



JUN 30 2010

The Honorable Mark Sanford
Governor of South Carolina
State Capitol Building
Post Office Box 12267
Columbia, South Carolina 29211

Dear Governor Sanford:

This letter provides approval of an extension of South Carolina's current Workforce Investment Act (WIA) and Wagner-Peyser Act (W-P) State Plan and waivers for Program Year (PY) 2010. This letter also responds to South Carolina's requests for new and extended waivers.

Training and Employment Guidance Letter (TEGL) No. 21-09, issued on April 15, 2010, provides guidance for states to secure approval of their WIA/W-P State Plans and waivers for PY 2010, and included the option to receive an extension of the existing State Plan and waivers for an additional year without submitting a formal request.

Extension of State Plan

South Carolina's existing State Plan will expire on June 30, 2010. This letter constitutes a written determination under WIA Section 112 (29 USC 2822) that the Employment and Training Administration (ETA) is extending the approval of South Carolina's State Plan for WIA Title I and the Wagner-Peyser Act for Program Year 2010, July 1, 2010 through June 30, 2011.

The Grant Officer will issue a Notice of Obligation for the "July portion" of the WIA formula allocations for Adult and Dislocated Worker programs, effective July 1, 2010, under the PY 2010 Annual Funding Agreement. The W-P program's Annual Funding Agreement for PY 2010/Fiscal Year 2011 will be sent to the designated state grantee agency for signature and return to the Grant Officer for execution, effective July 1, 2010. The W-P Annual Funding Agreement will provide for the initial base allocation of PY 2010 funds.

We understand that South Carolina has undergone organizational changes, but that the reorganization is still underway. We expect South Carolina to modify its State Plan to describe these organizational changes in PY 2010.

Performance Levels

Once the final goals are established, the Regional Administrator's letter advising the State of the PY 2010 WIA and W-P final performance goals constitutes a modification to the State Plan. ETA will incorporate South Carolina's final performance goals for PY 2010 into the Regional and National Office copies of the State Plan. Please include these final PY 2010 goals in the State's official copy of the State Plan.

Waivers

As part of the State's extension of the WIA/W-P State Plan, and as described in TEGL 21-09, ETA has made determinations regarding an extension of South Carolina's PY 2009 waivers of statutory and regulatory requirements under WIA for PY 2010. The State also submitted a request for new waivers (copy enclosed). The State's request for new 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 extensions as well as its submission of new 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. Unless otherwise indicated, all waiver approvals that follow apply to both WIA formula funds and funds made available under the American Recovery and Reinvestment Act of 2009.

Extension of Waivers

Waiver Extension: 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 June 30, 2011. 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 Extension: Waiver to permit the State to replace the performance measures at WIA Section 136(b) with the common measures.

The State was previously granted 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 an extension of this waiver through June 30, 2011.

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 Extension: 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 and out-of-school youth program participants. The State is granted an extension of this waiver through June 30, 2011. Under this waiver, the State can use ITAs for older and out-of-school youth program participants. The State should ensure that funds used for ITAs are tracked and reflected in the individual service strategies for these youth.

Waiver Extension: Waiver of 20 CFR 666 and 667.300(a) to reduce the collection of participant data for incumbent workers.

The State was previously granted a waiver of the requirements to reduce the data collection burden for employers participating in WIA-funded incumbent worker training programs. The waiver permits the State to discontinue the collection of the following Workforce Investment Act Standardized Record Data (WIASRD) elements: single parent (117), unemployment compensation eligible status at participation (118), low income (119), TANF (120), other public assistance (121), homeless individual and/or runaway (125), and offender (126). The State is granted an extension of this waiver through June 30, 2011.

Waiver Extension: 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 June 30, 2011. 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 may provide on-the-job training to low-income adults with WIA Adult funds, and 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 Extension: 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 June 30, 2011. 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 may provide customized training to low-income adults with WIA Adult funds, and may provide customized training to dislocated workers with WIA Dislocated Worker funds. Customized training provided with statewide funds must serve WIA eligible individuals.

Waiver Extension: 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 June 30, 2011. 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. As stated in TEGL No. 14-08, Section 19, issued on March 18, 2009, this waiver does not apply to funds made available through the American Recovery and Reinvestment Act of 2009. However, the State is permitted to

transfer up to 30 percent of ARRA funds between programs under WIA and under the Department of Labor Appropriations Act of 2009. This authority is discussed in TEGl No. 14-08, change 1.

New Waiver Requests

Waiver Request: 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, 2011. Under this waiver, the State will be permitted to allow local areas to use up to 10 percent of local Dislocated Worker funds for incumbent worker training only as part of a lay-off aversion strategy. 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 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.

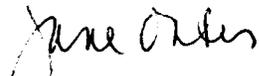
The State is requesting a waiver to permit use of rapid response funds to conduct allowable statewide activities as defined under WIA section 134(a)(3), specifically incumbent worker training. The State is granted this waiver through June 30, 2011. Under this waiver, the State is permitted to use up to 20 percent of rapid response funds for incumbent worker training only as part of a lay-off 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 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. As stated in TEGL No. 14-08, Section 19, issued on March 18, 2009, this waiver does not apply to funds made available through the American Recovery and Reinvestment Act of 2009.

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 required by TEGL No. 14-00, Change 3, 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 Plan for PY 2010. If you have any questions related to the issues discussed above, please contact Helen Parker, the ETA Atlanta Regional Administrator, at 404-302-5300 or Parker.Helen@dol.gov.

Sincerely,



Jane Oates
Assistant Secretary

Enclosure

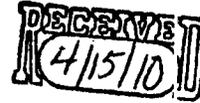
cc: John L. Finan, Executive Director, South Carolina Department of
Employment and Workforce
Janet Sten, Federal Coordinator for Plan Review and Approval
Thomas Martin, Grant Officer
Helen Parker, Atlanta Regional Administrator
Jessica Otieno, Federal Project Officer for South Carolina

Mark Sanford
Governor

SOUTH CAROLINA
DEPARTMENT OF COMMERCE

Joe E. Taylor, Jr.
Secretary

April 14, 2010



Ms. Janet Sten
Federal State Plan Coordinator
Office of Workforce Investment
Employment and Training Administration
U.S. Department of Labor
200 Constitution Ave., NW, Room S-4231
Washington, DC 20210

Dear Ms. Sten:

South Carolina seeks review and approval of the following two waiver requests under the Workforce Investment Act:

- 1) use of up to 20% of Rapid Response funds for Incumbent Worker Training as a layoff aversion strategy; and,
- 2) use of up to 10% of local Dislocated Worker funds for Incumbent Worker Training as a layoff aversion strategy. This waiver is also requested for use with American Recovery and Reinvestment Act funds.

While we recognize the continued demand for dislocated worker services, experience has also proven that it is far more cost effective to avert layoffs than to fund retraining after workers lose their jobs and income. The additional flexibility sought through these waivers will not diminish the ability of South Carolina to provide dislocated worker services.

Thank you for your consideration of the attached waiver requests.

Sincerely,

A handwritten signature in black ink that reads "Margaret Torrey".

Margaret "Peggy" Torrey, PhD
Deputy Secretary for Workforce

Enclosures

cc: Dr. Helen Parker, Region 3 Administrator
U.S. Department of Labor

STATE OF SOUTH CAROLINA
WAIVER REQUEST
WORKFORCE INVESTMENT ACT
TO ALLOW THE STATE TO USE SET-ASIDE RAPID RESPONSE FUNDS FOR
INCUMBENT WORKER TRAINING AS A LAYOFF AVERSION STRATEGY

South Carolina is requesting a waiver to allow up to 20% of Rapid Response funds to be used for Incumbent Worker Training (IWT) activities as part of a layoff aversion strategy. The State, through prior waiver authority, was able to work with several businesses to avert layoff actions through the provision of training. Those experiences proved that it is far more cost effective to avert layoffs than to fund retraining after workers lose their jobs and income. We recognize the continued demand for dislocated worker services, to include the use of Rapid Response funds. The additional flexibility sought through this waiver will not diminish the ability of South Carolina to provide dislocated worker services as needed.

Waiver Duration: July 1, 2010 through June 30, 2011.

A. Statutory Regulations to be Waived

WIA Section 134(a)(2)(A) and WIA Regulations §665.310 through §665.330 establish allowable statewide Rapid Response activities and how set-aside Rapid Response funds may be used.

B. Goals to be Achieved by the Waiver

Utilization of Rapid Response funds for Incumbent Worker Training promotes maximum investment of available funds, as well as increased levels of service. Focusing on employer and worker layoff aversion and competitiveness through skill upgrades strengthens businesses, communities, and regional economies.

C. State or Local Statutory or Regulatory Barriers

There are no State or local statutory or regulatory barriers to implementing the requested waiver.

D. Description of Waiver Goal and Programmatic Outcomes

Given the increasing global competitiveness, it is imperative that businesses remain strong and productive through a skilled and educated workforce. This waiver can assist in ensuring that workers enhance skill levels to avert layoffs, while increasing the potential for career advancement within their industries. Skilled and productive workers allow businesses to grow and create new jobs as product lines and customer bases expand.

Incumbent Worker Training has proven successful in many areas and diverse economic sectors of the state. It has played a vital role in South Carolina's workforce development by keeping job skills updated and supplying businesses with the needed skill sets to make workers more competitive. The following are a few examples of the training partnerships and outcomes achieved through prior waiver authority:

- ❖ **Mergon Corporation** was assisted through the WorkLink Workforce Investment Board in cross training employees to prevent a layoff. Mergon's workforce was trained on the operation of blow molding and injection molding machines. This training allowed Mergon to operate with knowledgeable and skilled employees on all shifts, rather than limiting the employees to one or two assigned areas of operation. The WorkLink Workforce Investment Board was able to help Mergon avert a layoff through training of 79 incumbent workers at a very reasonable \$711.24 per employee.
- ❖ **Detroit Broach** was in need of training to keep current customers and prevent the shutdown of operations in South Carolina and resulting move to its parent location in another state. The Greenville Workforce Investment Board provided training in Lean Manufacturing and ISO 9000:2000 Auditor/Lead Auditor. The training allowed the business to become ISO certified and prevented its relocation out of the state. The training saved 32 jobs.

E. Description of the Individuals Impacted by the Waiver

Both employers and incumbent workers will be impacted by the waiver. Employers will have the human resources to remain competitive, and perhaps expand. Workers will keep good jobs, improve their skills, and increase their confidence that they can compete in a more technological economy. The training provided to workers makes them more valuable to both their current employers, as well as to other potential employers.

F. Description of the Monitoring Process

This waiver will be incorporated into state and local monitoring procedures. Monthly reports are submitted to the State Workforce Division, containing actual business agreements, number of workers served, types of training, and funding provided. At the end of training, each business completes a final report summarizing planned versus actual results and overall impact. Businesses are requested to evaluate the Incumbent Worker Training experience and provide comments for continuous improvement.

G. Opportunity for Local Boards to Comment on Waiver Request

The waiver request was developed as a result of concerns expressed by the Local Workforce Investment Boards relevant to funding limitations of Incumbent Worker Training in meeting the critical needs of their local areas and businesses. Use of local funds for Incumbent Worker Training received prior approval and was in effect during Program Years 2006 – 2008. This new waiver request is more limited in scope from the previous waiver, as it applies to the use of Dislocated Worker funds only and is tailored specifically for layoff aversion situations.

H. Public Comment on the Waiver Request

Although wider in scope than this current request, the waiver request for use of local funds for Incumbent Worker Training was included in the Program Year 2009 State Plan and was published for public review and comment. No adverse comments were received at any point.