



AUG 5 2014

The Honorable John R. Kasich  
Governor of Ohio  
Riffe Center  
30th Floor  
77 South High Street  
Columbus, Ohio 43215-6117

Dear Governor Kasich:

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. On July 22, 2014, the Workforce Innovation and Opportunity Act (WIOA) was enacted. Many of WIOA's provisions take effect on July 1, 2015, but the existing WIA state and local plan provisions remain in effect until July 1, 2016. ETA is conducting a review of WIOA's implementation timeline and provisions, and will be issuing guidance in the future regarding the new State Unified Plan provisions and waivers as part of its implementation actions. Current WIA Waiver approval timelines have been adjusted in accordance with the expected end date (June 30, 2016) for the existing WIA State Plans; however, the waivers below are reviewed annually.

The State's recent WIA waiver requests are written in the format identified in WIA section 189(i)(4)(B) and 20 CFR 661.420(c), and meet the standard for approval at 20 CFR 661.420(e). The following is the disposition of the State's waiver 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 the 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 through June 30, 2015.

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.

The State is requesting an extension 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 through June 30, 2015.

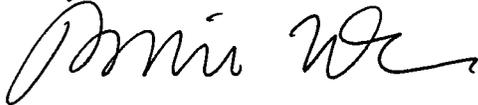
Waiver of WIA Section 133(b)(4) to increase the allowable transfer amount between Adult and Dislocated Worker funding streams allocated to a local area.

The State is requesting an extension of a waiver to permit an increase in the amount a state is allowed to transfer between the Adult and Dislocated Worker funding streams. To help mitigate the effects of funding reductions in many local areas, the State is requesting to increase the transfer authority to 75 percent. The State is granted an extension of this waiver to transfer up to 75 percent between the Adult and Dislocated Worker funding streams through June 30, 2015. Under this waiver the State must identify indicators or information gathering it will use to track improved outcomes, and report the results of the waiver in the WIA Annual Report, especially how services were maintained for both Adult and Dislocated Worker populations.

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 TEGE No. 6-13, 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 Clay Webb, the Federal Project Officer for Ohio, at (312) 695-5538 or [Webb.Clay@dol.gov](mailto:Webb.Clay@dol.gov).

Sincerely,



Portia Wu  
Assistant Secretary

Enclosure

cc: Byron Zuidema, Regional Administrator, ETA Chicago Regional Office  
Clay Webb, Federal Project Officer for Ohio



Department of  
Job and Family Services

John R. Kasich, Governor  
Cynthia Callender Dungey, Director

June 20, 2014

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

Byron Zuidema  
Regional Administrator  
U.S. Department of Labor/ETA  
230 South Dearborn Street, 6th Floor  
Chicago, IL 60604

**ATTN: Federal Coordinator for Plan Review and Approval**

**State: Ohio**

**Agency: The Ohio Department of Job and Family Services  
30 E. Broad Street, 32nd Floor  
Columbus, Ohio 43215**

**RE: Waiver Request Submission**

Dear Federal Coordinator,

On behalf of the Ohio Department of Job and Family Services (ODJFS), please accept this correspondence as a formal request to continue and request approval of the following statewide waivers. The proposed waiver request was developed in accordance with the Training and Employment Guidance Letter (TEGL) No. 26-09, Change 1, published August 16, 2012 and TEGL No. 27-12, published on May 10, 2013.

**Background:**

Ohio would like to request an extension of the modification to the waiver approved in Ohio's state plan which allows local WIBs to transfer up to 50 percent of funds between Adult and Dislocated Worker programs. The

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modification that was requested and approved increased the amount up to 75 percent of funds. This request will allow local workforce investment boards (WIB) to continue to have greater flexibility to use available funding. The continuation of this waiver will assist them in addressing the potential funding shortfalls that may arise due to finding cuts.

The effects of sequestration, formula reductions in the previous Program Year, and only a slight increase in funding for Program Year 2014 has created challenges related to serving the Dislocated Worker and Adult populations. While Ohio received a modest 4.2 percent increase in total WIA formula funding for PY14, the share for statewide activity increased from 5 percent to 8.75 percent of each WIA funding stream. The local areas in fact experienced a decrease in their WIA funding compared with PY13 due to the larger share being invested in statewide activities. The flexibility to transfer up to 75 percent of funds would allow ease in administration and a timely response to customers as program needs are identified by local workforce areas, particularly during July-September, 2014 quarter when new Adult and Dislocated Worker funding is minimal.

The transfer of funds flexibility will be accompanied by a restrictive use of statewide reserves, inclusive of Rapid Response. For example, a local board may not transfer funds from Dislocated Worker to Adult program without regard to ongoing and predictable demands for Dislocated Worker services in the local area. The state will not provide supplementary Rapid Response funds to address a predictable need. In cases where local boards choose to transfer large amounts of Dislocated Worker resources to the Adult program, additional allocations to the local board will be restricted to significant unexpected layoffs, which occur after the transfer takes place.

This waiver supports the principles of streamlining services; increasing accountability; creating stronger role for local boards, and increasing state and local flexibility.

### **Section I: Statutory or Regulatory Requirements to be Waived**

Workforce Investment Act (WIA) Section 133(b)(4) is requested to be waived, in order to increase the allowable transfer amount between Adult and Dislocated worker funding streams allocated to a local area. A technical amendment, specified in the Training and Guidance Letter No. 23-02, dated April 1, 2003, increased the transfer authority from 20% to no more than 30%. In recent years, Employment and Training Administration (ETA) approved a waiver request to permit local areas to increase the allowable transfer amount between Adult and Dislocated Workers to up to 75 percent.

## **Section II: State or Local Statutory or Regulatory Barriers Removed**

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

## **Section III: Goals to Achieve Using the Waiver**

Ohio has been achieving and expects to continue to achieve the following goals:

- Allowing local boards to address the needs of communities and employers; and
- Flexibility in determining use of funds and leveraging resources.

## **Section IV: Programmatic Outcomes to Achieve Using the Waiver**

In the use of this waiver, Ohio has seen and expects to continue to see:

- Maximum use of resources;
- Increased access for customers to services, and
- Meeting expenditure requirements and obligations.

## **Section V: Individuals Impacted by the Waiver**

Adults and Dislocated Workers have been and will continue to be impacted by this waiver.

## **Section VI: Process Used to Monitor Progress in Implementing the Waiver**

The Ohio Department of Job and Family Services will continue to monitor implementation and impact of this waiver through a combination of reporting from the local level using the Ohio Workforce Case Management System and state monitoring, oversight, and evaluation functions.

Monitoring of the waiver may be conducted through a variety of approaches that may include routine desk top reviews and on-site compliance monitoring. Office of Workforce Development (OWD) has been monitoring the implementation of this waiver through feedback from the local areas. Meeting between OWD staff, local board directors, and administrative entities are held on a regular basis, which serves as a venue to address any issue with the implementation of this waiver.

## **Section VII: Process for Notice to Local WIBs and Opportunity to Comment**

Workforce development stakeholders were notified of the proposed waiver request through an e-mail alert regarding the new State Plan and waiver requests. The e-mail alert contained instructions on how to submit comments. In addition, both the general public and stakeholders had access to the waiver request on our web site: <http://ifs.ohio.gov/owd/Whats-New.stm>.

The public comment period was open for four days.

### **Waiver Questions, Comments Received, and the State's Responses**

The comment received on this waiver request was in support of the waiver.

### **Justification for Waiver to Transfer**

As described in Training and Employment Guidance Letter (TEGL) No. 27-12, Ohio is requesting an extension to its waiver of WIA Section 133(b)(4) to permit the local areas to transfer funds between the Adult and Dislocated Worker programs of up to 75 percent of the allocated funds. Funding transfer flexibility is necessary due to several different reasons: economic changes, needing the ability to have the flexibility to serve populations needing services the most, and the slight increase in Ohio's WIA formula allotments along with a decrease in funds allocated to the local areas in Program Year 2014 due to an increase in the statewide share. Also, funding will still be severely limited during the July through September 2014 quarter due to the small amount of PY Adult and Dislocated Worker funds issued in July 2014.

The additional flexibility of this waiver will allow for Ohio's priorities to be regrouped as we receive additional focused monies such as on-the-job training (OJT), Shale, etc. As the economy and priorities change, the ability to transfer more between the Adult and Dislocated Worker funding streams will prove to be beneficial.

As announced in TEGL No. 18-13, Ohio's Adult allotment for Program Year 2014 only increased by 1.42% and the Dislocated Worker allotment increased by 9.11% compared to the previous year (Program Year 2013). Based on planning estimates at the state and local level and the increase in funding maintained at the state level, these annual allotments will not be sufficient to provide the full array of services necessary to enable the Adult and Dislocated Worker

populations to become fully employable and achieve self-sufficiency, particularly if mass layoffs and plant closures occur.

In addition, TEGL No. 18-13 explains that despite a slight increase in funding from Program Year 2013 to Program Year 2014, a small portion of the total funding is received at the beginning of Program Year 2014 (July) to cover expenses until the remaining funds are issued in October. While in prior years, approximately 25 percent of the annual funds were received in the initial award, only seven percent of the Adult funds (\$1.7 million of the total \$24.3 million) and 14 percent of the Dislocated Worker funds (\$4.6 million of the total \$32.5 million) will be released in the first quarter. This severe limitation on the first quarter resources will present challenges to the local areas to be able to adequately serve participants during the July-September 2014 quarter.

Some of the local challenges would be mitigated if greater flexibility were available to move funding from one program to the other. For example, areas having significant number of Adults in services carrying forward into the next year will not be able to afford to continue the participants' services in the first quarter with an award of only seven percent. Even if up to 50 percent of the Dislocated Worker funding stream is available for transfer to Adult, the Adult funding will be insufficient because only 14 percent of the annual Dislocated Worker funding will be available in the first quarter.

Similarly, areas facing mass layoffs are unlikely to have sufficient Dislocated Worker funds to meet the demand for services during the initial quarter and would need to transfer significant funding from the Adult program, of which only seven percent will be available in the first quarter. Having the flexibility to transfer as much as 75 percent of the funds between programs based on local need would resolve some of the funding shortfall issues depending on each area's mix of participants.

When the funds are received, the state applies its formulas to distribute each grant to the local areas. The factors in the state's formulas (similar to the national formulas applied to the states' allotments) will cause certain local areas to gain or lose funding from one year to the next compared to other areas. This effect can be especially severe in the Dislocated Worker program where no hold harmless provision is built into the formula. The state-level formula effects, coupled with the slight funding increase described above, have further exacerbated the stagnant funding facing many of Ohio's local areas.

The following table summarizes the allocations of Adult and Dislocated Worker funding for each local area in Program Year 2013 compared with Program Year 2014, with those areas facing zero or very slight funding increases with each funding stream highlighted in bold.

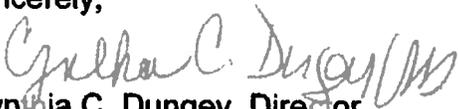
Area	Total WIA Funding		
	SFY14	SFY15	Gain (loss)
1	\$ 1,597,171	\$ 1,752,641	\$ 155,470
2	\$ 3,474,964	\$ 3,551,157	\$ 76,193
3	\$ 6,949,707	\$ 8,328,716	\$ 1,379,009
4	\$ 2,008,171	\$ 2,067,275	\$ 59,104
5	\$ <b>1,359,657</b>	\$ <b>1,049,986</b>	\$ <b>(309,671)</b>
6	\$ 2,779,953	\$ 2,780,551	\$ 598
7	\$ <b>19,814,331</b>	\$ <b>18,510,762</b>	\$ <b>(1,303,569)</b>
8	\$ 699,654	\$ 622,801	\$ (76,853)
9	\$ <b>3,213,291</b>	\$ <b>3,204,606</b>	\$ <b>(8,685)</b>
10	\$ <b>1,202,933</b>	\$ <b>1,175,499</b>	\$ <b>(27,434)</b>
11	\$ <b>5,986,113</b>	\$ <b>5,615,231</b>	\$ <b>(370,882)</b>
12	\$ <b>4,124,173</b>	\$ <b>3,709,546</b>	\$ <b>(414,627)</b>
13	\$ <b>4,322,252</b>	\$ <b>4,142,070</b>	\$ <b>(180,182)</b>
14	\$ 1,010,338	\$ 1,072,032	\$ 61,694
15	\$ 745,119	\$ 845,504	\$ 100,385
16	\$ 1,291,194	\$ 1,384,201	\$ 93,007
17	\$ 2,318,881	\$ 2,354,152	\$ 35,271
18	\$ 1,467,055	\$ 1,523,031	\$ 55,976
19	\$ 2,055,356	\$ 2,216,599	\$ 161,243
20	\$ <b>1,920,848</b>	\$ <b>1,854,963</b>	\$ <b>(65,885)</b>
<b>Total</b>	\$ <b>68,341,161</b>	\$ <b>67,761,322</b>	\$ <b>(579,839)</b>

The areas highlighted in bold in the above table are the local areas mostly to need the 75% funding flexibility because of the decrease in their WIA formula funds. Many of these areas happen to be the metropolitan areas serving the largest concentrations of participants. The areas already have Adults and/or Dislocated Workers in services who expect to be able to complete their services. Even though the state may have a slight increase in funding this program year, this increase does not meet the funding needs of the local area, as they have had to endure severe reductions in the past and further overall cuts in PY14, making it necessary to have the greater flexibility available with the ability to transfer up to 75% of the funding between the Adult and Dislocated Worker programs.

Name and contact information for Ohio's official point of contact:

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Office of Workforce Development  
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Columbus, Ohio 43219  
w. 614.466.9494  
[John.Weber@ifs.ohio.gov](mailto:John.Weber@ifs.ohio.gov)

Sincerely,

  
Cynthia C. Dungey, Director  
Ohio Department of Job and Family Services

Cc: Corey Bulluck, DWI Division Chief, Region V, DOLETA  
Clay Webb, Federal Project Officer, Region V, DOLETA  
Bruce Madson, Assistant Director, ODJFS  
John Weber, Deputy Director, Office of Workforce Development, ODJFS  
Beth Brannigan, Bureau Chief, Office of Workforce Development, ODJFS  
Ronald Weber, Budget Coordinator, Office of Workforce Development, ODJFS