



DEC 10 2012

The Honorable Bill Haslam
Governor of Tennessee
1st Floor, Tennessee State Capitol
Nashville, Tennessee 37243-0001

Dear Governor Haslam:

This letter provides approval of Tennessee'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 14, 2012. This letter also addresses Tennessee'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 Tennessee 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 Tennessee 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

As you are aware, the Regional Administrator annually negotiates performance goals with State representatives for the WIA and W-P programs. As required by TEGEs 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 sent to Tennessee 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 Tennessee'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 Tennessee'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 WIA Section 123 that requires that providers of Youth program elements be selected on a competitive basis.

The State is requesting a waiver of the requirement for competitive procurement of service providers for six youth program elements. The State is partially granted this waiver through June 30, 2017. Under this waiver, the State is permitted to allow its One-Stop Career Centers or partner agencies to directly provide the youth program elements of supportive services, follow-up services, and work experience. In utilizing this waiver for these elements, the State and local areas must still meet Office of Management and Budget requirements (codified in 29 CFR 95.40-95.48 and 97.36) and all state and local procurement laws and policies. ETA denies this waiver for these elements: leadership development opportunities, adult mentoring, tutoring, study skills training, and instruction. ETA believes that regular competitive procurement is the most efficient and cost-effective way to ensure the development of high-quality service 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 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 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.

Waiver of WIA Section 134(a)(2)(B)(ii) and 20 CFR 665.200(d) to exempt the state from the requirement to conduct evaluations.

The State is requesting a waiver of the requirement to conduct evaluations of workforce investment activities for adults, dislocated workers, and youth in order to establish and promote continuous improvement of the statewide workforce investment system. The State is granted this waiver effective through June 30, 2013.

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. 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 Lovie Thompson, the Federal Project Officer for Tennessee, at (404) 302-5379 and thompson.lovie@dol.gov.

Sincerely,



Jane Oates
Assistant Secretary

Enclosures

cc: Helen Parker, Regional Administrator, ETA Atlanta Regional Office
Lovie Thompson, Federal Project Officer for Tennessee

Vaughn, Cheryl - ETA

From: Susie Bourque [Susie.Bourque@tn.gov]
Posted At: Friday, September 14, 2012 2:24 PM
Conversation: Tennessee - State Integrated Plan
Posted To: WIA.PLAN

Subject: Tennessee - State Integrated Plan

Please see attached file for Tennessee's official submission of the State's Integrated Plan.

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Waivers Requests

Tennessee currently has eight active waivers and is requesting that all eight be extended through July 30, 2013. A summary of each is listed below with a complete description in accordance with 20 CFR 661.420(c) following:

1. Waiver of WIA Section 134(a)(2)(B)(ii) and 20 CFR 665.200(d) to exempt the state from the requirement to conduct evaluations. No requested changes.
2. Waiver of WIA Section 134(a)(2)(B)(iii) and 20 CFR 665.200(e) to exempt the state from the requirement to provide local workforce investment area incentive grants. No requested changes.
3. Waiver of the prohibition at 20CFR 664.510 on the use of Individual Training Accounts for older and out-of-school youth. No requested changes.
4. Waiver to permit the state to replace the performance measures at WIA Section 136(b) with the common measures. No requested changes. Request to increase transferability to 100%.
5. Waiver of WIA Section 133(b)(4) to increase the allowable transfer amount between Adult and Dislocated Worker funding streams allocated to the local area.
6. Waiver of WIA Section 123 that requires that providers of Youth program elements be selected on a competitive basis. Revised, requesting waiver for additional elements.
7. Waiver of WIA Section 134(a) to permit local areas to use a portion of local funds for incumbent worker training. No requested changes.
8. 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 and other statewide activities. Resubmitted with a request to increase to 50% transferability.

Waiver # 1 – Evaluations

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

Statutory or Regulatory Requirements to be Waived

The Tennessee Department of Labor and Workforce Development requests a waiver under the authority of the Secretary of Labor to waive requirements of the Workforce Investment Act (WIA) Title I (WIA Section 134 (a)(2)(B)(i) and 20 CFR Part 665.200(d)) requiring the conduct of evaluations of workforce investment activities for adults, dislocated workers and youth

State or Local Statutory or Regulatory Barriers

There are no state or local statutory barriers in implementing the requested waiver. Present regulations and policy statements are in compliance with current federal law. Upon notification of the approval of this waiver request, rules and policies will be amended to comply with the terms of the waiver.

Goals to be Achieved by the Waiver and Expected Programmatic Outcomes

The reduction to five percent in the WIA allotment for Program Year 2011 Governor's Reserve funds restricts the state's ability to effectively fund and carry out all of the required statewide workforce investment activities. The current funding level in the Governor's Reserve is insufficient to cover the cost of evaluations. The state's reduced funds are being used to cover the following required activities:

- operating fiscal and management accountability information systems (WIA Section 134(a)(2)(B)(vi) and 20 C.F.R. 665.200(b)(1))
- submitting required reports (WIA Section 136(f))
- disseminating the list of eligible training providers for adults and dislocated workers (WIA Section 134(a)(2)(B)(i) and 20 C.F.R. 665.200 (b)(1)), and youth activities (20 C.F.R. 665.200(b)(4))
- providing technical assistance to poor performing local areas (WIA Section 134(a)(2)(B)(iv) and 20 C.F.R. 665.200(f))
- disseminating training provider performance and cost information (20 CFR 665.200(b)(3))

The goal in seeking this waiver is to ensure that the state may prioritize the use of the Governor's Reserve funds for the required activities deemed most essential to the basic functions of the workforce investment system

Waiver #2 Local Incentive Grants

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

Statutory or Regulatory Requirements to be Waived

The Tennessee Department of Labor and Workforce Development requests a waiver under the authority of the Secretary of Labor to waive requirements of the Workforce Investment Act Waiver of WIA Section 134(a)(2)(B)(iii) and 20 CFR 665.200(e) requiring provision of incentive grants to local areas.

State or Local Statutory or Regulatory Barriers

There are no state or local statutory barriers in implementing the requested waiver. Present regulations and policy statements are in compliance with current federal law. Upon notification of the approval of this waiver request, rules and policies will be amended to comply with the terms of the waiver.

Goals to be Achieved by the Waiver and Expected Programmatic Outcomes

The reduction to five percent in the WIA allotment for Program Year 2011 Governor's Reserve funds restricts the state's ability to effectively fund and carry out all of the required statewide workforce investment activities. The current funding level in the Governor's Reserve is insufficient to cover the cost of local incentive grants. The state's reduced funds are being used to cover the following required activities:

- operating fiscal and management accountability information systems (WIA Section 134(a)(2)(B)(vi) and 20 C.F.R. 665.200(b)(1))
- submitting required reports (WIA Section 136(f))
- disseminating the list of eligible training providers for adults and dislocated workers (WIA Section 134(a)(2)(B)(i) and 20 C.F.R. 665.200 (b)(1)), and youth activities (20 C.F.R. 665.200(b)(4))
- providing technical assistance to poor performing local areas (WIA Section 134(a)(2)(B)(iv) and 20 C.F.R. 665.200(f))
- disseminate training provider performance and cost information (20 CFR 665.200(b)(3))

The goal in seeking this waiver is to ensure that the state may prioritize the use of Governor's Reserve funds for the required activities deemed most essential to the basic functions of the workforce investment system.

Waiver #3 Individual Training Accounts (ITAs) for Youth

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

Statutory or Regulatory Requirements to be Waived

The Tennessee Department of Labor and Workforce Development requests a waiver under the authority of the Secretary of Labor to waive requirements of the Workforce Investment Act (WIA) Title I (WIA Regulation 29 CFR §664.610 prohibits the use of Individual Training Accounts for youth) This waiver requests the use of Individual Training Accounts to access occupational skills training as needed for WIA youth, especially out-of-school youth and/or older youth

State or Local Statutory or Regulatory Barriers

There are no state or local statutory barriers to implementing the requested waiver Present regulations and policy statements are in compliance with current federal law Upon notification of the approval of this waiver request, rules and policies will be amended to comply with the terms of the waiver

Goals to be Achieved by the Waiver and Expected Programmatic Outcomes

- Ensures local areas have the flexibility needed to design and deliver programs based on the needs of their customers, rather than on restrictions based on the age of the customer
- Provides access to the required youth element of occupational skills training without the need to dual-enroll a youth as an adult to provide this element
- Allows training opportunities for youth in demand occupations that can enable the youth to become self-sufficient.
- Provides youth access to training needed instead of only the training opportunities that might be available through an RFP process Training institutions have little interest in developing and submitting a proposal for youth training in response to an RFP
- Allows more efficient use of resources by allowing youth dollars to be spent on youth and adult funds to be spent on adults.
- Eliminates the need to dual enroll a youth just to be able to provide the specific training needed by the youth to attain an occupational goal as is currently necessary for a youth to access occupational skills training through the Adult Individual Training Account (ITA) and Eligible Training Provider List (ETPL) process
- Offers youth the customer choice and informed decision making opportunities specified in Section 129 of the Act through use of the ITA/ETPL process

- Allows youth to be counted only in the appropriate youth measures instead of in both the youth and adult measures. (This can be especially critical when serving challenging populations such as Older Youth)

Description of the Goals of the Waiver and Expected Outcomes

The implementation of WIA brought a shift from short-term approaches in providing youth training activities to a comprehensive, year-round program. The legislative intent of WIA was to provide more comprehensive services to youth with both in-school and out-of-school youth being served. Tennessee fully agrees with the intent of the legislation but does not feel that the contracted year-round services method is the only way or always the best way to serve the state's youth population.

Youth may currently access Individual Training Accounts (ITAs) through co-enrollment into the adult program. Approval of this waiver would allow flexibility in using youth funds to provide training services to youth while retaining limited adult funds to be used on adult training services.

Co-enrollment would still be a viable option if the needs of the customer warrant co-enrollment. Being able to access the Eligible Training Provider (ETP) List would allow more comprehensive services to be provided to the WIA youth being served in Tennessee. The Tennessee Higher Education Commission (THEC) provides a consumer report available via the Web site that provides consumers with enrollment, completion and placement data for each program on the ETP List. Using the ETP List would enhance the local areas' ability to better serve youth by not having to issue a Request for Proposal for the single stand-alone training services that might be needed by one or a small group of youth.

§664.510 states, "in order to enhance youth participant choice, youth participants should be involved in the selection of educational and training activities." Receiving this waiver would provide youth customers with more opportunity to be strongly involved in the development of their service strategies. Each local area would outline a youth strategy through the local plan process. Receiving this waiver will allow the local areas in Tennessee to more efficiently and cost effectively, serve the youth population. The local areas could also better manage WIA Performance Measures by receiving this waiver. The ultimate outcome would be that individual needs of the youth will be better served.

WIA requires local areas to make available a menu of ten program elements, specified in 20 CFR 664.410, to eligible youth.

Individual Training Accounts (ITAs) for Youth

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These required program elements include occupational skills training. Currently, it is difficult to provide that element to Tennessee's youth. TDLWD believes that the intent of this waiver request is practical and needed for successful outcomes for youth. TDLWD will, through the local planning process, require that local workforce investment areas outline a plan of action to ensure compliance with this regulation for those receiving occupational skills training through the use of an Individual Training Account.

Description of the Individuals Impacted by the Waiver

This waiver will impact all youth customers in a positive manner. These customers will benefit from having more opportunities for training activities available to them. This waiver will also have a positive impact on adult customers, since limited adult funds will not be needed to serve all youth customers accessing occupational training.

Description of the Process to Monitor Progress

TDLWD will be the entity responsible for monitoring the goals established in this waiver request.

Opportunity for Local Boards to Comment on the Waiver Request

This waiver request was initiated based on needs identified by local area Youth Leads.

Opportunity for State and Local Board and Public Comment on Waiver Request

The public comment period for this waiver request was issued from August 15, 2012, through September 15, 2012.

Individual Training Accounts (ITAs) for Youth

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Additional Information

If this waiver is granted, the Tennessee Department of Labor and Workforce Development, administrator of the Workforce Investment Act in Tennessee, will issue, through guidance memorandums, authority for the thirteen Local Workforce investment Areas (LWIAs) to pursue the use of Individual Training Accounts (ITAs) for youth using the methodology outlined in sections 663.400-440 and 663.500-595 of the regulations. Each local area will be required to amend its local area plan to include the use of this process for youth. Each area will also be required to implement guidelines outlining how the ITA will be used, including the maximum length of training and the maximum amount of allowable funding. Each LWIA will follow state and locally-established policies and procedures governing the use of ITAs. The LWIAs will be encouraged to monitor the process through internal monitoring processes. The state will monitor the process during annual on-site reviews of each local area.

Waiver #4 Common Measures

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

Statutory and Regulatory Provisions to be Waived

The Tennessee Department of Labor and Workforce Development requests a waiver, to be effective July 1, 2008, under the authority of the Secretary of Labor to waive requirements of the Workforce Investment Act (WIA), Title I, Subtitles B and E. Tennessee is requesting a waiver to reporting the 17 statutory measures required under WIA §136(b), and as required in 20 CFR §666.100(a) and §666.300(a), which specify the state and local performance measures currently required for WIA Title I programs. The Tennessee Department of Labor and Workforce Development will report performance using the federal Common Measures exclusively.

State or Local Statutory or Regulatory Barriers

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

Goals to be Achieved by the Waiver and Expected Programmatic Outcomes

This waiver will allow Tennessee to continue its performance focus, facilitate system integration across partner programs, and enhance the state's flexibility to plan and implement innovative and streamlined service delivery-strategies. The waiver will also help to strengthen Tennessee's continuing work to provide strategic economic and labor market investments. The Common Measures provide a simplified and streamlined performance measurement system, consistent with the new WISPR (Workforce Investment Streamlined Performance Reporting) system. Tennessee's Cyclical Performance Management System, as further explained in the state's recently-approved WIA Strategic Five-Year Plan, is an excellent match with WISPR and the Common Measures, and already has produced a first draft WISPR file. A waiver to report Common Measures exclusively will provide cost effectiveness, better case management, and increased customer service. Customer satisfaction surveys have been conducted regularly with the objective to use evidence-based measurements and practices to facilitate and improve the transition to the common measures. Further, the customer satisfaction surveys, though not required under an approved waiver, will continue to be utilized in order to track our outcomes and experiences under this waiver.

Common Measures

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This waiver is viewed as a continuous-improvement measure which will have the following benefits and outcomes.

- Facilitate the goal of a fully-integrated Workforce System
- Provide clear and understandable information to stakeholders concerning the use of public funds and return on investment
- Improve case management integration, service coordination and information sharing
- Assist in the realignment of youth program designs to better implement ETA's New Youth Vision and targeting out-of-school youth
- Use a single set of measures for youth, thus eliminating the need to track younger versus older youth
- Reduce labor intensive data collection and processing

Description of the 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.

Description of the Process to Monitor Progress

The Division of Workforce Development (Division), TDLWD, will monitor the implementation and impact of this waiver, as well as the progress toward meeting expected outcomes. This will be accomplished as follows:

- Tennessee's eCMATS (Enhanced Consolidated Management and Tracking System) online database will be used for case management, tracking of services, follow-up and reporting. eCMATS will be used to monitor the data collection and reporting of Common Measures at both the state and local levels. eCMATS presently accommodates the new WISPR reporting system, and permits specialized reports to ensure accuracy of the data. This will enable state and local staff to identify technical assistance needs.
- The Division will review applicable policies, procedures, and manuals and then modify them accordingly.
- The Division will report performance on Common Measures to ETA quarterly and annually in accordance with the WIA Performance Reporting System.
- The Division will monitor the implementation of the waiver through quarterly reports and meetings with Local Workforce Investment Area (LWIA) administrators. The reports and meetings will serve as opportunities to address implementation issues.

Common Measures

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- The state incentive and sanction policy will be revised around the Common Measures to reward success in exceeding performance and require timely corrective action to increase the performance of failed measures.

Opportunity for State and Local Board and Public Comment on Waiver Request

The proposed waiver would impact all 13 of Tennessee's LWIAs. Tennessee's State Workforce Development Board of Directors, representing the 13 LWIAs, has instructed the Division to submit this Request for Waiver to the Common Measures to the U.S. Department of Labor for consideration. The draft waiver request was posted on the Division's Web site for the required 30-day period for public review and comment, and TDLWD solicited additional public input regarding this waiver request through a Performance Business Meeting held on August 15, 2012, and through notification to the State and local partners. All comments received have been provided with full consideration, and when applicable have been incorporated into this request.

Waiver#5 Adult and Dislocated Worker transfer of funds

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

Statutory and Regulatory Provisions to be Waived

The Tennessee Department of Labor and Workforce Development requests a waiver under the authority of the Secretary of Labor to waive requirements of Workforce Investment Act (WIA), Title I, WIA Section 133(b) (4) (2) and WIA Federal regulations at 20 CFR 667.140. Tennessee is requesting an extension of the Governor's waiver authority to approve local boards to transfer, between the two programs, up to 100% of a program-year allocation for adult employment and training activities and up to 100% of a program-year allocation for dislocated worker employment and training activities.

State or Local Statutory or Regulatory Barriers

There is no state or local statutory or regulatory barrier in implementing the state policy.

Goals to be Achieved by the Waiver and Expected Programmatic Outcomes

Since the previous approval of this waiver, Local Workforce Investment Areas have been aided by the waiver and have achieved the following:

- Increased flexibility and effective management of funding (including response to sudden increased service demands in the dislocated or the adult program)
- Benefits to customers who need additional services to be able to meet employer demands
- Increased services to adults most in need

The Department of Labor and Workforce Development requests a waiver under the authority of the Secretary of Labor to waive requirements of Workforce Investment Act (WIA), Title I, WIA Section 133(b) (4) (2) and WIA Federal regulations at 20 CFR 667.140. Tennessee is requesting an extension of the Governor's waiver authority to approve local boards to transfer, between the two programs, up to 100% of a program-year allocation for adult employment and training activities and up to 100% of a program-year allocation for dislocated worker employment and training activities.

The Department of Labor and Workforce Development requests a waiver under the authority of the Secretary of Labor to waive requirements of Workforce Investment Act (WIA), Title I, WIA Section 133(b) (4) (2) and WIA Federal regulations at 20 CFR 667.140. Tennessee is requesting an extension of the Governor's waiver authority to approve local boards to transfer, between the two programs, up to 100% of a program-year allocation for adult employment and training activities and up to 100% of a program-year allocation for dislocated worker employment and training activities.

Adult and Dislocated Worker transfer of funds

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The Workforce Development goal remains the same and the extension of this waiver and goals will allow Local Workforce Investment Areas to provide services and also ease the impacts of the current economic situation on diverse groups of businesses and job seekers facing different obstacles

Description of the Individuals Impacted by the Waiver

Adult and Dislocated Worker customers needing services, including those who have the most need for extensive services to enter the labor market, will be helped the most

by the extension of this waiver. The waiver allows Local Workforce Investment Areas to provide services to these individuals, including those who are dislocated workers, and to ease the impacts of the current economic situation on diverse groups of businesses and job seekers facing different obstacles.

Description of the Process to Monitor Progress

The Division of Workforce Development, Tennessee Department of Labor and Workforce Development, will continue to monitor the implementation and impact of the waiver, as well as the progress toward meeting expected outcomes.

Opportunity for State and Local Board and Public Comment on Waiver Request

This waiver was previously posted on the Division's Web site for 30 days for public review and comment. This department plans to notify the public of the extension of this waiver when it receives a letter of approval. Send any comments or questions regarding the waiver request to [Susie Bourque@tn.gov](mailto:Susie.Bourque@tn.gov) or call 615-741-1031

Waiver #6 Youth Program Elements (Revised, additional request)

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

Statutory and Regulatory Provisions to be Waived

The Tennessee Department of Labor and Workforce Development requests a waiver under the authority of the Secretary of Labor to waive requirements of Workforce Investment Act (WIA), Title I, WIA Section 189 (i) (4) (B) and WIA Regulations at 661.420 (c). Tennessee currently has received an approved waiver which allows three of the statutory ten youth program elements to be provided directly through the administrative entities. The three elements are Support Services, Follow-up services for not less than 12 months after the completion of participations, and Paid and unpaid work experiences including internship and job shadowing.

Tennessee is requesting to continue allowing the 13 Local Workforce Investment Areas the option of fulfilling the three previously listed required program elements for the youth services through administrative entities. Tennessee also request that three additional required program elements be waived. These are

- 1 Leadership Development Opportunities
- 2 Adult Mentoring for the duration of at least 12 months
- 3 Tutoring, study skills training, and instruction leading to secondary school completion, dropout prevention strategies

(This section is currently blank in the original document)

State or Local Statutory or Regulatory Barriers

There is no state or local statutory or regulatory barrier in implementing the requested waiver.

Goals to be Achieved by the Waiver and Expected Programmatic Outcomes

Due to the loss of the ability to retain 15% Governor's Reserve Funds, the state no longer has the ability to fund pilot projects and other programs, such as Jobs for Tennessee's Graduates (Jobs for America's Graduates). In addition, due to the economic downturn, several Local Workforce Investment Areas (LWIAs) have experienced a decline in the available youth program providers and partnering agencies which were able to leverage funding.

Many of the remaining partners have limited availability for providing services based on funding and their required eligibility restrictions. Local Youth Councils have experienced the following scenarios: existing agencies are not responsive to a Request for Proposal, agencies approach the LWIA administrative entity and offer to provide funding for leveraging if the administrative entity can provide the framework and staffing for services.

As a result, LWIAs face a challenging task to ensure that all ten program elements are available to WIA eligible youth within their regions. One of the key challenges that the youth program currently faces is maintaining an integrated network of available services, which are offered within close proximity and without causing an undue burden on youth participants.

Due to the previous approval of waiver of competitive procurement for three of the ten program elements, administrative entities have been able to generate a larger pool of funds which has driven down the cost of providing services, thus allowing more youth to be served. This has resulted in:

- Continuity of services to youth when administrative entities provide support service and follow-up services
- Rapid implementation of the summer youth jobs program
- Strong ties with work experience/internship host agencies and employers
- Reduction of administrative cost
- Follow-up services providing more stability of services including longer retention

The State of Tennessee will achieve the above mentioned goal, as well as ensure LWIA administrative entities have the flexibility they need to continue to help their regions address the loss of partners, programs, and services. The flexibility to directly provide youth program elements will increase the ability of partnering agencies to leverage funding. It will aid to coordinate existing programs ensuring at-risk youth in each area have sturdy program design and opportunities to address the barriers they experience. For example, The Tennessee Department of Labor and Workforce Development is discussing with the Department of Human Services to strengthen partnerships and establish strategies to improve workforce system enrollment of Temporary Assistance for Needy Families (TANF) participants. A possible approach by WIA Youth Programs is to focus on serving 2nd generation TANF recipients, and by targeting this youth population, while concurrently enrolling adult members of the family in other WIA programs, the department aims to directly address the cycle of poverty. The state and the local areas also are discussing how to provide work experience to these youth, when appropriate through an individual assessment.

Youth Program Elements *(Revised, additional request)*

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Opportunity for State and Local Board and Public Comment on Waiver Request

For more information regarding the waiver request, please contact the State Board of Education at SBED@tn.gov or call 615-741-1031.

Send any comments or questions regarding the waiver request to Susie.Bourque@tn.gov or call 615-741-1031.

Waiver #7 Incumbent Worker Training Utilizing Local Activity Funds

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

Statutory or Regulatory Requirements to be Waived

The Tennessee Department of Labor and Workforce Development (TDLWD) requests a waiver under the authority of the Secretary of Labor to waive requirements of the Workforce Investment Act (WIA), Title I, WIA Section 134(d)(3)(A) to allow the Local Boards, at their discretion, to spend up to 10 percent of funds allocated under WIA Section 133(b) to carry out incumbent worker training programs. These funds should be utilized in the same manner as statewide activities funds. Subsequently, income eligibility (including self-sufficiency) and WIA performance measures would not be applicable, rather the state would develop and require local areas to collect and report program outcomes based on a set of predetermined criteria. The state requests an effective date for this waiver of July 1, 2009, through June 30, 2010. The state also requests that, upon approval, this waiver should be incorporated by reference into the state's Grant Agreement and that it should constitute a modification of the state's approved Strategic Plan.

WIA Section 134(d)(3)(A) effectively prevents the use of formula funds for incumbent worker training. Approval of this Waiver Plan will reduce layoffs and closures by assisting companies in saving jobs and becoming more competitive through the provision of needed training to current workers. Through its implementation, this waiver will further the state's workforce investment system and will align with the state's strategic plan goals by addressing the need for a more skilled workforce and assisting in the retention of businesses.

Tennessee recognizes that this regulation prevents the Local Boards from spending up to 10 percent of funds allocated under WIA Section 133(b) to carry out incumbent worker training programs. This regulation is thus a barrier to using local funds to meet the needs of businesses and their existing workers. The state would like to encourage a local system to provide companies with assistance needed to retain jobs and to create new ones through incumbent worker training.

State or Local Statutory or Regulatory Barriers

There are no state or local statutory barriers to implementing the requested waiver. Present regulations and policy statements are in compliance with current federal law. Upon notification of the approval of this waiver request, rules and policies will be amended to comply with the terms of the waiver.

Goals and Expected Programmatic Outcomes

This Waiver Plan will provide Local Boards with the option to spend a portion of their WIA formula funding for incumbent worker training. With the current economic downturn, it is imperative that the Local Boards be able to respond more quickly and efficiently to immediate local needs.

Incumbent worker training provides companies with the assistance they need to retain jobs in these difficult times and even to create new jobs. The training should result in a high probability of layoff avoidance and possible company growth through the economic recovery period.

Individuals Affected

This Waiver Plan will affect business in a positive manner by reducing the risk of a layoff or closure because workers have not kept current with new skills and technology. During this economic recovery period, when the company may be experiencing slow productivity, the company can fill those down times by providing training that will enhance existing skills or provide new skills that will create new job opportunities and avoid layoffs or closures. This Waiver Plan increases the role of Local Boards and the role of businesses in the workforce development system. It also increases local flexibility to respond to the business community, in keeping with the goals of WIA.

Description of the Process to Monitor Progress

TDLWD will encourage the Local Boards to implement the Waiver Plan to develop incumbent worker training programs and will monitor the performance results through the statewide management information system. In addition, TDLWD will issue a workforce development policy to define the requirements for the incumbent worker training program to include a 50 percent match from the business. The match could come from other federal, state, or private funding, or in-kind contributions. TDLWD will also monitor the implementation and impact of the waiver, as well as progress toward meeting expected outcomes. This waiver will be incorporated into the Workforce Development Division's WIA monitoring procedures.

Opportunity for Local Board and Public Comment

By this posting, the state is providing an opportunity for the public to comment on the waiver request. Comments should be submitted to the Tennessee Department of Labor and Workforce Development, 100 North 2nd Street, Nashville, TN 37203.

TDLWD will solicit additional, public input regarding this waiver request through notification to state and local partners. Any responses to this posting will be forwarded to the U.S. Department of Labor within thirty days.

Consistent with general waiver request requirements, the state is adhering to publication requirements to ensure the broadest participation including informing appropriate youth program partners such as schools, labor and community-based organizations, local workforce boards, and the Tennessee Workforce Investment Board. In addition, TDLWD has posted this waiver on its Web site for public review and comment, and has consulted local boards and other interested stakeholders.

Send any comments or questions regarding the waiver request to Pat.Bleecker@tn.gov or call 615) 741-1031.

Waiver #8 State Set-Aside Redistribution

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

The Tennessee Department of Labor and Workforce Development (TDLWD) as the administrative entity for the Workforce Investment Act (WIA) in the state of Tennessee, is requesting a waiver of the regulatory requirements found in 20 CFR 665.310 and 665.320 that limits the use of State Set-Aside Rapid Response funds. In doing so, the state would like to use up to 50% of the funds set aside for rapid response to further the Governor's initiatives (funded under 20 CFR 665.200 and 665.210) to build partnerships with Economic Development activities under the Governor's Jobs4TN and TN Works Act of 2012. This waiver will provide increased incumbent worker training that will result in Layoff Aversion through process improvement or skills upgrade and also will provides new job opportunities.

In compliance with WIA Regulations 661.420, please accept the following as a request for this waiver:

Background

As the U.S. and Tennessee move through slow economic recovery, Tennessee is ready to take on the challenge of moving this economy forward. Tennessee companies, now more than ever, have a need to upgrade the skills of their incumbent workers in company-related, work-specific training that will result in layoff aversion and create new opportunities to create new jobs. USDOL Certified Apprenticeship Programs and Tennessee companies are prepared to take this time of slow productivity to provide training on company time that will result in company growth and new business opportunities. This will be done by upgrading the skills of the incumbent workforce and apprentices. TDLWD is requesting this waiver in order to reestablish these highly successful programs to the levels enjoyed in previous years and to build on the efforts of the State Board and Department to provide increased services to employers. This will be done through incumbent worker training, apprenticeship assistance, on-the-job training, and skills training. Being granted the flexibility to access one funding source (instead of multiple funding sources) with one set of rules would be less burdensome and a more efficient use of resources.

Statutory Regulation to be Waived

Section 189(i)(4) of WIA provides the Secretary of Labor general statutory authority to provide waivers if it is determined that the requirements, requested to be waived, impede the ability of the state or local area to implement its plans. TDLWD believes that the approval of this waiver request will remove such an impediment and assist in the implementation and continued development of a cohesive delivery system. In addition, TDLWD understands, in submitting this waiver request, the statutory exceptions to the Secretary's authority to approve waivers. However, Tennessee is submitting a request for a waiver that does not violate or affect any requirements or provisions of WIA and its related federal regulations.

Tennessee requests a waiver of 20 CFR 665.310 and 665.320 to the extent that such regulations are not consistent with and do not allow for the delivery of services as outlined in 20 CFR 665.210. Specifically, the state is requesting to be allowed to utilize up to 50% of the funds set aside under Section 133 (a) (2) for allowable statewide activities described in 20 CFR 665.210. This will enhance flexibility to provide support to the local areas through a variety of strategies to include incumbent worker training that results in layoff aversion, on-the-job training, apprenticeship assistance, skill shortages, and customized training that assists the local employers meet their local employer training demands while saving and creating jobs.

Over the past several years, under the leadership of Governor Bill Haslam and Commissioner Karla Davis, the department has focused on one of the core principles of economic development, training the existing workforce. Because of the reduction of statewide set-aside funds from 15% to 5%, the state has relied on Rapid Response funds to provide Incumbent Worker Training and OJT through TN Works establishing greater capacity to increase the number of training programs offered through our public colleges and universities. In the past two years, TDLWD has trained more than 6,949 incumbent workers, with a projected saving of 3,599 jobs.

Companies projected saving up to 3,599 jobs. This has decreased the impact on the UI Trust Fund, due to the Incumbent Worker Training. The flexibility granted from this waiver will allow more implementation of layoff aversion and new-job development strategies rather than simply developing and overseeing the strategy as stipulated in 20 CFR 665.220.

State Set-Aside Redistribution

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Another matter to note is that all our grant programs under TDLWD require a match from the employer receiving the grant. This has doubled the return on investment and has leveraged significant contributions to accomplish industry-specific training at a more efficient cost to the Workforce System.

Goals to be Achieved by the Waiver

- Increase the enrollments to assist employers to prevent layoffs and retain current employees
- Help companies to develop new skills for their employees to attract new business that will save jobs, create new jobs, and lessen the draw on the UI trust fund
- Provide more employees with higher technical skill levels through training and increased employment potential
- Meet the demands of a changing economy and train individuals in demand occupations
- Promote partnerships between businesses and the Workforce Development System by leveraging available funds
- Strengthen integration of services and programs
- Increase enrollment in Incumbent Worker training, and encourage Apprenticeship Assistance training programs and OJT in a return to previous program years when the 50% waiver was in place.

The waiver will allow local boards to promote cost benefits of improved administrative efficiencies, encouraging increased leveraging of resources in workforce investment areas.

State or Local Statutory or Regulatory Barriers

Present regulations and policy statements are in compliance with current federal law. Upon notification of the approval of this waiver request, rules and policies will be amended to comply with the terms of the waiver.

Description of the Individuals Impacted by the Waiver

Tennessee Workforce Investment Boards that provide quality services will have access to additional resources to meet the needs of employers, incumbent workers, and demand-driven training services. This waiver will impact all eligible adult customers in a positive manner. These customers will benefit from having more training opportunities.

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Description of the Process to Monitor Progress

When any dedicated set-aside is approved by the Board, the IWT will be responsible for monitoring the progress in the IWT programs. TDLWD will be the entity responsible for monitoring the local area process and progress during annual on-site reviews of each local area.

Opportunity for NMS and Local Board and Public Comment on Waiver Request

When any dedicated set-aside is approved by the Board, the IWT will be responsible for monitoring the progress in the IWT programs. TDLWD will be the entity responsible for monitoring the local area process and progress during annual on-site reviews of each local area.

