



DEC - 7 2012

The Honorable Brian Schweitzer
Governor of Montana
State Capitol
Helena, Montana 59620-0801

Dear Governor Schweitzer:

This letter provides approval of Montana'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, plans for coordination with Trade Adjustment Assistance (TAA), and Title V of the Older Americans Act. The Employment and Training Administration (ETA) received the State Integrated Workforce Plan on September 13, 2012. This letter also addresses Montana'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 Montana 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>), Title V of the Older Americans Act and corresponding regulations, 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), and WIA section 501 (20 USC 9271) which pertains to State Unified Plans, that ETA is approving those portions of the Montana State Integrated Workforce Plan that relate to Title I of WIA, the Wagner-Peyser Act, and TAA for Program Years 2012-2016, July 1, 2012 through June 30, 2017. The annual W-P Agricultural Outreach Plan is approved for the period July 1, 2012 through June 30, 2013. The Senior Community Service Employment Program (SCSEP) State Plan has been reviewed by both ETA and the Administration on Aging, and is approved for Program Years 2012-2015, July 1, 2012 through June 30, 2016. 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

Each year, the Regional Administrator negotiates the Program Year's WIA and W-P performance goals with each state. As required by TEGEs No. 21-11 and 38-11 dated June 18, 2012, negotiations must be completed by December 31, 2012 for PY 2012. Once the final goals are established, the Regional Administrator's letter advising the State of the PY 2012 WIA and W-P final performance goals constitutes a modification to the State Workforce Plan. ETA will incorporate Montana'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 Montana's State Integrated Workforce Plan, the State submitted waiver requests for waivers of statutory and regulatory requirements under WIA (copy enclosed). The State's requests for waivers are 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 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)(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.

Application of WIA regulations at 20 CFR 661.300(f) to allow the State Board to carry out the roles of a Local Board.

The State is requesting a waiver to permit the state to apply 20 CFR 661.300(f) to the statewide regional planning area described in its State Plan. This provision allows states that operate as a single local workforce investment area to use the state workforce investment board to carry out the requirements of the local workforce investment board. The State is seeking to use its State Board to carry out the roles and responsibilities of the Local Boards in the designated region encompassing the state.

We are granting the waiver through June 30, 2017. Under the waiver, the Governor may designate the State Board to carry out the roles and responsibilities of the Local Boards in the designated region encompassing the state, in the same manner as permitted in single service delivery area states.

Waiver of the prohibition at 20 CFR 664.510 on the use of Individual Training Accounts for older and out-of-school youth.

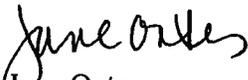
The State is requesting a waiver of the prohibition at 20 CFR 664.510 on the use of Individual Training Accounts (ITAs) for older youth and out-of-school youth program participants. The State is granted this waiver through June 30, 2017. Under this waiver, the State can use ITAs for older youth and out-of-school youth program participants. The State must continue to make the 10 youth program elements available as described at WIA Section 129(c)(2). The State should ensure that funds used for ITAs are tracked and that the ITAs are reflected in the individual service strategies for these youth.

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 TEGGL 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. Thank you for adopting the American Job Center brand; we are available to provide technical assistance as needed. If you have any questions related to the issues discussed above, please contact Jesus Morales, the Federal Project Officer for Montana, at (972) 850-4616 or Morales.Jesus@dol.gov.

Sincerely,



Jane Oates
Assistant Secretary

Enclosures

cc: Joseph Juarez, Regional Administrator, ETA Dallas Regional Office
Jesus Morales Federal Project Officer for Montana

OFFICE OF THE GOVERNOR
STATE OF MONTANA

BRIAN SCHWETZER
GOVERNOR



JOHN BOHLINGER
LT. GOVERNOR

September 12, 2012

Division of WIA Adult Services and Workforce System
Employment and Training Administration
U.S. Department of Labor
200 Constitution Ave., NW, Room S-4209
Washington D.C. 20210

ATTN: Heather Fleck

RE: WIA/Wagner-Peyser State Plan 2012- 2016

Dear Ms. Fleck:

Attached please find Montana's Integrated State Workforce Plan. Included in the plan is the annual Agricultural Outreach Plan along with the four-year Senior Community Employment Service Program Plan.

Montana's workforce development system is committed to improving the employability of our citizens in a growing global economy during turbulent economic times. Montana is dedicated to partnering in promoting the nations' economic recovery and assisting those most in need.

To improve the effectiveness of our public workforce system, to accelerate our transformational efforts, and to continue the development of a more comprehensive service delivery system, an Interagency Rapid Response Team was formed to help expedite services to those in need. Numerous projects have been initiated involving apprenticeship and partnerships with our higher education system. Green energy technology curriculum and training programs and systemic career pathways involving Adult Basic Education, K-12 and higher education and state agency workforce training partners are a part of this innovate effort and are examples of Montana's dedication to helping our citizens succeed and our businesses prosper.

The Montana State Workforce Investment Board (SWIB) Executive Committee met on May 7th, 2012 to discuss and review the plan requirements and timelines for Montana's WIA/Wagner-Peyser Five Year State Plan for the period of 2012-2016. The full board met on May 31st, 2012 to review plan progress and newly revised guidance provided by the U.S. Department of Labor Employment and Training Administration. On July 18th, 2012 the Agricultural Outreach Plan was posted for a thirty day public comment period. On August 22th, 2012 the Integrated WIA/Wagner-Peyser State Plan, including the Senior Community Employment Services Program (SCSEP) plan, was made available and posted on the SWIB website for a two week public comment period. Final public comment was accepted and a final review was completed by the Executive Committee on September 5th, 2012. All meetings were publically noticed. Public comments have been enclosed in this document along with Program Administration Designees and Plan Signatures.

Heather Fleck
USDOL/ETA
August 21, 2012
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Please direct any questions to: Leisa Smith, SWIB Director (406-444-1609) lsmith@mt.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Schweitzer". The signature is stylized with a large initial "B" and a long, sweeping underline.

BRIAN SCHWEITZER
Governor

cc: Keith Kelly, Commissioner, MT Department of Labor & Industry
Mike Cooney, Administrator, Workforce Services Division, MT DLI
Gary Wright, Bureau Chief, Programs and Oversight Bureau, MT DLI
Tiffany David, Bureau Chief, Job Service Operations Bureau, MT DLI
Adam de Yong, Interim Bureau Chief, 21st Century Workforce Bureau, MT DLI
Joseph Juarez, Regional Administrator, USDOL
Jesus Morales, FPO/Regional Monitor Advocate, Dallas Regional Office

State of Montana
Workforce Investment Act
Waiver Request

Subsequent Eligibility Determination of Eligible Training Providers

Waiver Plan

Section 189(l)(4) of the Workforce Investment Act permits a state to seek waivers of statutory or regulatory requirements, as well as setting forth what information must be provided in seeking such a waiver. The waiver request format follows WIA Law Section 189(l)(4)(B) and Regulations at 20 CFR Part 661.420.

1. Statutory Regulations to be waived:

The Montana Department of Labor and Industry (MDLI), the State administrative entity for the Workforce Investment Act (WIA), is requesting an extension/re-approval of the original waiver submitted to DOL-ETA on March 2, 2004 to postpone the implementation of the Subsequent Eligibility Determination process for Eligible Training Providers (ETP). We request an extension until June 30, 2016.

We requested this waiver extension so that Montana could better determine the most effective and efficient method of collecting the training providers' performance data as well as alleviate our providers' concerns with the types and amounts of information being requested. Many of Montana's training providers had expressed their concerns with the cost and time involved in developing a reporting system which will gather information relating to wages and/or placement of those individuals participating in their programs.

This waiver is being requested in the format described in WIA Section 189 (l) (4) (B) and WIA Regulations 661.420.

2. Describe action the State has undertaken to remove State or local statutory or Regulatory barriers:

No State requirements have been added to impede or prohibit continued utilization of the common measures.

3. Waiver goals and measurable programmatic outcomes, if the waiver is granted:

- a. Continue to increase the number of Eligible Training Providers and retain those already approved to ensure maximum customer choice. A measurable outcome would be the monitoring of the number of Eligible Training Providers. Montana currently has over 100 approved training providers. Of those training providers, about 30 are based at a state university, community or tribal college or college of technology (center of applied technology). These providers have expressed their concern about the type, amount and cost of data collection for subsequent eligibility and would choose not to participate or not re-apply for the ETPL.

b. Maintain the highest level of provider accountability and satisfaction by developing and implementing a customer friendly system. Satisfaction level and error rate monitoring are measurable outcomes.

c. Research the potential of developing an online initial eligibility application process. Monitoring the use of online applications may be used to determine measurable outcomes.

d. Add a feedback screen to the existing online ETPL application to enable MDLI to capture comments regarding the use of the system.

In addition, Montana is committed to the following:

- MDLI has contacted the Office of the Commissioner of Higher Education (OCHE) regarding data collection for performance data. OCHE can provide all required performance data except wage and placement data for a large number of state-based educational institutions. MDLI is exploring options to collect wage and placement data at this time.
- MDLI and Montana's State Workforce Investment Board (SWIB) will continue to coordinate with registrars at the large educational institutions not included in OCHE's database. Staff will explore options to collect performance data with the registrars of these institutions.
- MDLI developed a new Management Information System called Montana Works (MTWorks) to capture data for workforce programs. This proposed waiver will allow MDLI the opportunity to continue to improve the design of our ETP website, and allow us to continue adding additional workforce programs to the reporting system.
- The SWIB will coordinate with the workforce system on Montana's ETP List to update program information. This will ensure that OCHE database searches will provide the most up-to-date data available.
- MDLI and the SWIB will set up an advisory group to determine how to collect performance data from other providers currently on Montana's ETP.

4. Describe any individuals affected by the waiver:

Many of Montana's training providers had expressed their concerns with the cost and time involved in developing a reporting system which will gather information relating to wages and/or placement of those individuals participating in their programs. Approval of this waiver alleviates these concerns for our Training Providers.

5. Describe the processes used to:

(i) Monitor the progress in implementing the waiver:

MDLI as the state administrative entity for Workforce Investment Act Title IB programs monitored the implementation and impact of the waiver, as well as progress toward expected outcomes, through a combination of performance reporting and discussions with stakeholders. State oversight and evaluation ensured any obstacles would be identified, but none were noted. MDLI will continue to review applicable policies and procedures and modify them accordingly.

MDLI may develop and submit to USDOL appropriate waiver requests to accomplish the goals set forth in this waiver.

(ii) Provide notice to any Local Board affected by the waiver:

Montana is a single statewide planning area and the SWIB has local board responsibilities. The draft waiver was posted on the SWIB website in accordance with Integrated Plan guidelines. No public comments were received on the waiver request.

(iii) Provide any Local Board affected by the waiver an opportunity to comment on the request:

Montana is a single statewide planning area and the SWIB has local board responsibilities. The draft waiver was posted on the SWIB website in accordance with Integrated Plan guidelines. No public comments were received on the waiver request.

(iv) Ensure the opportunity for meaningful public comment, including comment by business and organized labor, on the waiver:

A general public comment period was provided through posting the proposed Integrated Workforce Plan on the SWIB website in accordance with Plan submission guidelines, and notifying all SWIB members and SWIB interested persons it was available for review and comment. No comment was submitted regarding the waiver request.

Montana appreciates the flexibility afforded to states through the waiver process and anticipates the waiver plan provides adequate accountability and improved performance for USDOL approval.

**State of Montana
Workforce Investment Act
Waiver Request**

Waive the Requirement for Reporting Performance Outcome Measures for Workforce Investment Act Title IB Adult, Youth and Dislocated Worker Programs

The Montana Department of Labor and Industry (MDLI), the State administrative entity for the Workforce Investment Act (WIA), is requesting a waiver to continue reporting only the nine common measures for WIA Title IB adult, youth and dislocated worker delineated in TEGL 17-05. MDLI puts high value on customer satisfaction, so we will continue to internally track participant and employer satisfaction using the current performance measures. This will allow the State Workforce Investment Board to gauge the State's progress toward "continuously improving in performance."

Montana currently has approved Waiver status for this request. This waiver request enables MDLI to formally implement and track only the nine WIA Title IB adult, youth and dislocated worker common performance measures thereby placing the focus on employment placement and retention, earnings, placement in education, attainment of degree or certificate and literacy and numeracy gains.

The common measures are:

Adult

Adult Entered Employment
Adult Retention
Adult Average Earnings

Dislocated Worker

Dislocated Worker Entered Employment
Dislocated Worker Retention
Dislocated Worker Average Earnings

Youth

Youth Placement in Employment or Education
Youth Attainment of a Degree or Certificate
Youth Literacy and Numeracy Gains

MDLI proposes to continue utilizing the common measures under Montana's Integrated Workforce Plan 2012-2016.

While "Common Measures" requirements have not yet been fully implemented by USDOL, all states are required to implement and track common measures outcomes while continuing to follow the performance tracking and reporting requirements for the 17 performance measures under Section 136 and 20 CFR Part 686.100 of the Workforce Investment Act.

Under this waiver, Montana will be able to continue to mitigate this confusing reporting system by not reporting the 17 measures and fully implementing the nine "Common Measures".

MDLI has found through experience and the consensus opinion of most workforce development professionals, that the requirement of tracking the 17 performance measures as well as

additional common measures is too cumbersome to be a viable program management tool. Data collected for the common measures over the last 6 years has shown to provide the necessary information to effectively oversee WIA Title II programs; simplified and streamlined performance accountability and reporting; improved program management and performance; enhanced MDLI's ability to assess the effectiveness and impact of workforce development efforts; and provided a more effective means of determining performance.

MDLI will continue to evaluate effective approaches to identify and address obstacles, if any, and review applicable policies and procedures and modify them accordingly.

Waiver Plan

Section 189(i)(4) of the Workforce Investment Act permits a state to seek waivers of statutory or regulatory requirements, as well as setting forth what information must be provided in seeking such a waiver. The waiver request format follows WIA Law Section 189(i)(4)(B) and Regulations at 20 CFR Part 681.420.

1. Statutory Regulations to be waived:

Regulations at 20 CFR Part 686.100 (WIA Law Section 136(b)) which specifies the performance measures that must be included in state plans.

2. Describe action the State has undertaken to remove State or local statutory or Regulatory barriers:

No State requirements have been added to impede or prohibit implementing the common measures.

Since approval of this waiver request in 2007, State rules, policies and procedures have been developed and issued to comply with the terms of this waiver.

3. Waiver goals and measurable programmatic outcomes, if the waiver is granted:

- Provide for a simplified and streamlined performance measurement system:
 - Use a single set of performance measures for youth, thus eliminating the need to track younger versus older youth using separate performance measures for each group; and
 - Use the common measures definition of certificate, thereby eliminating confusion between that definition of certificate and the WIA definition of credential
- Provide counts of adult (including self-service), dislocated worker, younger youth and older youth participants and exiters on a quarterly basis using the quarterly WIASRD report; Montana's WIASRD reports contain data showing how Montana's eligible participants have received appropriate services through WIA programs
- ◆ Provides an opportunity for the State to better implement USDOL's Youth Vision, which includes a youth program focused on out-of-school populations with increased accountability for employment and/or increased secondary and post-secondary education outcomes
- ◆ Reduce paperwork and labor costs associated with performance data collection
- ◆ Provide a more useful program management tool
- ◆ Consistent with demand-driven performance outcomes

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- ◆ Provides for customer-driven instead of program-driven outcomes
 - ◆ Greater degree of efficiency in program delivery
 - ◆ Provides clear and understandable information to stakeholders, including the State Workforce Investment Board (SWIB).
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4. Describe any individuals affected by the waiver:

The waiver will have a positive impact, either directly or indirectly, on all statewide participant training customers by providing accountability while improving program management and performance.

5. Describe the processes used to:

(I) Monitor the progress in implementing the waiver:

MDLI as the state administrative entity for Workforce Investment Act Title IB programs monitored the implementation and impact of the waiver, as well as progress toward expected outcomes, through a combination of performance reporting and discussions with stakeholders. State oversight and evaluation ensured any obstacles would be identified, but none were noted. MDLI will continue to review applicable policies and procedures and modify them accordingly.

MDLI may develop and submit to USDOL appropriate waiver requests to accomplish the goals set forth in this waiver.

(II) Provide notice to any Local Board affected by the waiver:

Montana is a single statewide planning area and the SWIB has local board responsibilities. The draft waiver was posted on the SWIB website in accordance with Integrated Plan guidelines. No public comments were received on the waiver request.

(III) Provide any Local Board affected by the waiver an opportunity to comment on the request:

Montana is a single statewide planning area and the SWIB has local board responsibilities. The draft waiver was posted on the SWIB website in accordance with Integrated Plan guidelines. No public comments were received on the waiver request.

(IV) Ensure the opportunity for meaningful public comment, including comment by business and organized labor, on the waiver:

A general public comment period was provided through posting the proposed Integrated Workforce Plan on the SWIB website in accordance with Plan submission guidelines, and notifying all SWIB members and SWIB interested persons it was available for review and comment. No comment was submitted regarding the waiver request.

Montana appreciates the flexibility afforded to states through the waiver process and anticipates the waiver plan provides adequate accountability and improved performance for USDOL approval.

State of Montana
Workforce Investment Act
Waiver Request

Allow the use of Individual Training Accounts for WIA Eligible Youth

Montana requests a waiver of the statutory exclusion and regulatory prohibition of using Individual Training Accounts (ITAs) for youth. The Montana Department of Labor and Industry (MDLI), the administrative entity for the Workforce Investment Act (WIA), requests this waiver as an effort to create efficiency, and in consideration of precedents set by approval of similar waivers for more than 25 states.

With the focus of Common Measures moving states toward serving out-of-school youth at an increased level, the use of ITAs for this population will provide more flexibility in service delivery. The real-life informed decision-making involved in using ITAs and the Eligible Training Provider list would provide eligible youth with the experience of responsibility that is so necessary as they transition to adulthood.

The use of ITAs for youth gives youth service providers the opportunity to promote and encourage training as another option in this precarious labor market where there are limited jobs.

Under the current regulations, expenditures for ITAs are charged to the Adult or Dislocated Worker funding streams, rather than to the youth funding stream. This co-enrollment requirement is a duplicative and unnecessary process which does not allow Montana to charge the cost of the ITA back to the Youth account, but reduces already limited Adult funds. Additionally, the Adult program may not be an appropriate fit for some youth. The current regulation does not allow some of those expenditures to be appropriately counted towards the 30% out-of-school expenditure requirement.

This waiver allows older out-of-school youth to select approved ITA programs from Montana's Eligible Training Provider List, while retaining their Youth classification. It is not Montana's intent to request this waiver to circumvent the requirements of WIA, but to bring service delivery for youth closer to the intent of the Act, to serve customers efficiently according to their individual need. Youth service providers will be required to comply with ITA policy and procedures. Training costs can be charged as out-of-school Youth expenditures.

Montana will implement the use of ITAs for out-of-school youth immediately upon USDOL's approval of this waiver request.

Waiver Plan

Section 189(i)(4)(B) of the Workforce Investment Act permits a state to seek waivers of statutory or regulatory requirements, as well as setting forth what information must be provided in seeking such a waiver. The waiver request format follows WIA Law Section 189(i)(4)(B) and Regulations at 20 CFR Part 661.420.

1. Statutory Regulations to be waived:

The statutes effected by this request are at Sec 122, Sec 123, Sec 129(c)(2) & (3)(A)(iii). The WIA statute at 129 does not provide youth access to ITAs. Regulations at 20 CFR Part 664.510 specifically prohibit the use of ITAs for youth participants unless the youth are at

least 18 years of age and co-enrolled in either the Adult or Dislocated Worker program as set forth in 20 CFR Part 664.500.

2. Describe action the State has undertaken to remove State or local statutory or Regulatory barriers:

There is no state or local statutory or regulatory barrier to implementing the proposed waiver.

Montana currently operates under an approved, existing waiver. State rules, policies and procedures have been developed and issued to comply with the terms of this waiver.

3. Waiver goals and measurable programmatic outcomes, if the waiver is granted:

Waiver Goals

- ◆ Maximize the service delivery capacity of the WIA Youth Program by allowing youth, focused on employment rather than academics, to have the same access as adults and dislocated workers to the advantages of ITAs.
- ◆ Ensure youth service providers have enough flexibility to design and deliver programs based on the individual participant needs as intended under WIA.
- ◆ Provide youth service providers with an additional service option for improving the comprehensive services available.
- ◆ Provide youth the opportunity to start a career path through training.
- ◆ Offer youth the opportunity to experience the impact of informed decision-making that has a direct impact on his/her life.
- ◆ Provide access to the Eligible Training Provider List which offers case managers the opportunity to discuss the process of decision-making (training provider, finances, etc.) and the results that follow.
- ◆ Provide for and promote customer choice.
- ◆ Maximize flexibility based on youth customers' assessed needs in terms of training that leads to self-sufficiency in high growth industries and occupations.
- ◆ With the ability to directly charge ITA costs to the Youth program, youth expenditure levels will improve and contribute to meeting the 30 percent out-of-school expenditure requirements.

Programmatic Outcomes

- ◆ Flexibility in service delivery
- ◆ Improved outcomes for the performance measure of attainment of a degree or certificate
- ◆ Improved out-of-school youth expenditure
- ◆ Older youth can pursue occupational goals with the same access as Adult and Dislocated Workers with the advantages of ITAs.
- ◆ Youth will have access to training providers which in turn, ensures their success in the changing economic conditions of the state.

4. Describe any individuals affected by the waiver:

The waiver benefits the eligible youth, youth service providers and eligible training providers.

- ◆ Wider variety of providers for youth in pursuit of post-secondary education and training
- ◆ Flexibility of services offered by youth providers
- ◆ Eligible training providers will have the opportunity to serve eligible youth.
- ◆ Youth would now directly receive the types of services afforded adult and dislocated workers.

5. Describe the processes used to:

(i) Monitor the progress in implementing the waiver:

MDLI as the state administrative entity for Workforce Investment Act Title IB programs will monitor the implementation and impact of the waiver. This will be accomplished through a combination of reporting, desk reviews of stored records in the MontanaWorks management information system and annual monitoring and evaluation. Performance measures will be evaluated quarterly in MontanaWorks to determine the impact of the waiver approval. MDLI will also gather information through discussion on the progress of the implementation of the waiver, including performance data, and will then be able to identify and address any obstacles. To ensure fiscal integrity, there will be both adequate oversight and complete, consistent reporting.

MDLI will review applicable policies and procedures and modify them accordingly in order to provide policies and procedures to ensure that ITAs are tracked and reflected in the individual services strategies for youth.

(ii) Provide notice to any Local Board affected by the waiver:

Consistent with the general waiver request, MDLI is adhering to publication requirements to ensure the broadest participation possible, including appropriate partners and interested parties such as labor, community based organizations and the SWIB.

Montana is a single statewide planning area and the SWIB has local board responsibilities. The waiver is posted on the SWIB website, and all SWIB members and the public were notified it was available for review and comment. No public comments were received.

(iii) Provide any Local Board affected by the waiver an opportunity to comment on the request:

Montana is a single statewide planning area and the SWIB has local board responsibilities. The draft waiver was posted on the SWIB website, and all SWIB members were notified it was available for review and comment. No comments were received.

(iv) Ensure the opportunity for meaningful public comment, including comment by business and organized labor, on the waiver:

A general public comment period was provided through posting the proposed Waiver request on the SWIB website as required under Integrated Plan guidelines. Formal action was taken by the SWIB Executive Committee to approve the proposed Integrated Workforce Plan, including all Waiver requests, for submittal to USDOL.

Montana appreciates the flexibility afforded to states through the waiver process and anticipates the waiver plan provides adequate accountability and improved performance for USDOL approval.

**State of Montana
Waiver Request
Workforce Investment Act**

**Permit State Board to Carry Out the Roles of a Local Board in a
Single Statewide Regional Planning Area**

1. Statutory Regulations to be Waived:

Montana currently operates under this waiver approval. We are requesting an extension, or re-approval, of our current waiver to apply 20 CFR 661.300(f), which permits a state board to carry out the roles of a local board in a single statewide regional planning area. Montana requested to modify the State Plan to permit the state board to carry out the roles of a local board in a single local area on September 22, 2005. The modification was approved on October 1, 2005 and Montana has been operating under this structure since January 2006.

2. State or Local Statutory and/or Regulatory Barriers

There are no State or local statutory or regulatory barriers that have to be addressed to continue operating as a single statewide planning area.

Background Information:

Montana has two (2) designated local workforce investment areas; the 10 county Concentrated Employment Program (CEP) local area, and the 46 county Balance of State (BOS) local area. These areas were designated under the implementation of the Workforce Investment Act of 1998.

Montana does not meet the population criteria for more than one local area, but the CEP is an automatic designated area as provided in the WIA of 1998. Due to the CEP's automatic designation, the BOS is also considered an automatic designated area.

On August 30, 2005 the State board met and was presented with a report from Governor Schweitzer's designee on the Board, describing the statewide regional planning structure, and projecting the estimated reductions in duplicate administrative overhead costs, as well as the projected increases in participants and businesses that would be served under the statewide planning structure. Prior to the SWIB meeting on August 30, 2005, the announcement and agenda for the meeting were publicly announced on the SWIB website, 72 hours prior to the meeting. A notice to the interested person's for the SWIB which include the local elected officials, service providers, workforce partners, and other interested people was sent (this process was followed for each time a meeting was scheduled or public comment was solicited and meets Montana laws on public meetings). At the meeting, there was a lengthy discussion and public comment. In alignment with the Governor's direction to the Board, the SWIB moved unanimously to: direct staff to draft a modification to Montana's 2-Year Strategic Plan to move to a statewide regional planning area; include the provision for applying for a waiver to apply 20 CFR 661.300(f), which permits a state board to carry out the roles of a local board in a single local area, to a statewide regional planning area;

and allow no less than a 2 week public comment period. A meeting was scheduled for September 20, 2005 at which the SWIB would take action on the Plan Modification and waiver request. ~~The Plan modification and waiver were announced to the general public as part of the plan modification review process, which included a process for soliciting review and comment during a two-week period, and reviewed, by the Governor's State Workforce Investment Board on or before their meeting on September 20, 2005. The County Commissioners on the CEP Council of Commissioners and the Chairs of each Local WIB received a personal phone call to advise them of the proposed change, and offer an opportunity to comment on the proposal. In turn, each of the local workforce boards were offered the chance to respond.~~

After the comment period, the State Plan Modification and Waiver request was submitted to USDOL on September 22, 2005 and was subsequently approved on October 1, 2005. A letter of support was signed by all of the County Commissioners from the CEP and was included with the submission.

3. Waiver goals and measurable programmatic outcomes, if the waiver is granted/re-approved:

The following were the goals that were identified in the original Waiver of the State Plan and were subsequently approved. The outcomes that have occurred as a result of the Waiver approval are outlined following each goal.

1. Reduce overhead costs and increase program dollars:
 - maximized the available money directed to training and services to business
 - savings to the workforce system in PY06 was an additional \$1.2 million going out to service providers for training and other services to Montana's citizens and businesses (this savings was from un-spent dollars from the local administrative entity for PY04 and PY05)
 - maximized the resources available to the citizens of Montana and to our businesses

From PY 2001 to PY 2009, Montana's total local funding dropped from just over \$11 million, to \$4.3 million; this is almost a 40% reduction in WIA funding over an 8 year period. For PY years 2001-2004, 17% of WIA funds were used by the local boards' administrative entity for administration. Effective upon approval of this waiver in PY 2005, the administrative costs were reduced to 7% (1/2 of the program year was operated under the previous local board structure), and fell to 2% in PY 2006. From PY 2007-present, Montana DLI has held the administrative costs to 3%. That's a 14% decrease in administrative costs, and a 14% direct increase in participant dollars, due to USDOL's approval of this waiver request. The administrative savings Montana realizes with having the single statewide planning area structure is clear, and bottom line, it allows more funding to be provided directly to customers.

2. Expand the number of One-Stops in the State

Prior to Montana becoming a single statewide planning area, there were two certified One-Stops located in the State, one in the CEP (10 county region) and one in the BOS (remaining 46 counties). Montana had 22 other job service workforce center sites that

provided Wagner-Peyser services with a spattering of other partner services across the state. With the current structure, Montana has been able to:

- promote the role of Community Management Teams (CMTs) that were organized under the original WIA 5-Year Plan
- include mandatory partners and many optional partners in One-Stops and CMT's
- share data and information about new and expanding businesses to build the economy across regions
- certify 24 One-Stop Centers including one Native American One-Stop located on the Blackfeet Reservation in Browning, Montana.

Currently, Montana has 24 comprehensive One-Stops with two satellite offices that provide services directly to customers either onsite, through regular outreach to targeted areas such as Montana's Indian Reservations, through electronic access, or referral to the following programs:

- Job Corps
- Carl Perkins Act Post-Secondary programs
- Office of Public Assistance
- Adult Education and Literacy programs
- Montana University System including Colleges of Technology
- Tribal Colleges
- Rural Employment Opportunities (REO)
- Tribal Employment Rights Office (TERO)
- Apprenticeship Programs
- Private for profit training entities
- Economic Development Organizations
- Local Businesses

3. Redesign youth programs and target youth most at-risk

- Identified gaps and prioritized services to those youth who demonstrate the greatest need
- Established a Youth Council that is a sub-committee of the SWIB. The Youth Council has thirteen members that represent various agencies such as Job Corps, education, WIA Service Providers, corrections, tribal and private industry.
- Established the following goals:
 - Move Montana to achieve the federal vision of prioritizing investments that serve the neediest youth: Youth transitioning out of Foster Care, Youth in the Juvenile Justice System, Youth of incarcerated parents, Migrant youth, Native American/Indian youth, and Youth with disabilities.
 - The Montana SWIB Youth Council is committed to contracting with youth providers who raise the literacy, social, and/or technical skills of the youth.
 - Assure that funding for youth programs is performance-based and that systems and programs are focused on outcomes.
 - Develop effective partnerships to create a greater connection between and among all youth programs and initiatives to eliminate duplication of services and provide more efficient services to youth.

With the single planning area structure and the SWIB establishing a statewide Youth Council, Montana has improved the services to our Youth with representatives from various agencies serving youth from across the state and more integration between the various programs. The Youth Council that we have in place now is very active and has a wide array of partners that coordinate and focus services for our youth. Because of the close collaboration of partners under this structure, Montana has been able to run a Summer Youth Programs using TANF funds in the past 2 program years.

4. Strengthen administrative oversight and accountability processes

The Montana Department of Labor and Industry's Workforce Services Division consists of four separate bureaus: Statewide Workforce Programs and Oversight Bureau, Job Service Operations Bureau, Research and Analysis Bureau, and the 21st Century Workforce Bureau. Please see the attached organizational chart.

- The Statewide Workforce Programs and Oversight Bureau is a separate entity/bureau that provides monitoring and oversight to all WIA programs, Wagner-Peyser, Trade, and other state workforce programs. The Statewide Workforce Programs and Oversight Bureau has been designated by Governor Schweitzer as the administrative entity to the SWIB and reports directly to USDOL and the SWIB on all WIA matters including monitoring, compliance, and reporting. The Statewide Workforce Programs and Oversight Bureau has the responsibility of allocating WIA monies and contracting with service providers as directed by the SWIB.
- The Job Service Operations Bureau is the Wagner-Peyser and Trade Act service provider for Montana. They operate 24 local job service offices across the state with many of them being the One-Stop center in their area. The Job Service Operations Bureau is the WIA Dislocated Worker provider for the State and provides WIA Adult services in some locations. In other areas of the state, WIA Adult service providers are Community Colleges, private non-profit agencies, and community based organizations.
- The Research and Analysis Bureau works with the Bureau of Labor Statistics to develop Labor market information for Montana and United States that businesses, educators, government agencies, researchers, students and others find useful. They also publish monthly employment statistics and issues a wide variety of publications designed to help Montanans better understand their economy.
- The 21st Century Workforce Technology Apprenticeship & Training Bureau houses the Apprenticeship and Training Program, Jobs for Montana's Graduates, Montana's WIRED Program, State Incumbent Worker Training program and outreach. The SWIB staff is also housed in this Bureau.

Current structure mirrors what it would be if we had two local boards, without the duplicative administrative costs.

In order to ensure that the two local areas experience fair and equitable treatment, and that resources are distributed in a fair and equitable manner, resources are distributed across the State based upon the federal formula. The State is broken into MACo (Montana Association of

Counties) areas and each MACo area is allocated a portion of the WIA funding based upon this formula. Service providers are chosen to cover each MACo area by the Request for Proposal process.

Data for both adults and youth are based on:

- 1/3 unemployed in the Areas of Substantial Unemployment (ASU—a contiguous area with an average unemployment rate of 6.5% or greater);
- 1/3 excess unemployed greater than 4.5 percent. The entire state of Montana has been declared an Area of Substantial Unemployment (ASU) for this year.
- and 1/3 total number of individuals in Montana who are economically disadvantaged (BOS only), or who have incomes below a specified income threshold of \$33,000 (CEP only).

Ratios for funding are determined for each MACo district using the above formula. The ratios are first used to split funding between the Concentrated Employment Program (CEP) and the Balance of State (BOS) areas.

Base funding is then computed by program for both local areas: Adult = 35% of total funding; Youth = 9% of total funding. Base funding is then subtracted from total funding for each program. The balance of funding is allocated to counties based on the ratios for funding.

The funds are held at the state and then allocated to each MACo District based on a formula the SWIB has approved. Please see attached MACo District map for the location of the various MACo districts.

The WIA Funds are then directly contracted by the Statewide Workforce Programs and Oversight Bureau to the service providers. The SWIB conducts a Request for Proposal (RFP) for all WIA providers. These contracts are valid for five years provided the service provider is meeting performance standards and has no serious issues with compliance. Through the RFP process, the local Community Management Teams are involved in identifying/selecting local service providers to bid for operation of the WIA programs, and the process follows State of Montana Procurement Laws to conduct RFPs:
<http://gsd.mt.gov/ProcurementServices/rfpprocess.mcpix>

5. Increased training opportunities

With the single planning area structure, Montana was able to serve 31.12% more participants with our allocation of WIA dollars between PY05 and PY08. Montana will continue to be able to serve more people with our current structure than if we had to fund two local workforce boards and a separate administrative entity with our allocation of WIA monies.

The individuals affected positively by this waiver extension are the participants in the WIA program and the communities, businesses, and job seekers. Montana is able to serve significantly more participants (31.12% more) with the single planning structure and the additional dollars that are able to be directly contracted out to service providers. We were able to serve an average of approximately 31% more participants with an average reduction (over 4 years) in WIA dollars of 16%.

The communities and businesses are also positively affected by this change in structure. Montana now has active, strong Community Management Teams that include area businesses, WIA providers, as well as other partner agencies serving the community. Through the CMT's, the communities are able to enhance the services to their businesses and job seekers with better cooperation and collaboration between the agencies that are located in each community.

There were no changes in relationship with participants as a result of this waiver being approved. Montana worked extremely hard during the transition to a single planning area state to ensure that the transition was seamless to participants. There was no loss of services, no window of time during the transition that services were unavailable, and no training required to continue delivering services. In fact, by eliminating duplicative administrative and program costs, over \$1 million was added to existing Service Provider budgets to increase training opportunities and services to participants in the first year alone. All service providers remained the same during the transition period.

The relationships with providers in local areas have improved because they now deal directly with the SWIB and services are coordinated and enhanced by their ability to work directly with Administrative and program staff. The revised single state planning model has improved relationship and the eliminated duplicative layers in both program and administrative access for program operators. Since moving to a single state planning area consistency, communications, and performance has increased statewide. A significant change occurred in the number of Certified One-Stops. As a result of this Waiver being granted and implemented, Montana went from two (2) Certified One-Stops to twenty-three (23), with an additional \$1 million going out the door to support training and direct service to participants.

5. Additional Considerations:

If Montana were to go back to the structure prior to January 2006, it would affect Montana in the following ways:

- Less training and other participant services – The money we would use to support two local workforce boards allows us to train more people and support them while they are in their training. We would serve approximately 31% less people if we needed to support two boards.
- Less consistency and cohesiveness – While each community is unique across the State, there are benefits of having some work processes the same. The current structure has allowed us to simplify work processes and get better results from our services. If we were to go back to having two separate local workforce boards, we would lose the consistency of

policies and work processes that we have successfully brought together. One result of this consistency is having more valid data to provide to USDOL on our services.

• Less accountability – Two workforce boards operating independently in our small (population wise) state would lead to less accountability. Each board would be responsible for policies and oversight of their own areas. Currently, the staff of the Statewide Workforce Programs and Oversight Bureau are able to offer policies and oversight of the WIA programs consistently and have the appropriate checks and balances in place by reporting to the SWIB and USDOL.

6. Describe the process used to:

(i) Monitor the progress of implementing this waiver:

The waiver has already been implemented in Montana since January 2006. The Statewide Programs and Oversight Bureau continues to monitor the success of the current structure through quarterly reports from service providers, yearly monitoring, and general conversations with each provider on an on-going basis as well as performance reporting. T

The Statewide Workforce Programs and Oversight Bureau reports and is accountable to the SWIB and subsequently the local elected officials who are part of the SWIB. The Bureau will continue to function as the administrative entity to the SWIB and provide oversight and technical assistance to the WIA providers.

(ii) Provide notice and opportunity to comment to any Local Board affected by this waiver:

Montana is a single statewide planning area and the SWIB has local board responsibilities. The draft waiver was posted on the SWIB website in accordance with Integrated Plan guidelines regarding public comment period requirements. No public comments were received on the waiver request.

(iii) Ensure the opportunity for meaningful public comment including comment by business and organized labor on the waiver:

A general public comment period was provided through posting the proposed Waiver request on the SWIB website in accordance with Integrated State Plan guidance. This includes a notice to the local elected officials, service providers, and other partners of the workforce system. The process of requesting public comment and notifying interested person's through email is aligned with Montana State public meeting laws and Department of Labor and Industry policy. No public comments were received regarding this waiver request.

State of Montana
Workforce Investment Act
Waiver Request

Waive the Incentive Grants to Local Areas for Exemplary Performance Requirement

1. Statutory and Regulatory Requirements to be Waived.

WIA §134(a)(2)(B)(iii) and WIA Regulations at 20 CFR §665.200(e)(3) require, as statewide workforce investment activities, providing incentive grants for exemplary performance by local areas on the performance measures.

The Montana Department of Labor and Industry's Statewide Workforce Programs and Oversight Bureau (Bureau) as the Administrative Entity for the Workforce Investment Act (WIA), requests a waiver of the requirement to provide incentive grants to local areas for exemplary performance. The waiver would allow use of funds from this requirement to provide Technical Assistance to all WIA providers across Montana. In January 2006, Montana transitioned to a Single Planning area thus eliminating the two local workforce boards. Montana still has two workforce areas, the Concentrated Employment Area (CEP) and Balance of State (BOS) however; the State Workforce Investment Board (SWIB) is the only workforce board in Montana and provides direction and leadership on behalf of the Governor for the WIA.

The Bureau has been providing one to two general technical assistance and training conferences per year for all of the WIA providers. In addition, the State conducts new case manager training for all new case managers twice per year and conducts any requested training or technical assistance that is identified through monitoring. Funding for this training and technical assistance has come from a waiver to not fund local incentives and instead use that 2% to provide technical assistance and training. These activities have proven to be very helpful to our WIA providers. Montana recently brought up the Literacy/Numeracy gains measure from not meeting even the 80% negotiated level to meeting performance.

This waiver will provide the State with more flexibility by being able to redirect 2% of the statewide reserve funds to provide Technical Assistance and Training to all service providers. The ability to provide training to the people who work directly with participants is extremely valuable. It not only improves the services given to participants, but it ensures that the State is following all applicable laws and rules.

The Bureau requests this waiver remain in place through June 30, 2016 when the integrated State Workforce Plan will expire.

This waiver request follows the format identified in WIA §189(l)(4)(B) and WIA Regulations at 20 CFR §661.420(c).

2. State or Local Statutory and/or Regulatory Barriers

There are no state or local statutory or regulatory barriers to implementing the award or the waiver.

3. Goals to be Achieved by the Waivers

The reduction to five percent in the WIA allotment for PY12, Governor's Reserve funds further restricts the State's ability to effectively fund and carry out all of the required statewide workforce investment activities. The current funding in the Governor's Reserve is insufficient to cover the cost of providing incentive grants to local areas.

The State's reduced funds are being used to cover the following required activities:

- (a) Operating a fiscal and programmatic accountability information system
- (b) Conducting evaluations, under section 138(e), of activities authorized in this section in accordance with the activities carried out under section 172
- (c) Disseminating the list of eligible providers of training services (including those providing non-traditional training services), for adults and dislocated workers
- (d) Providing technical assistance to all local service providers
- (e) Conducting required rapid response activities, as described in Section 665.310
- (f) Administration by the State of the activities authorized under this section
- (g) Assisting in the establishment and operation of One-Stop delivery systems

The following goals will continue to be achieved with the approval of the waiver request.

- The funds will be put to better, more proven use by continuing to provide technical assistance and training conferences to all of the WIA providers.
- Each year, Montana has additional workforce programs begin reporting under the MontanaWORKS computer system. The waiver will allow us to continue providing technical assistance to the State as a whole on the use of this system, and enable us to continue adding new programs to the system each year. This improves consistency, data sharing, and consolidated reporting information.
- The funds will be put to more meaningful use with the decline in WIA funds as a whole. The amount of money each provider would receive as an incentive would be insignificant, but if we are able to use the entire amount for technical assistance and training, it positively affects all providers. The total amount of 5% Governor's Discretionary funding the State receives for PY12 is \$349,128. Of that amount, \$139,651 (2%) will be used for Technical Assistance and Training and the remaining (\$209,477) is used to accomplish the other required activities listed above with the exception of Rapid Response. Rapid Response does not come out of the 5%.

4. Programmatic Outcomes by the Waiver.

The waiver will result in continued success in improving the State's performance outcomes because the funds will be used to

- 1) provide ongoing technical assistance to all WIA providers across the State, and
- 2) provide a more meaningful use of the incentive funds.

5. Impacts on Individuals by the Waiver.

This waiver will provide the state agency with more flexibility in directing Governor's Reserve funds to a more meaningful activity for our State. If the waiver was not approved, the WIA participants would suffer because there would not be funding to provide essential training to all of the service providers. Training for case managers who work directly with the WIA participants is valuable because it improves the delivery of services. Equal Opportunity training is required to be delivered to the One-Stop system on an annual basis and is delivered at the training conferences as well as case management training, performance related training, and program specific training.

6. Monitoring the Waiver's Implementation.

The Bureau as the state administrative entity for the WIA and has monitored the implementation and impact of the waiver through a combination of performance reporting and evaluation to identify obstacles and address them as they happen. The Bureau will continue to review applicable policies and procedures and modify them accordingly.

7. Notice and Opportunity to Comment.

Waiver requests were posted for public comment on the SWIB website for a 15 day period as required under the Plan Submission guidelines. A notice that the waivers were posted for public comment was sent to all SWIB members, local service providers, and all interested persons. No comments were received from the public.

8. Current Financials

Contracted Amount to Service Providers (direct services)	\$6,076,336.55
Total Rapid Response	\$557,113.50
Total 5% Governor's Discretionary	\$349,128.95
TOTAL PY12 WIA FUNDING	\$6,982,579