

**U.S. Department of Labor**

Assistant Secretary for  
Employment and Training  
Washington, D.C. 20210



JUL 14 2014

The Honorable Michael R. Pence  
Governor of Indiana  
State House  
Room 206  
Indianapolis, Indiana 46204-2797

Dear Governor Pence:

The Employment and Training Administration (ETA) is pleased to respond to your request for waivers of statutory and regulatory requirements under the Workforce Investment Act (WIA). This action is taken under the Secretary's authority to waive certain requirements of WIA Title I, Subtitles B and E, and sections 8-10 of the Wagner-Peyser Act. The original request was written in the format identified in WIA section 189(i)(4)(B) and 20 CFR 661.420(c), and meets the standard for approval at 20 CFR 661.420(e). The following is the disposition of the State's waiver extension requests (copy enclosed).

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 an extension of 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 an extension of this waiver effective through June 30, 2015.

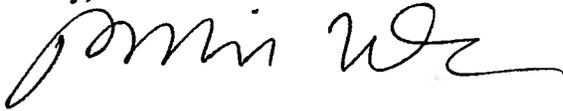
Waiver of WIA Section 134(a)(2)(B)(iii) and 20 CFR 665.200(e) to exempt a state from the requirement to provide local workforce investment area incentive grants.

The State is requesting an extension of 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 an extension of this waiver effective through June 30, 2015.

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. 06-13, 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 continuing our partnership with you and achieving better workforce outcomes. If you have any questions related to the issues discussed above, please contact Stacy O'Keefe, the Federal Project Officer for Indiana, at (312) 596-5527 and [OKeefe.Stacy@dol.gov](mailto:OKeefe.Stacy@dol.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Portia Wu", with a long horizontal flourish extending to the right.

Portia Wu  
Assistant Secretary

Enclosure

cc: Byron Zuidema, Regional Administrator, ETA Chicago Regional Office  
Stacy O'Keefe, Federal Project Officer for Indiana



INDIANA  
**WORKFORCE**  
DEVELOPMENT  
AND ITS **WorkOne** CENTERS

June 27, 2014

Ms. Heather Fleck, Federal Coordinator  
Division of Workforce System Support  
Employment and Training Administration  
US Department of Labor  
200 Constitution Ave, NW Room S-4231  
Washington, DC 20210

Dear Ms. Fleck:

The State of Indiana is pleased to submit a modification request for its Strategic State Plan for Title I of the Workforce Investment Act (WIA) and the Wagner-Peyser Act.

This modification request consists of an updated waiver extension request: "Waive Certain Mandatory Uses of Governor's Reserve Funding." This waiver will provide the State the ability to maximize the usage of Governor's Reserve funding by not requiring the State to perform certain functions established under 134(a) of WIA. The State of Indiana has been operating under this waiver throughout the current program year, and believes an extension of the waiver is necessary in order to enhance the primary and basic functions of its workforce investment system.

Please find attached the updated waiver extension request, which provides the details required. Thank you for your consideration of this request.

Respectfully,

Scott B. Sanders, Commissioner

Attachment: Indiana Department of Workforce Development Waiver Request: Waiver of Section 134(a)

cc: Byron Zuidema  
Stacy O'Keefe  
Cheryl Svee

Michael R. Pence, *Governor*  
Scott B. Sanders, *Commissioner*

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An Economic Development Partner

**Indiana Department of Workforce Development**  
**Waiver Extension Request re: WIA Section 134(a)**  
**Waive Certain Mandatory Uses for Governor's Reserve Funding Effective:**  
**July 1, 2013 to June 30, 2017**

The State of Indiana is requesting a waiver extension of WIA Section 134(a) to waive certain mandatory uses for Governor's Reserve funding.

**Statutory and/or regulatory requirements to be waived**

The State of Indiana is requesting the following two waivers concerning Governor's Discretionary funding:

- Waiver of WIA Section 134(a)(2)(B)(ii) and 20 CFR 665.200(d) requiring the completion of evaluations on workforce investment activities for adults, dislocated workers, and youth.
- Waiver of WIA Section 134(a)(2)(B)(iii) and 20 CFR 665.200(e) requiring provision of incentive grants to local areas.

Congressional action has decreased the percentage of Governor's Discretionary funding for states from 15 percent to 8.75 percent. Consequently, funding is limited while the costs of operating the One-Stop system and the fiscal and management accountability information system (mandatory activities) continue to rise.

*Current Uses of Statewide Funds*

In the most recent three years where the State had access to 15 percent Governor's Discretionary Funds, it utilized over 96%, or over \$20 million, of those funds to provide additional funding to local areas in order to enhance and improve local programs and performance. Some examples of these activities were providing additional funding for Individual Training Accounts and On-the-Job Training, as well as funding to support additional staff for business service outreach and provision of career counseling and case management services to eligible WIA participants. Additionally, funding has been utilized to support a statewide, comprehensive electronic case management system, TrackOne, and to expand the Jobs for America's Graduates (JAG) programs at the local level.

*How Statewide Funds are Prioritized*

Traditionally, Governor's Discretionary funds have been used to support local programs and initiatives that increase the availability and quality of services provided to WIA participants. Additionally, the State has used these funds to ensure that it conducts those activities that are required within WIA Section 134. With the shifting of these funds from Governor's Discretionary Funds to local formula funds, the State has prioritized usage of these funds to 1) Ensure that the State remains compliant with administrative functions, including oversight and management of the State's workforce investment system, required by WIA; 2) Maintain common electronic information systems throughout Indiana's workforce investment system; and 3) Promote and expand WorkOne services to business and individuals throughout the State.

**Current Funding Levels are Insufficient to Cover the Required Statewide Activities**

Were the State to have the ability to withhold 15% (5% Administrative and 10% Statewide Activities) of funds for Governor's Discretionary Funds as allowed in WIA, it would have approximately \$8.44 million during PY2014 to conduct all administrative activities required and statewide activities required by WIA Section 134. However, with the decrease from 15% to 8.75% for PY2014, the State is left with approximately \$4.92 million. This amount is insufficient to conduct the activities covered under this waiver request while also conducting all required administrative activities as well as other statewide activities required under WIA Section 134 (e.g., providing technical assistance to local areas, assisting in the operation of the one-stop delivery system, and operating a fiscal and management accountability information system).

**Actions undertaken to remove state or local barriers**

No state statutory or regulatory barriers exist at this time.

**Goals and expected programmatic outcomes of waiver**

Approval of this waiver will help achieve the following strategic goal set by the State Workforce Innovation Council: Achieve a cohesive workforce investment system that focuses on delivering high quality services with great efficiency. With this waiver, Governor's Discretionary funding will be used to enhance those primary and basic functions of the system.

Common Measures will be the mechanism that measures the affect of this waiver. Goals are set each year for each common measure and they may stay the same or be increased for the following year. The goals set standards for achievement within the workforce system. They are set through a negotiation process between the US Department of Labor and DWD and are based on a combination of economic factors.

**Individuals impacted by waiver**

It is not anticipated that this waiver will impact any services provided to WIA participants. With a portion of the 10% normally withheld at the State-level for statewide activities being distributed to the local areas, and the overall increase in Indiana's annual funding, local areas are experiencing a total increase of \$3.26 million in formula funding for PY14, For this reason, the State does not believe that this waiver will comprehensively affect any services provided to WIA participants throughout Indiana.

Further, to the extent possible, the State is committed to conducting all required activities should the estimates contained within this document not bear out, or in the case that congressional action restores the ability for the State to withhold these funds at the levels established within WIA.

**Process for monitoring progress in implementation**

The Indiana Department of Workforce Development administers the WIA Title IB, Wagner-Peyser Act and Trade Adjustment Assistance programs. DWD also administers TrackOne, an on-line electronic case management system. It is the mechanism for local areas to manage services to customers. It is also the system that DWD uses to collect the participant data for the federally mandated reporting requirements. DWD will monitor the progress of the waiver implementation through analysis of local performance results as well as through ongoing oversight and exchanges with local area management and staff.

**Notice to affected local boards**

DWD will publish this waiver extension request on the Department's website ([www.in.gov/dwd](http://www.in.gov/dwd)). Notice of publication and invitation for public comment will be disseminated to all individuals involved in or affected by Indiana's workforce system.

**Public Comment**

Individuals will have 30 days to comment on the Strategic State Plan, including all submitted waiver requests. All comments on this waiver will be provided to the USDOL upon the closing of the review and comment period.