory Regulations to be waived:

Waiver to enable local Workforce Development Boards to expand statewide training activities by allowing up to 10% of local adult funds and up to local 10% dislocated worker formula funds, as described by WIA Section 133 (b) (2), to be expended on Incumbent Workforce development activities in accordance with statewide activities described by WIA Section 134 (a) (3) as part of a layoff aversion strategy. Use of Adult funds may be used to focus on low-income adults.

3. State or Local Statutory or Regulatory Barriers:

There are no North Carolina state or local regulatory barriers to implementing the waiver.

4. Description of the goals of the waiver and the expected programmatic outcomes:

The option of using Local Workforce Development Area funds for Incumbent Workforce Development Training will advance North Carolina's ability to assist citizens and businesses in partnership with Local Workforce Development Areas and strengthen both Local Workforce Development Areas and the state workforce system. The intent of Local Incumbent Workforce Development Training is to provide services for current workers in established North Carolina businesses. Participating businesses must be current on all tax obligations. The Local Workforce Development Area Incumbent Workforce Training policy is designed to enhance the skills and earnings of employees and position employers to realize increased competitiveness and profitability, thereby increasing the retention of existing jobs. Local Area Workforce Development Boards must develop a local Incumbent Workforce Development Training policy and submit it to the Division of Workforce Solutions for review and approval prior to implementing a local program.

As a reference, the State's most recent Incumbent Workforce Development Policy is available as a template/guideline. The Local Workforce Development Area Incumbent Workforce Training Policy must address, at minimum, the following elements:

- Provide amount designated as available with Local Area funds must be identified (Not to exceed 10 percent of local Adult and Dislocated Worker allocated formula program funds each).
- Maximum funding allowed per grant; indicate maximum lifetime per company;
- Local Program Focus/Priorities Narrative (examples, certain industry sectors, size of business);
- Program Outcome Measures;
- Application Process;
- Applicant Criteria: qualifications, eligibility and any restrictions for the business and employees;
- Project Requirements (examples, description of training to be provided, duration of training, eligibility for individuals-age, citizenship, Selective Service registration);
- Reimbursable and Non-reimbursable costs; and
- Evaluation Procedures.

Additional goals of the waiver include:

- To provide more funding flexibility to meet the workforce demands and challenges North Carolina encounters.
- To enhance the skills and earnings of employees and position employers to realize increased competitiveness and profitability, thereby increasing the retention of existing jobs
- To serve as a bridge between the workforce development community and economic development community.

5. Description of the individuals affected by the waiver:

The waiver will benefit all local Workforce Development Boards and their customers – the businesses and job seekers of North Carolina. The positive impacts will include: program participants will have program choices based on local needs; North Carolina will increase effective, efficient use of resources resulting in more customers served; and, local workforce development boards will have the flexibility to move funds where they are most needed and can provide the greatest benefit.

6. Description of the processes that will be used to monitor the progress in implementing the waiver:

The North Carolina Division of Workforce Solutions will be responsible for providing guidance to Local Areas in implementing this waiver, as well as monitoring the goals established in this request. There will be monthly review of expenditure reports and quarterly reviews of performance reports, site visits and other direct contacts will be done throughout the year.

7. Opportunity for Local Board and Public Comment on Waiver Request:

The Division solicits public input concerning this waiver request through notification to state and local partners by posting the request on the NC Department of Commerce's website.

1. Waiver title/purpose: Use of Rapid Response for Statewide Activities—Incumbent Worker Training

To use up to 20% of Rapid Response Funds for Incumbent Worker Training as part of a layoff aversion strategy. All training would be restricted to skill attainment activities.

2. Statutory Regulations to be waived:

To waive the regulatory requirements found in 20 CFR 665.310 and 665.320 that limit the use of statewide Rapid Response funds.

3. State or Local Statutory or Regulatory Barriers:

There are no North Carolina state or local regulatory barriers to implementing the waiver.

4. Description of the goals of the waiver and the expected programmatic outcomes:

When workers lack needed training and businesses experience skill gaps, the company's ability to compete, expand, and retain workers can be compromised. North Carolina's Incumbent Workforce Development Training Program (IWDP), funded by the federal Workforce Investment Act (WIA), addresses such needs. The purpose of the program is to help established North Carolina businesses provide training and education for current workers, which may result in improved employee productivity, reduced employee turnover and increased business competitiveness. The specific objectives of the IWDP include upgrading employee skills, increasing employee wages, providing training in portable (transferable) skills and promoting business retention and competitiveness efforts. North Carolina has extensive guidelines and policies to address the selection criteria. Some of the guideline criteria are as follows:

- Maximum funding allowed per grant; indicate maximum lifetime per company;
- Local Program Focus/Priorities Narrative (examples, certain industry sectors, size of business);
- Program Outcome Measures;
- Application Process;
- Applicant Criteria: qualifications, eligibility and any restrictions for the business and employees;
- Project Requirements (examples, description of training to be provided, duration of training, eligibility for individuals-age, citizenship, Selective Service registration);
- Reimbursable and Non-reimbursable costs; and
- Evaluation Procedures.

5. Description of the individuals affected by the waiver:

The waiver benefits all local Workforce Development Boards and their customers – the businesses and job seekers of North Carolina. The positive impacts include: program participants will have program choices based on local needs; North Carolina will increase effective, efficient use of resources resulting in more customers served; and, local workforce development boards will have the flexibility to move funds where they are most needed and can provide the greatest benefit in their regions.

6. Description of the processes that will be used to monitor the progress in implementing the waiver:

The North Carolina Division of Workforce Solutions will be responsible for providing guidance to Local Areas in implementing this waiver as well as monitoring the goals established in this request. There will be monthly review of expenditure reports and quarterly reviews of performance reports, site visits and other direct contacts will be done throughout the year.

7. Opportunity for Local Board and Public Comment on Waiver Request:

The Division solicits public input concerning this waiver request through notification to state and local partners by posting the request on the NC Department of Commerce's website.

1. Waiver title/purpose: On-the-Job Training (OJT) Employer Reimbursement Waiver: Sliding Scale

To provide a sliding scale of reimbursement to the employer based on employer size. Under the waiver, the following sliding scale will be implemented: up to 90% reimbursement for employers with 50 or fewer employees; up to 75% reimbursement for employers with 51 - 250 employees; and for employers with more than 250 employees, the statutorily defined 50% limit will continue to apply. This waiver request has been developed in accordance with the WIA guidelines in Section 189(i) (4) (B) and the WIA Federal regulations at 20 CFR 661.420.

The waiver is for use with WIA Adult and Dislocated Worker formula funds, and Statewide Activities funds. The U.S. Department of Labor approved a similar scale per Training and Employment Guidance Letter (TEGL) No. 38-09 for the American Recovery and Reinvestment Act of 2009 On-the-Job Training (OJT) National Emergency Grant (NEG).

2. Statutory Regulations to be waived:

WIA Section 101(31)(B) and the accompanying regulations as promulgated at 20 CFR Subpart G 663.710(b) state that employers may be reimbursed up to 50 percent of the wage rate of an OJT participant for the extraordinary costs of providing the training and additional supervision related to the OJT.

3. State or Local Statutory or Regulatory Barriers:

There are no state or local statutory or regulatory barriers.

4. Description of the goals of the waiver and the expected programmatic outcomes:

As North Carolina continues to be negatively impacted by the lagging economy, the statewide unemployment rate remains above the national rate. This creates an urgent need to increase the ability to implement additional programs and services that best serve unemployed workers. The waiver allows North Carolina's workforce system to continue to more effectively market WIA-funded OJT to support job creation while providing training and transitional employment opportunities for the unemployed. The waiver increases business usage of the local workforce system by providing added incentives for businesses, especially small businesses, to hire and train new workers.

5. Description of the individuals affected by the waiver:

The waiver augments North Carolina's ability to more effectively direct resources to individuals and businesses where need is greatest. It will benefit eligible WIA adults and dislocated workers, seeking employment and new and improved skill levels. The waiver has increased training options for participants. Local Workforce Development Areas are able to offer more OJT opportunities to WIA eligible adults and dislocated workers.

Small to mid-sized businesses also benefit from the waiver. By providing attractive cost-effective financial incentives, the sliding scale for reimbursement will persuade small and mid-sized businesses to

participant in the program. Companies will be able to hire employees sooner than planned, thereby stimulating the local, and ultimately the national economy.

6. Description of the processes that will be used to monitor the progress in implementing the waiver:

The Division of Workforce Solutions will monitor progress and ensure accountability for federal funds in connection with this waiver by reviewing monthly expenditures, performance and other reports submitted by local Workforce Development Boards; by meeting with local Workforce Development Board Directors; through regular contact with ETA Regional Office liaisons; and through its monitoring and performance accountability system.

7. Opportunity for Local Board and Public Comment on Waiver Request:

The Division solicits public input concerning this waiver request through notification to state and local partners by posting the request on the NC Department of Commerce's website.

1. **Waiver title/purpose:** To implement the new nine common measures outlined in TEGL 17-05, effective July 1, 2007.

2. **Statutory Regulations to be waived:**

WIA Section 136(b) and (c) and accompanying Regulations §666.100(a) and §666.300(a) that specify the state and local performance measures currently required for WIA Title I programs.

3. **State or Local Statutory or Regulatory Barriers:**

There are no State or local statutory or regulatory barriers to implementing the requested waiver. Nothing in this waiver is intended to prevent the State or any local workforce board from implementing additional measures to assess performance.

4. **Description of the goals of the waiver and the expected programmatic outcomes:**

This waiver allows North Carolina to renew its performance focus and will facilitate system integration across partner programs. The common measures provide a simplified and streamlined performance measurement system that is more cost effective and understandable to the Local Workforce Investment Boards. Case Management, customer service, and operational effectiveness will be enhanced through implementation of this waiver.

This waiver is viewed as a continuous improvement measure that has the following far-reaching benefits and outcomes:

- Facilitates the goal of a fully integrated workforce system;
- Provides clear and understandable information to stakeholders concerning the use of public funds and return on investment;
- Improves case management integration, service coordination and information sharing;
- Assists in the realignment of youth program designs to better implement DOL's Youth Vision and targeting of out-of-school youth;
- Uses a single set of measures for youth, thus, eliminating the need to track younger versus older youth;
- Reduces labor intensive data collection.

5. **Description of individuals impacted by the waiver:**

All customers of the workforce system will benefit from this waiver. The quality and quantity of services to participants will be enhanced by focusing on fewer targeted outcomes. State and local program administrators will benefit as the State progresses toward a fully integrated workforce system that concentrates on demand-driven accountability measures.

6. Description of the processes that will be used to monitor the progress in implementing the waiver:

The Division of Workforce Solutions will monitor the implementation and impact of the waiver, as well as progress toward meeting expected outcomes. This is accomplished as follows:

- North Carolina's *WorkforcePlus™* participant database is an on-line system used for case management, tracking of services, follow-up and reporting. *WorkforcePlus™* will be used to monitor the data collection and reporting of the Common Measures at both the state and local levels. *WorkforcePlus™* presently accommodates the new reporting requirements and allows for specialized reports to ensure the accuracy of data. This enables state and local staff to identify technical assistance needs.
- The Division reviews applicable policies, procedures and manuals and modify them accordingly.
- The Division reports performance on the Common Measures to USDOL quarterly and annually via the WIA Performance System.
- The Division monitors the implementation of the waiver through quarterly reports and meetings with Local Workforce Board Directors. These reports and meetings will serve as opportunities to address implementation issues.

7. Opportunity for Local Board and Public Comment on Waiver Request:

The Division solicits additional public input concerning this waiver request through notification to state and local partners by posting the request on the Department's website.

1. **Waiver title/purpose:** A waiver of the requirement to provide incentive grants for exemplary performance by local areas on the local performance measures.
2. **Statutory Regulations to be waived:**
To waive the provisions of WIA (Section 134 (a) (2) (B) (iii)) and accompanying Regulations 665.200 (e) (3)
3. **State or Local Statutory or Regulatory Barriers:**

There are no state or local statutory or regulatory barriers to implementing the requested waiver.
4. **Goals to be achieved by the waiver and expected programmatic outcomes:**

The Congressional reduction to five percent for Statewide Workforce Investment Activities funds limits State's ability to effectively fund incentive grants. The State no longer has sufficient funds to make award of performance incentives.
5. **Description of individuals impacted by the waiver:**

While the State is disappointed that there are not available financial Incentives for Performance, there will not be a service impact on individuals or a lack of commitment to reach Performance Goals.
6. **Description of the process to monitor progress:**

The Division of Workforce Solutions will continue to monitor local area performance. The Division will also be aware of Congressional changes that might increase statewide activities funds so that Incentive Grants for Performance may be reinstated.
7. **Opportunity for Local Board and Public Comment on Waiver Request:**

The Division solicits public input concerning this waiver request through notification to state and local partners by posting the request on the NC Department of Commerce's website.

Waiver title/purpose: **Time Limit on the Period for Initial Eligibility for Training Providers**
The State was granted a waiver in January 2000 of the time limit on the period of initial eligibility of training providers provided at 20 CFR 663.530. This waiver has been granted in each subsequent Plan and Plan Modification submitted by North Carolina. Under this waiver, the State has been allowed to postpone the determination of subsequent eligibility of training providers. The waiver allows the State to provide an opportunity to re-enroll and be considered enrolled as initial eligible providers. Continuation of this waiver is requested.

*North Carolina State Plan
Submitted September 12, 2012
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North Carolina Waiver Responses

The State of North Carolina Integrated State Workforce Plan for Title I of the Workforce Investment Act and the Wagner-Peyser Act and Agricultural Outreach Plan as required by the US Department of Labor Program Years 2012-2016

Waiver #1--Common Measures

- 1) Was waiver provided to local areas?

Yes, all Local Areas were informed and had opportunity to provide feedback and input regarding this waiver at time of initial concept. In addition, all local areas' input was sought during the public comment period of this Plan submission. E-mail notification was provided to each of North Carolina's 23 local Workforce Development Boards regarding the content of this waiver.

Waiver #2--OJT Employer Reimbursement

- 1) Why do you need the sliding scale presented in the waiver?

The sliding scale is needed to increase business usage of the local workforce system by providing added incentives for businesses to hire and train new workers. The sliding scale will provide an additional marketing tool by providing attractive cost-effective financial incentives to offset training costs, especially helpful to the small and mid-size employers. Companies will be able to hire employees sooner than planned; thereby stimulating the local, and ultimately, the national economy. The sliding scale is also needed to provide an added incentive to employers to hire long term unemployed persons who have exhausted unemployment benefits.

- 2) Need to make the case for OJT waiver. Is waiver for OJT program? Need more clarity.

As North Carolina continues to be negatively impacted by the lagging economy, the statewide unemployment rate continues to be above the national average. This creates an urgent need to increase the ability to implement additional programs and services that best serve unemployed workers. The sliding scale waiver will allow North Carolina's workforce system to more effectively market WIA-funded OJT to support hiring while providing training and transitional employment opportunities to the unemployed. The waiver increases awareness of the likelihood of success of the OJT program with employers.

- 3) Need more information on monitoring. How has waiver been used in the past?

The sliding scale waiver has been used in the past using WIA formula funds and funds made available under the American Recovery and Reinvestment Act of 2009. The Division of Workforce Solutions has and will continue to monitor progress and ensure accountability for federal funds in connection with this waiver by reviewing monthly expenditures, performance and other reports submitted by local Workforce Development Boards. The Division will also meet periodically with local Workforce Development Board Directors, will communicate on an

*North Carolina State Plan Waiver Responses
November 2012*

as needed basis with ETA Regional Office liaisons and monitor the waiver through its monitoring and performance accountability system.

Programmatic and fiscal monitoring of this waiver is done at least on a scheduled formal basis yearly and on an as needed basis at other times during the year.

The sliding scale waiver has been used in the past for WIA adult and dislocated workers seeking employment and new and improved skill levels. This waiver has allowed Local Workforce Development Areas to offer more OJT opportunities to WIA eligible adults and dislocated workers. It has also been used as an effective marketing tool to small and mid-size employers to consider OJT as a cost effective financial incentive to offset costs of training new workers.

- 4) What are the target industries and sectors? What are the skills training and certifications?

The waiver will be used to target small and mid-size businesses with North Carolina's fastest growing jobs. Skills training will be based upon specific high growth jobs in each local area. North Carolina's high growth industries will be targeted including: Ambulatory Health Care Services, educational services, professional and technical services, nursing and residential care facilities. Certification will depend upon the targeted area for on-the-job training. Career Readiness Certification will be encouraged for all On-the-Job training participants.

- 5) How are employers selected?

Small and mid- size employers in high growth industries will be targeted for use of the OJT sliding scale reimbursement. They will be selected if they meet the criteria as outlined on the On-the-Job training Pre-Award Analysis and successful completion of the employer agreement. General business practices in terms of working conditions (safety, health), the availability of health benefits, sustainable wage structure, turnover rates, adequate staff and equipment to carry out the training, and the employer is compliance with federal, state, and local laws, are factors that will be considered while completing the OJT Pre-Award Analysis form.

Waiver #3--Rapid Response for IWT

- 1) How does IWT fit with layoff aversion strategy?

Layoff aversion is a primary focus of IWT since the changes in guidelines during PY 2009. An applicant business must explain how the proposed training will avert eminent layoffs.

- 2) What are the targeted industries and sectors? What are the skills, training and certifications?

The State collaborates with the Local Workforce Boards in administering the IWT. The industries are determined at the regional level; the business determines the skills, training and certifications needed to avert layoffs at the company and the Local Workforce Development Area reviews and concurs or declines.

- 3) Need to include business and incumbent workers in individuals impacted by waivers.

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For PY 2011, 54 companies were funded for just under \$835,000. Such companies included Camoplast Solideal, Plastic Packaging, Inc., and Lease-A-Sales Rep. There are 954 employees expected to be trained through these funds.

4) Need more information on monitoring.

Quarterly reports are due from all participating Local Workforce Development Areas with active grants 30 days after the end of the calendar quarter. A final Report is due 45 days after the end of the training or at the end of the contract between the local board and the business. The Division of Workforce Solutions Field Services section includes IWT monitoring when it conducts annual monitoring visits to all Local Workforce Development Areas.

5) Was waiver provided to the locals?

Yes, all Local Areas were informed and had opportunity to provide feedback and input regarding this waiver at time of initial concept. In addition, all local areas' input was sought during the public comment period of this Plan submission. E-mail notification was provided to each of North Carolina's 23 local Workforce Development Boards regarding the content of this waiver.

Waiver #4—Local Funds for IWT

1) How does IWT fit with layoff aversion strategy?

Layoff aversion is a key component of the IWT training program. An applicant business must justify how the requested training will avert eminent layoffs. Layoff aversion is when a worker's job is saved with an existing employer that is at risk of downsizing or closing or when a worker at risk of dislocation transitions to a different job with the same employer or a new job with a different employer and experiences little or no unemployment. If granted the waiver, Local Workforce Areas will be able to utilize the IWT program to provide businesses and individual with needed resources to train existing employees in an effort to retain them. Also the program will benefit individuals as they will receive additional training that will help them retain employment and not be on unemployment compensation. If granted, this waiver will ultimately enhance the state's efforts at job retention, thereby avoiding layoffs. The state and national economy will benefit from the increased productivity and upward mobility of workers. The State of North Carolina knows from experience that there is a deep reservoir of demand for incumbent worker training. This waiver will provide additional resources for a key state initiative to boost creativity and innovation in incumbent worker training and to supply the skills that challenge North Carolina employers.

2) What are the targeted industries and sectors? What are the skills, training and certifications?

The relevant sectors are determined at the Local Workforce Development Board level; the business determines the necessary skills, training and certifications needed to avert layoffs. North Carolina believes its partners and local workforce boards are ready to embrace incumbent worker training as an activity integrated into the state's industry sector / layoff aversion strategies. The state expects incumbent worker training funds to benefit key industries and local economies by providing a means to upgrade the skills critical to employers. By building business partnerships within regions and within industry sectors, the state expects that there

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will also be substantial savings in training expenses. Local Boards will be required partners at the regional level. The partnerships of Sector Strategies Initiatives across North Carolina's Local Areas will ensure that critical skills within key industries will be upgraded. If granted, this waiver will allow Local Areas to utilize IWT funding for a variety of industries and sectors that will be determined by labor market information as well as employer identification of needed skills. In recent years sectors have included manufacturing, healthcare, and information technology. Having more flexibility within WIA regulations through this waiver is critical to this effort.

- 2) Need to include business and incumbent workers in individuals impacted by waivers.

This waiver was not used in PY 2011.

- 3) Need more information on monitoring.

Quarterly reports are due from all participating Local Workforce Development Areas with active grants 30 days after the end of the calendar quarter. A final Report is due 45 days after the end of the training or at the end of the contract between the local board and the business. The Division of Workforce Solutions Field Services section includes IWT monitoring when it conducts annual monitoring visits to all Local Workforce Development Areas.

- 4) Was waiver provided to the locals?

Yes, all local areas were informed and had opportunity to provide feedback and input regarding this waiver at time of initial concept. In addition, all local areas' input was sought during the public comment period of this Plan submission. E-mail notification was provided to each of North Carolina's 23 local Workforce Development Boards regarding the content of this waiver.

Waiver #5—Adult DW Transfer

- 1) Need more information on past need and changes in population mix.

North Carolina continues to have layoffs and business closings that exceed some Local Areas' available Dislocated Worker formula funding. From January 2012 to October of 2012, North Carolina Employment Service mailed over 451,000 (1099) Unemployment Insurance documents as required by the *State Reporting Requirements for Information Return* throughout North Carolina. This number includes extended and exhausted unemployment compensation claimants. An example of unemployment rates throughout North Carolina include Graham County, located in the western part of the state, with an unemployment rate of 14.7% with 571 people unemployed as compared to Cleveland County's unemployment rate of 9.8% with 4,973 people unemployed; and the contiguous county of Polk with 7.1% unemployment rate with 660 people unemployed. The metropolitan county of Wake has a 7.0 unemployment rate yet there are 34,203 unemployed people as compared to Durham County, contiguous to Wake, with an unemployment rate of 7.4% with 10,716 unemployed people. This information is from the N.C. Department of Commerce as of September, 2012.

The population mix for the State of North Carolina as it relates to business and people is quite different throughout the state with pockets of higher numbers of unemployed people in various

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counties. Not only is the 50% waiver for transfer of funds from Adult to Dislocated Worker or from Dislocated Worker to Adult a necessity, the State of North Carolina further addresses the need for funds through policy for a voluntary transfer of funds from one Local Area to another.

During Program Year 2011 and Program Year 2012 the State has processed fourteen requests to transfer funds from Adult to Dislocated Worker or Dislocated Worker to Adult program using the waiver to transfer up to 50% of funds to or from these programs. The State also has available Dislocated Worker Contingency Funds from (Statewide Rapid Response funds) that Local Areas can access to address critical needs as necessary.

2) Was waiver provided to the locals?

Yes, all Local Areas were informed and had opportunity to provide feedback and input regarding this waiver at time of initial concept. In addition, all local areas' input was sought during the public comment period of this Plan submission. E-mail notification was provided to each of North Carolina's 23 local Workforce Development Boards regarding the content of this waiver.

Waiver #6—Waiver to Provide Incentive Grants

1) How much funding is being used for required activities? How much funding is being used for required activities?

There will be no funding since this waiver is a request not to provide incentives due to lack of sufficient state-wide activity funds. For PY 2010 performance, \$1 million was made available. PY 2010 funds represent the last year's funds where sufficient funds were available.

2) What are the required activities? There are no required activities.

3) How will waiver be monitored?

The Division will continue to monitor local area performance. Letters will be sent at the conclusion of each fiscal year to Local Workforce Area officials noting their Area's performance against state goals. The Division of Workforce Solutions will continue to monitor Congressional change that might increase statewide funds so that Incentive Grants for performance may be reinstated. North Carolina will only use the waiver of the requirement to provide incentive grants to local areas while the statewide activities funds are limited to 5% instead of 15% to states.

4) Was waiver provided to local areas?

Yes, all Local Areas were informed and had opportunity to provide feedback and input regarding this waiver at time of initial concept. In addition, all local areas' input was sought during the public comment period of this Plan submission. E-mail notification was provided to each of North Carolina's 23 local Workforce Development Boards regarding the content of this waiver.

Waiver #7—Time Limit on the Period for Initial Eligibility for Training Providers

- 1) Need full waiver request.
- 2) How will the quality of the training providers be ensured?

RESPONSE:

1. Waiver title/purpose: Time Limit on the Period for Initial Eligibility for Training Providers.

2. Statutory Regulations to be waived:

Workforce Investment Act (WIA) Section 122 (c)(5) and (d)(1) and 20 CFR Section 663.530-550 – WIA Regulations.

North Carolina requests continuation of a waiver to the above mentioned law to allow the State to permit training providers to operate under initial eligibility period granted them and to continue the initial eligibility process that has served customers well for the past 12 years.

3. State and Local Statutory or Regulatory Barriers:

There are no North Carolina state or local regulatory barriers to implementing the waiver.

4. Describe the goals of the waiver and the expected programmatic outcomes:

North Carolina's goal is to continue the effective and successful use of the processes for eligible training providers that have served to increase customer choice and the number of eligible training providers while still ensuring accountability for quality providers.

Expected outcomes include:

- Provide more efficient use of information by customers and staff by reducing unneeded data.
- Increased accountability for delivery of needed services at the state, local and service provider levels will continue by reducing large amounts of time and resources that would be expended on implementing the eligibility process in place after initial eligibility process.
- The waiver will continue to benefit all local Workforce Development Boards and their customers.
- North Carolina will continue to enhance effective, efficient use of resources resulting in more customers served.

North Carolina was granted this waiver in January 2000 and it has been granted in each subsequent Plan and Plan Modification submitted by North Carolina. Under this waiver, the State has been allowed to postpone the determination of subsequent eligibility of training providers. The waiver allows the state to provide an opportunity to re-enroll and be considered as enrolled as initial eligible providers.

5. Describe the individuals affected by the waiver:

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The waiver will benefit all local Workforce Development Boards and their customers – the businesses and job seekers of North Carolina. WIA participants will have more options and customer choice. Data provided on training providers will be more relevant and clearer for customers.

6. Describe the processes that will be used to monitor the progress in implementing the waiver:

The North Carolina Division of Workforce Solutions will be responsible for providing guidance to Local Areas in implementing this waiver as well as monitoring the goals established in this request. Monitoring includes regular review of enrollment reports, site visits, and other direct contacts will be done throughout the year.

7. Opportunity for Local Board and Public Comment on Waiver Request:

The Division solicits public input concerning this waiver request through notification to the state and local partners by posting the request on the NC Department of Commerce's website.

All Local Areas were informed and had opportunity to provide feedback and input regarding this waiver at time of initial concept. In addition, all local areas' input was sought during public comment period of this plan submission. E-mail notification was provided to each of North Carolina's 23 local Workforce Development Boards regarding the content of this waiver.

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Waiver #6—Waiver to Provide Incentive Grants

Additional Information for North Carolina Request

TEGL No. 26-09, Change 1, Section 3. A. i. states that requests for Statewide waivers must now include a justification that describes:

1. *PY2012 Governor's 5% Set Aside: \$3,984,562*
2. *Amount of Carry Over Funds from prior years : \$3,684,323 (includes reserve for new systems noted below)*
3. *The estimated costs to carry out the required activity for which the waiver is needed: \$1,000,000 (While the Law does not specify a methodology or amount based upon the amount allocated in the past several years to reward local performance).*
4. *Estimated Costs of Discretionary Activities (if applicable): Not Applicable*
5. *How statewide funds are being used (for both required and allowable statewide activities).*

In addition to ongoing, daily requirements of administrative oversight and management of NC WIA funds which are \$3,800,470 annually, NC is now entering a phase of replacing two antiquated statewide technology management systems. The systems are over 12 years old and are both insufficient to meet current and projected state needs and are such outdated technology as to make support and changes non-existent in some cases and cost prohibitive for others. The first system is the Integrated Workforce System which includes all WIA participant tracking features and management accountability. This system is currently under bid review with installation estimated at \$3,000,000 and annual fees in the range of \$200,000. WIA's pro-rated share is over half of these costs. This system will accommodate North Carolina's recent merger of WIA and Employment Security Commission functions and personnel. It will combine several legacy systems for better functionality and service to individuals, employers and local Workforce Development Boards in the state. The second system is the Grants Management Information System which includes all fiscal management information and tracking and will be very beneficial for local and state WIA operations. This system is currently under construction with costs estimated at \$135,000 to purchase and \$55,000 per year to maintain, all of which are WIA costs. The annual 5% WIA allotment, even when combined with previous year carry forward funds, does not provide opportunity for the annual \$1 million in incentive funds that NC has previously made available for award to the 23 local workforce development areas who qualify for performance incentives.
6. *How funds are being prioritized across activities.*

As noted above, North Carolina is pursuing and in the midst of development and replacing both a new fiscal management accountability system along with the integrated participant and workforce management system. This is a necessary and high priority. NC's governor has also chosen to keep innovative incumbent worker training programs a priority for NC businesses and their employees. Without 10% funds available, in Program Years 2011 and 2012 it has been necessary for NC to only use Rapid Response Funds for Incumbent Worker Training. North Carolina awarded \$360,600 to assist businesses in NC. In Program Year 2012, NC has set aside \$300,000 using the same funding source for future awards. Finally, NC is in the midst of restructuring and rebranding its One-Stop Center system to reflect and incorporate changes and influences of the state level merger with the former Employment Security Commission and to be responsive to current economic and labor market realities. These high level, long-term improvements and changes have begun and the continued lack of statewide activity

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funding has led to a prioritization of activities. Technology changes and improvements for financial and participant management have reached a critical level of need and will be costly in either direction – continue with planned change or more costly by continuing to support the existing outdated and limited systems.

7. *The extent to which the funding levels are insufficient to cover the activity for which a waiver is requested.*

The annual 5% allotment of \$3,984,562, even when combined with previous carry forward funds as noted above, cannot cover annual WIA operating costs of over \$3,800,000 along with the integrated workforce and financial system costs. Required and necessary activities of oversight and monitoring of a large state with annual WIA allocations of nearly \$80 million, along with an additional \$1 million for incentives per year to recognize the 23 local workforce development areas for performance is not feasible. While not possible at this time, NC hopes to reinstate performance incentives in future years if funds are available.

The request must also:

1. ***Address the anticipated impact of not funding the activity.***
While the State is disappointed that there are not available financial Incentives for Performance, there will not be a lack of commitment to reach Performance Goals. Local Workforce Development Areas meeting and exceeding performance goals will be acknowledged through recognition in NC Department of Commerce publications and receipt of congratulatory letters.
2. ***And, whether it may directly affect WIA participant services.***
There is no expectation that there will be a direct impact on WIA Participant services or a lack of commitment to reach Performance Goals.

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