



JUN 29 2012

The Honorable Neil Abercrombie
Governor of Hawaii
Executive Chambers
State Capitol
Honolulu, Hawaii 96813

Dear Governor Abercrombie:

This letter provides approval of an extension of Hawaii's current Workforce Investment Act (WIA) and Wagner-Peyser Act (W-P) State Plan for a portion of Program Year (PY) 2012. This letter also provides approval of extensions for Hawaii's current waivers. Training and Employment Guidance Letter (TEGL) No. 21-11, issued on March 27, 2012, provides guidance for states to secure approval of their WIA/W-P State Plans and waivers for PY 2012. In accordance with TEGL No. 21-11 and your extension request, the State must submit a full five-year WIA/W-P State Plan and annual W-P Agricultural Outreach Plan by September 15, 2012.

Extension of State Plan

Hawaii's existing State Plan will expire on June 30, 2012. This letter constitutes a written determination under WIA Section 112 (29 USC 2822) that the Employment and Training Administration (ETA) is temporarily extending the approval of Hawaii's State Plan for WIA Title I and the Wagner-Peyser Act into PY 2012, for the period July 1, 2012 through December 31, 2012. The State already received its formula allotment for the WIA Youth program for PY 2012. The State is eligible to receive WIA formula allotments for the Adult and Dislocated Worker programs under the PY 2012 Annual Funding Agreement. The W-P Annual Funding Agreement on PY 2012/Fiscal Year 2013 will provide the W-P Act initial base allocation of PY 2012 funds.

Performance Levels

Hawaii requested to temporarily extend its existing PY 2011 WIA and W-P performance goals for a portion of PY 2012. ETA has incorporated these performance goals, identified as PY 2012 performance goals, into the Regional and National Office copies of the State Plan. Please include these PY 2012 goals in the State's official copy of the State Plan. As required by TEGL 21-11, the state must renegotiate its new PY 2012 goals upon submission of its full State Plan.

Waivers

As part of the State's extension of the WIA/W-P Act State Plan, and as described in TEGL No. 21-11, the State requested temporary extensions of Hawaii's PY 2011 waivers of statutory and regulatory requirements under WIA for PY 2012. The disposition of the State's waiver extensions 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.

Extension of Waivers

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 was previously granted 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 an extension of this waiver through December 31, 2012. 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 of WIA Section 123 that requires that providers of Youth program elements be selected on a competitive basis.

The State was previously granted a waiver of the requirement for competitive procurement of service providers for four of the ten youth program elements. The State is granted an extension of this waiver through December 31, 2012. 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 guidance and counseling, 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.

Waiver of the required 50 percent employer contribution for customized training at WIA Section 101(8)(C).

The State was previously granted a waiver of the required 50 percent employer contribution for customized training to permit the use of a sliding scale for the employer contribution based on the size of the business. The State is granted an extension of this waiver through December 31, 2012. Under the waiver, the following sliding scale is permitted: 1) no less than 10 percent match for employers with 50 or

fewer employees, and 2) no less than 25 percent match for employers with 51-250 employees. For employers with more than 250 employees, the current statutory requirements (50 percent contribution) continue to apply. When determining the funding source for customized training, the State must use the appropriate program funds for the appropriate WIA-eligible population. The State and local area may provide customized training to individuals 18 years of age or older with WIA Adult funds and must provide priority to low-income individuals when funds are limited; the State and local area may provide customized training to dislocated workers with WIA Dislocated Worker funds. Customized training provided with statewide funds must serve WIA eligible individuals.

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 was previously granted 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 an extension of this waiver through December 31, 2012. 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 was previously granted 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 an extension of this waiver through December 31, 2012.

Waiver of WIA Section 101(31)(B) to increase the employer reimbursement for on-the-job training.

The State was previously granted a waiver to permit an increase in employer reimbursement for on-the-job training through a sliding scale based on the size of the business. The State is granted an extension of this waiver through December 31, 2012. Under the waiver, the following reimbursement amounts will be permitted: 1) up to 90 percent for employers with 50 or fewer employees, and 2) up to 75 percent for employers with 51-250 employees. For employers with more than 250 employees, the current statutory requirements (50 percent reimbursement) will continue to apply. When determining the funding source for on-the-job training, the State must use the appropriate program funds for the appropriate WIA-eligible population. The State and local area may provide on-the-job training to individuals 18 years of age or older with

WIA Adult funds and must provide priority to low-income individuals when funds are limited; the State and local area may provide on-the-job training to dislocated workers with WIA Dislocated Worker funds. On-the-job training provided with statewide funds must serve WIA eligible individuals.

Waiver of the WIA regulations at 20 CFR 666.100 to exempt the state from including credential attainment outcomes for participants enrolled in on-the-job training in the credential performance measure calculations.

The State was previously granted a waiver to exempt it from including credential attainment outcomes in the credential performance measure calculations for participants enrolled in on-the-job training. The State is granted an extension of this waiver through December 31, 2012. The State must continue to report outcomes in the Workforce Investment Act Standardized Record Database (WIASRD) for participants enrolled in on-the-job-training.

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 was previously granted 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 an extension of this waiver through December 31, 2012. 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.

New Waiver Request

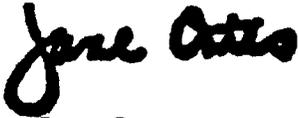
Waiver of Training and Employment Guidance Letter (TEGL) No. 36-10 requiring the state to conduct customer satisfaction surveys by telephone only.

The State has requested a waiver of the guidance in TEGL No. 36-10 in order to disseminate e-mail and web-based WIA customer satisfaction surveys. ETA denies this waiver. The customer satisfaction survey methodology is prescribed by ETA policy guidance rather than WIA statute or its regulations and therefore is an issue that falls outside the waiver authority. Hawaii's request for flexibility in the administration of the State's customer satisfaction survey has been forwarded to ETA's Office of Policy Development and Research for consideration outside the waiver process.

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 this constitutes a modification of the State Plan. A copy of this letter should be filed with the State's WIA Grant Agreement and the approved State Plan. In addition, as described in TEGL No. 29-11, the State should address the impact that 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 receiving your full State Plan for PY 2012 and working together as you implement your State workforce strategies. If you have any questions related to the issues discussed above, please contact Janice Shordike the Federal Project Officer for Hawaii, at 415-625-7943 or Shordike.Janice@dol.gov.

Sincerely,

A handwritten signature in black ink that reads "Jane Oates". The signature is written in a cursive, slightly slanted style.

Jane Oates
Assistant Secretary

Enclosure

cc: Todd Yamamoto, Acting Regional Administrator, ETA San Francisco Regional Office
Janice Shordike, Federal Project Officer for Hawaii



STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

B30 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813
www.hawaii.gov/labor
Phone: (BOB) 586-BB42/ Fax: (BOB) 586-9099
Email: dlir.director@hawaii.gov

April 12, 2012

Ms. Heather Fleck
Division of WIA Adult Services and Workforce Support
Employment and Training Administration
U.S. Department of Labor
200 Constitution Ave., NW, Room S-4209
Washington DC 20210

Dear Ms. Fleck:

On behalf of the Department of Labor and Industrial Relations ("DLIR"), the state's operational entity for Title I Workforce Investment Act, we respectfully request a temporary extension of Hawaii's current *State Workforce Investment Plan for Title I of the Workforce Investment Act of 1998 and the Wagner-Peyser Act* (Plan) for the period ending June 30, 2012.

The State of Hawaii's current Plan is in effect from July 1, 2011 to June 30, 2012. The Plan, its negotiated performance measures and all approved waivers will expire on June 30, 2012. We are requesting the U.S. Department of Labor to extend the life of the existing Plan, performance measures and waivers to September 15, 2012 in accordance with Training and Employment Guidance Letter No. 21-11. A summary of the applicable waivers is included with this request.

The state intends to submit its five year Plan by September 15, 2012. The additional time is needed to allow the state to work more collaboratively with our Local Area Workforce Investment Boards, One-Stops, as well as our educational and private sector partners to address Hawaii's current and projected workforce needs.

Thank you for your consideration of this extension. Should you have any questions, please contact Mr. James P. Hardway, Executive Director, Hawaii Workforce Development Council, at (808) 586-8671.

Sincerely,

A handwritten signature in black ink, appearing to read "Dwight Takamine".

DWIGHTY. TAKAMINE
Director

ENCLOSURE

- C. Elaine Young, Administrator, Workforce Development Division
James P. Hardway, Executive Director, Workforce Development Council

4. Waiver of the required 50 percent employer contribution for customized training at WIA Section 101(8)(C).

The focus of this waiver is to increase employer participation in WIA customized training programs at the local level. The implementation of a sliding scale, rather than a flat 50% rate across the board, continues to address the local employer's primary objection of having to pay too much to participate in customized training. This has and continues to increase employer participation in One-Stop programs in Hawaii.

5. Waiver of the 20 percent limit on transferring WIA funds between the Adult and Dislocated Worker Programs.

The waiver initially requested, with State approval, 100% of the Adult and Dislocated Worker formula funding to be made available to meet the workforce needs of the local area. In response, ETA limited the transfer authority to 50%. The limitation provided state flexibility while also adhering to the Congressional intent regarding the level of funding appropriated for the WIA Adult and Dislocated Worker Programs. The State of Hawaii requests the continuation of the waiver with the requirements of limiting transfer authority to 50% be maintained.

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

Under this waiver, the State of Hawaii can use Individual Training Accounts for older and out-of-school youth program participants. The State continues to utilize this waiver to increase older youth enrollment and serve more of that population. With the state's increased focus on service of older youth by local areas, it is important that waivers that allow for increased flexibility to serve older youth be continued, as the state continues to improve its performance in this area.

7. Exempt the State of Hawaii from including On-the-Job-Training participants in credential attainment measures.

The goal of this waiver is to give the local workforce investment areas greater flexibility and access to use of the OJT activity without having a negative impact on credential/certificate related to this performance measure. Because the State of Hawaii's businesses are mostly in the "small business" category, most OJT training that occurs is not nationally certified, but is tailored more toward the specific business, their operations and procedures. These in themselves will give those trained valuable skills and knowledge. The state continues to utilize this waiver as it provides program flexibility in expanding On-The-Job programs throughout the state.

8. Waiver of WIA Section 101(31)(B) to increase the employer reimbursement for on-the-job training.

This waiver continues to allow the State to encourage and expand the hiring of dislocated workers and other populations who lack certain skills to meet an employer's need. It provides them with the opportunity to add new skills and earn new technologies while

they return to the workplace and earn wages. The State continues to utilize this waiver to promote to smaller businesses the opportunities to utilize OJT for their employees and for potential employees without adversely affecting the financial situation of a small company.

WIA/Wagner-Peyser Performance Goals for PY 2012

Understanding that the State will need to renegotiate performance levels with the USDOL, the State of Hawaii does not request a renegotiation of PY 2012 WIA and Wagner-Peyser performance levels at this time. The state is currently reviewing data on historical performance as well as future economic indicators to determine new performance levels for the State of Hawaii. The State intends to submit new negotiated performance levels by the deadline set by USDOL.

Contact Information of State Official to Serve as Point of Contact

James Hardway, Executive Director
State of Hawaii Workforce Development Council
Department of Labor and Industrial Relations
830 Punchbowl Street, Suite 417
Honolulu, Hawaii 96813

(808) 586-8671
jhardway@hawaii.gov

687915

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NCURRENCES	Initials	KT		CO	ALA	WAS		
	Date	6-10-12		6-20-12	6/22/12	6/24/12		
	Last Name	THOMPSON	FLECK	OLLIS	AHLSTRAND	FIALA	OATES	
	Office Symbol	DWASWS	DWASWS	DWASWS	OWI	OASET	OASET	

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Sincerely,

Jane Oates
Assistant Secretary

Enclosure

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Janice Shordike, Federal Project Officer for Hawaii