



NOV 9 - 2009

The Honorable Jan Brewer
Governor of Arizona
State Capitol
Phoenix, Arizona 85007

Dear Governor Brewer:

As part of Arizona's modification to the State Plan for Title I of the Workforce Investment Act (WIA) and the Wagner-Peyser Act, the State submitted waiver plans to request that the State's waiver of statutory and regulatory requirements under WIA be approved for the remainder of Program Year (PY) 2009 (copy enclosed). This request is written in the format identified in WIA section 189(i)(4)(B) and 20 CFR 661.420(c) and appears to meet the standard for approval at 20 CFR 661.420(e). The following is the disposition of the State's submission. 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.

In a letter dated June 29, 2009, ETA granted Arizona approval of the following waiver through June 30, 2010:

- Waiver of the provision at 20 CFR 663.530 that prescribes a time limit on the period of initial eligibility for training providers.

The approval for this waiver remains in effect. The letter dated June 29, 2009 granted temporary extension of the remainder of Arizona's waiver requests. The previous approval of the extensions is hereby terminated and replaced by decisions set forth in this letter. 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.

Requested Waivers

Requested Waiver: Waiver of WIA Sec. 133(b)(2)(B) to allow pooling of Dislocated Worker formula funds for five rural local areas under a single administrative agency, the Gila County Re-employment and Pre-layoff Assistance Center (REPAC).

The State has withdrawn this waiver request. Under WIA, the State is permitted to allow local areas to pool Dislocated Worker formula funds under a single

administrative entity, and REPAC is permitted to act on behalf of the five areas in the expenditure of the funds as stipulated through a local consortium agreement.

Requested Waiver: Waiver to re-direct payment to Gila County REPAC of any incentive funds earned by local area members of REPAC based on exemplary performance on the Dislocated Worker core indicators.

The State has withdrawn this waiver request. Under WIA, the State is permitted to allow local areas to pool incentive awards based on exemplary performance.

Requested Waiver: Waiver to permit the Gila County REPAC to negotiate a uniform set of measures and represent the five local areas in preparation of the State annual report as described in Section 136(c); 20 CFR 666.300 and 666.310.

The State is requesting an extension of this waiver to support its integration of the Gila County REPAC. ETA is granting an extension of this waiver through June 30, 2010.

Requested Waiver: Waiver of WIA Section 136(h) and 20 CFR 666.420 to apply any applicable sanctioning to the Gila County REPAC with regard to those performance measures that were negotiated collectively.

The State is requesting an extension of this waiver to support its integration of the Gila County REPAC. ETA is granting an extension of this waiver through June 30, 2010.

Requested Waiver: 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, 2010. 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 ETA Training and Employment Guidance Letter (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.

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

The State is requesting 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 this waiver through June 30, 2010. 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.

Requested Waiver: 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 three of the ten youth program elements: supportive services, follow-up services, and work experience. The State is granted this waiver through June 30, 2010. Under this waiver, the State is permitted to allow its One-Stop Career Centers or partner agencies to directly provide youth program elements. In utilizing this waiver, 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.

Requested 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 for incumbent worker training. ETA only intends to approve this waiver where incumbent worker training is part of a documented layoff aversion strategy. The State has not provided ETA sufficient information about its layoff aversion approach and how incumbent worker training under this waiver fits into that approach. Therefore, ETA denies this waiver. We will reconsider the waiver should the State wish to submit additional information.

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 continuing our partnership with you and achieving better workforce outcomes. If you have any questions related to the issues discussed above, please contact Richard Trigg, the Regional Administrator for Region VI, at (415) 625-7900 or Trigg.Richard@dol.gov.

Sincerely,



Jane Oates
Assistant Secretary

Enclosure

cc: Ralph Zackheim, Federal Project Officer for Arizona, ETA San Francisco Regional Office

**STATE OF ARIZONA WAIVER PLAN
FOR THE WORKFORCE INVESTMENT ACT
STIMULUS PROGRAMS AND ON-GOING FORMULA FUNDED
PROGRAM YEAR 2009**

The Arizona Department of Economic Security (DES), the state administrative entity for the Workforce Investment Act (WIA), is requesting new and expanded waivers, as well as, extension of waivers of legal requirements under WIA. This will address the urgent nature of the American Recovery and Reinvestment Act of 2009 (ARRA) and maximize the flexibility needed to ensure expedient implementation of stimulus programs designed to impact local economic vitality. The waiver plan will also assist with the transformation of the current workforce system to a demand-driven, sector based, and regionally driven talent development pipeline.

Upon approval of the waivers pertaining to the Recovery Act, DES will be able to ensure the timely implementation and expenditure of grant funds in support of businesses and individuals affected by the economic downturn being experienced in Arizona. All waiver requests are intended for implementation through the period of performance for the economic stimulus funds, which is scheduled to end June 30, 2011. In addition, all waiver requests, with the exception of the Adult and Dislocated Worker Funds 100 percent Transfer Waiver, are intended to apply to the Recovery Act formula funding.

Upon approval of the waivers pertaining to ongoing formula-funded programs, DES will be able to allow greater flexibility and encourage increased innovation to drive system transformation through regional sector strategies that create talent pipelines to meet business needs. Arizona is seeking all waiver requests for implementation through June 30, 2010. In addition, all waiver requests are intended to apply to the non-Recovery Act formula funding.

This waiver request follows the format identified in WIA Section 189(i)(4)(B), (29 USCA Section 2939(i)(4)(B)), and WIA Final Regulations at 20 CFR Section 661.420(c).

EXISTING WAIVERS

WAIVER 1 – WAIVER OF THE TIME LIMIT ON THE PERIOD OF INITIAL ELIGIBILITY FOR TRAINING PROVIDERS

This waiver was included in the State Plan extension letter and is not required as part of the full waiver plan per TEGL #14-08.

WAIVER 2 –WAIVER PERMITTING THE DIRECT PAYMENT OF DISLOCATED WORKER (DW) FUNDS ALLOCATED TO EACH OF THE FIVE LWIAS AND INSTEAD REDIRECT THE AGGREGATE SUM OF THOSE ALLOCATIONS TO THE GILA COUNTY RE-EMPLOYMENT AND PRE-LAYOFF ASSISTANCE CENTER (REPAC). REPAC WILL ACT ON BEHALF OF THOSE SIX AREAS IN THE EXPENDITURE OF DISLOCATED WORKER AND RAPID RESPONSE FUNDS, AS STIPULATED THROUGH A LOCAL CONSORTIUM AGREEMENT.

Among Arizona's 14 LWIAs, most are characterized as rural according to federal and state economic standards. In January 2003, the state was granted a waiver which essentially allowed a pooling of the dislocated worker (DW)/rapid response (RR) formula allocations for five of these rural LWIAs, resulting in integration of their DW programs under a single administrative entity. This entity, known as the Re-employment and Pre-layoff Assistance Center (REPAC), currently administers the DW program for the consortium made up of Gila/Pinal, Graham, Greenlee, Mohave/LaPaz counties, and the Nineteen Tribal Nations (NTN). The waiver granted previously to Arizona impacts multiple provisions of the WIA and its regulations. However, it provides the fiscal and programmatic flexibility necessary to improve performance outcomes, as well as expand the service mix to customers in all five LWIAs. All annually reported measures have been met or exceeded since the local-level WIA Performance Measure waiver was granted in Program Year (PY) 2002. Integration of rural programs under the waivers has also increased the number of staff dedicated to providing services, specifically to dislocated workers; recordkeeping has become centralized, and the frequency and the quality of data input has improved dramatically. More importantly, the waiver has paved the way for new opportunities to leverage funding and other resources – crucial elements in continuing the integration of employment and training programs nationally.

Statutory and Regulatory Requirements to be Waived

WIA Section 133(b)(2)(B), 134(a)(2)(B)(iii), (136(c), 136(h), WIA Final Rule 20 CFR 666.300, 666.310, 666.420, 667.130, 667.130(b)(1),

Goals and Programmatic Outcomes to be Achieved

- Leverage resources for better services in small rural areas;
- Provides for the availability of REPAC staff in each county for case management services specific to dislocated workers; and
- Increased partnership with DES by having in-house case managers at the One-Stop Centers and/or subcontracting with Employment Service to minimize overhead costs.

Individuals Impacted by the Waiver

- Arizona Local Workforce Investment Boards;
- Training providers;
- One-Stop staff; and
- WIA dislocated worker customers.

State or Local Statutory or Regulatory Barriers

There are no state, local statutory or regulatory barriers to implementing the state's request for waiver.

Opportunity for Public Comment and the Process for Monitoring Implementation of the Waiver

The state provided a 10 day public comment period for this waiver request (May 27 - June 5, 2009). No comments were received. The Arizona Department of Economic Security (DES), as the State WIA Administrative Agency, will continue to monitor this waiver and the use of funds by the Local Workforce Investment Areas (LWIAs). The state's current monitoring policy and procedures are used to ensure compliance with the intent of this waiver.

WAIVER 3 - WAIVER FOR THE DIRECT PAYMENT OF ANY INCENTIVE FUNDS THAT MIGHT OTHERWISE BE AWARDED TO ANY OR ALL OF THE REFERENCED LWIAs BASED ON EXEMPLARY PERFORMANCE WITH THE DISLOCATED WORKER CORE INDICATORS AND INSTEAD REDIRECT SUCH FUNDS TO REPAC.

In January 2003, the state was granted a waiver which essentially allowed the direct payment of incentive funds that local areas earn based on exemplary performance to the entity known as the Re-employment and Pre-layoff Assistance Center (REPAC). Permission was granted by the USDOL to permit the state to distribute incentive funds earned by the local workforce investment area members of the consortium to the Gila County REPAC.

Statutory and Regulatory Requirements to be Waived

WIA Section 133(b)(2)(B), 134(a)(2)(B)(iii), (136(c), 136(h), WIA Final Rule 20 CFR 666.300, 666.310, 666.420, 667.130, 667.130(b)(1),

Goals and Programmatic Outcomes to be Achieved

- Dislocated workers in rural areas; and
- LWIAs.

Individuals Impacted by the Waiver

- Arizona Local Workforce Investment Boards;
- Training providers;
- One-Stop staff; and
- WIA customers.

State or Local Statutory or Regulatory Barriers

There are no state, local statutory, or regulatory barriers to implementing the state's request for waiver.

Opportunity for Public Comment and the Process for Monitoring Implementation of the Waiver

The state provided a 10 day public comment period for this waiver request (May 27 - June 5, 2009). No comments were received. The Arizona Department of Economic Security (DES), as the State WIA Administrative Agency, will monitor the implementation of this waiver and the use of funds by the Local Workforce Investment Areas (LWIA's). The state's current monitoring policy and procedures are used to ensure compliance with the intent of this waiver.

WAIVER 4 – WAIVE THE SANCTIONING OF ANY OF THE REFERENCED LWIAs FOR FAILURE TO MEET PERFORMANCE LEVELS FOR DISLOCATED WORKER CORE INDICATORS AND INSTEAD APPLY ANY APPLICABLE SANCTIONING TO REPAC WITH REGARD TO THOSE PERFORMANCE MEASURES THAT WERE NEGOTIATED COLLECTIVELY.

In January 2003, the state was granted a waiver to allow the sanctioning of any of the local workforce investment areas for failure to meet performance levels for dislocated worker core indicators and instead apply any applicable sanctioning to the Gila County REPAC. This waiver applies to the sanctions for local areas that fail to meet local performance measures as described in Section 136(h) and 20 CFR 666.420 and applies to the local workforce investment areas of Gila/Pinal, Graham, Greenlee, Mohave/LaPaz, and the Nineteen Tribal Nations. In addition, Gila County REPAC will assume all liability for the WIA Title I dislocated worker, rapid response and incentive funds that it receives on behalf of the five local workforce areas that are members of the consortium.

Statutory and Regulatory Requirements to be Waived

WIA Section 133(b)(2)(B), 134(a)(2)(B)(iii), 136(c), 136(h), WIA Final Rule 20 CFR 666.300, 666.310, 666.420, 667.130, 667.130(b)(1),

Goals and Programmatic Outcomes to be Achieved

- Dislocated workers in rural areas; and
- LWIAs.

Individuals Impacted by the Waiver

- Arizona Local Workforce Investment Boards;
- Training providers;
- One-Stop staff; and
- WIA customers.

State or Local Statutory or Regulatory Barriers

There are no state, local statutory, or regulatory barriers to implementing the state's request for waiver.

Opportunity for Public Comment and the Process for Monitoring Implementation of the Waiver

The state provided a 10 day public comment period for this waiver request (May 27 - June 5, 2009). No comments were received. The Arizona Department of Economic Security (DES), as the State WIA Administrative Agency, will monitor the continuation of this waiver and the use of funds by the Local Workforce Investment Areas (LWIA's). The state's current monitoring policy and procedures will be used to ensure compliance with the intent of this waiver.

WAIVER 5 – WAIVE THE NECESSITY TO NEGOTIATE AND REACH AGREEMENT ON DISLOCATED WORKER PERFORMANCE MEASURES FOR EACH OF THE REFERENCED LWIAS AND INSTEAD PERMIT REPAC TO NEGOTIATE A UNIFORM SET OF MEASURES, WHICH WOULD BE APPLICABLE TO ALL FIVE AREAS COLLECTIVELY. ALLOW REPAC TO REPRESENT THE FIVE LWIAS IN PREPARATION OF THE STATE ANNUAL REPORT.

In January 2003, the state was granted a waiver to permit Gila REPAC the ability to negotiate one set of dislocated worker performance measures that would be applicable to all five of the local workforce investment areas in the consortium collectively. This waiver applies to the negotiations and agreements reached regarding the annual levels of performance for the dislocated worker program only as described in Section 136(c); 20 CFR 666.300 and 666.310; for the local workforce investment areas that are members of the consortium.

Statutory and Regulatory Requirements to be Waived

WIA Section 133(b)(2)(B), 134(a)(2)(B)(iii), 136(c), 136(h), WIA Final Rule 20 CFR 666.300, 666.310, 666.420, 667.130, 667.130(b)(1),

Goals and Programmatic Outcomes to be Achieved

- Dislocated workers in rural areas; and
- LWIAs.

Individuals Impacted by the Waiver

- Arizona Local Workforce Investment Boards;
- Training providers;
- One-Stop staff; and
- WIA customers.

State or Local Statutory or Regulatory Barriers

There are no state, local statutory, or regulatory barriers to implementing the state’s request for waiver.

Opportunity for Public Comment and the Process for Monitoring Implementation of the Waiver

The state provided a 10 day public comment period for this waiver request (May 27 - June 5, 2009). No comments were received. The Arizona Department of Economic Security (DES), as the State WIA Administrative Agency, will monitor the continuation of this waiver and the use of funds by the Local Workforce Investment Areas (LWIAs). The state’s current monitoring policy and procedures will be used to ensure compliance with the intent of this waiver.

WAIVER 6 – WAIVER TO REQUEST 20 PERCENT FUNDS TRANSFER CAP TO PERMIT 100 PERCENT TRANSFER BETWEEN ADULT AND DISLOCATED WORKER PROGRAMS.

Arizona’s state workforce investment board, the Governor’s Council on Workforce Policy (GCWP), has consistently advocated for local decision-making that broadens the level and mix of services to job seekers. Among the factors that support this view are: (1) the diverse economic and cultural communities in the state, and (2) the disproportionate distribution of Arizona’s population across two metropolitan areas (Phoenix and Tucson) and 13 largely rural areas. These factors have presented serious challenges at times to individual LWIBs in their efforts to comply with federal funding rules. The challenges have translated into lagging funding utilization rates in at least six LWIAs over the past two program years, where the number of adults in need is significantly larger than the number of dislocated workers requiring help. In narratives submitted to the state each quarter, DOL has consistently called for the state to address the under-spending of DW funds. For the foreseeable future, the waiver giving authority to the GCWP to increase local transfer rates provides the much-needed flexibility that local boards require to meet the distinct needs of their individual customer groups. This waiver only applies to WIA Formula funding.

Statutory and Regulatory Requirements to be Waived

WIA Section 133(b)(4), 20 CFR 667.140(a)

Goals and Programmatic Outcomes to be Achieved

- Supports WIA program design based on local needs;
- Supports improved alignment of service offerings by partner programs with local WIA programs; and
- Performance outcomes will improve overall and more customers will be served in the aggregate in those LWIAs that actively pursue a modification in their transfer rate.

Individuals Impacted by the Waiver

- Arizona Local Workforce Investment Boards;
- One-Stop staff; and
- WIA customers.

State or Local Statutory or Regulatory Barriers

There are no state, local statutory, or regulatory barriers to implementing the state’s request for waiver.

Opportunity for Public Comment and the Process for Monitoring Implementation of the Waiver

The state provided a 10 day public comment period for this waiver request (May 27 - June 5, 2009). No comments were received. The Arizona Department of Economic Security (DES), as the State WIA Administrative Agency, will monitor the continuation of this waiver and the use of funds by the Local Workforce Investment Areas (LWIAs). The state’s current monitoring policy and procedures will be used to ensure compliance with the intent of this waiver.

WAIVER 7 – WAIVER OF THE REQUIREMENT FOR A 50 PERCENT EMPLOYER MATCH FOR CUSTOMIZED TRAINING, TO PREVENT A SLIDING SCALE MATCH FOR SMALL AND MEDIUM SIZED BUSINESSES.

The State of Arizona was granted a waiver by the United States Department of Labor (USDOL) of the 50 percent minimum match requirements for business customers to participate in the costs of providing WIA Title IB customized training to adults and dislocated workers which will assist business customers with their training needs. Arizona recognizes that small businesses often have limited resources to meet their training needs. The following schedule of costs to businesses will be instituted based on the number of employees in their business applicant's workforce:

- A business with 100 or more employees must pay 50 percent of the training cost
- A business with 99-50 employees must pay 40 percent of the training cost
- A business with 49-25 employees must pay 30 percent of the training cost
- A business with 24-10 employees must pay 20 percent of the training cost
- A business with 9 or less employees must pay 10 percent of the training cost

The Governor's Council on Workforce Policy is committed to ensuring that new and current employees enrolled in customized training programs acquire skills to meet workplace requirements for long-term employment, avert lay-offs, and train for employment with emphasis on high-skill, high-wage occupational areas.

Statutory and Regulatory Requirements to be Waived

WIA Section 101(8)(c)

Goals and Programmatic Outcomes to be Achieved

- Assist business customers with their training needs;
- Ensure new and current employees enrolled in customized training programs acquire skills to meet workplace requirements for long-term employment;
- Avert layoffs; and
- Train for employment with emphasis on high skill, high wage occupations.

Individuals Impacted by the Waiver

- Arizona Local Workforce Investment Boards;
- Training providers;
- One-Stop staff; and
- WIA customers.

State or Local Statutory or Regulatory Barriers

There are no state, local statutory, or regulatory barriers to implementing the state's request for waiver.

Opportunity for Public Comment and the Process for Monitoring Implementation of the Waiver

The state provided a 10 day public comment period for this waiver request (May 27 –June 5, 2009). No comments were received. The Arizona Department of Economic Security (DES), as the State WIA Administrative Agency, will monitor the continuation of this waiver and the use of funds by the Local Workforce Investment Areas (LWIAs). The state’s current monitoring policy and procedures will be used to ensure compliance with the intent of this waiver.

NEW WAIVER REQUESTS/ARRA

Waiver 8 – REQUEST TO WAIVE PROCUREMENT REQUIREMENTS FOR YOUTH SUMMER EMPLOYMENT PROVIDERS UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT.

The American Recovery and Reinvestment Act (ARRA) of 2009 and the directives from the United States Department of Labor (USDOL) issued in response to the ARRA funding indicates that transparency and accountability are absolutely required as to the expenditure of these funds. Therefore, Arizona is requesting that current competitively procured contracts and/or services be expanded to ensure ARRA funds are distributed quickly and efficiently. We are aware that a waiver may be needed to infuse new ARRA funding into existing contracts. This waiver is being submitted to ensure that Arizona is in compliance with USDOL requirements for utilization of ARRA funding for youth contracted services. The approval of this waiver will allow rapid implementation of summer 2009 employment programs by expanding existing competitively procured contracts by up to 200 percent so that WIA summer youth employment activities may begin immediately. Arizona views this waiver as an emergency waiver in order to support the LWIBs in their efforts to expand existing contracts to accommodate the increased number of youth entering this year's summer youth program as a result of ARRA.

Statutory or Regulatory Requirements to be Waived

WIA Section 123

Goals and Programmatic Outcomes to be Achieved

- Permit Local Workforce Boards (LWIBs) to use existing competitively procured youth providers with demonstrated records of success to administer summer employment programs;
- Provide a more responsive and comprehensive summer program that can be implemented quickly and effectively by taking advantage of the expertise and established systems available through current youth providers; and
- Maximize the flexibility needed to ensure speedy implementation of stimulus programs.

Individuals Impacted by the Waiver

- Youth meeting WIA Youth Program eligibility requirements;
- School, public, and community based organizations that serve the youth meeting program eligibility requirements; and
- Local areas who have secured youth service contracts needing to implement summer programs quickly and efficiently.

State or Local Statutory or Regulatory Barriers

There are no state, local statutory, or regulatory barriers to implementing the state's request for waiver.

Accountability

The state assures that Arizona's LWIAs who expand existing contracts will follow the state and local procurement laws and policies. The Department's Fiscal Monitoring Unit is very familiar with the regulations and will ensure that LWIBs utilizing this waiver will adhere to the law through periodic procurement monitoring conducted by the fiscal oversight staff.

Local areas are required to provide information on youth contracts in the LWIA Modified Plan PY 2009. That information includes the projected number of youth to be served as well as existing contract amendment amounts allowing for the increase in youth participants for the summer program.

Announcement of Summer Employment Providers

A list of current summer service providers will be posted at:

<https://egov.azdes.gov/CMSInternet/main.aspx?menu=148&id=1990>

Each LWIB will also be responsible for identifying local area service providers for the summer youth employment program on their website.

Opportunity for Public Comment and the Process for Monitoring Implementation of the Waiver

On April 9, 2009, a meeting was held with local area directors to discuss possible waiver requests. At the request of the directors this waiver is being submitted on their behalf. A draft of the waivers was issued for comment to the directors on April 27, 2009. No comments were received.

The state provided a five day public comment period for this waiver request (May 1 - May 5, 2009). No comments were received. The Arizona Department of Economic Security (DES), as the State WIA Administrative Agency, will monitor the implementation of this waiver and the use of funds by the Local Workforce Investment Areas (LWIAs). The state's current monitoring policy and procedures will be modified to ensure compliance with the intent of this waiver.

Waiver 9 – REQUEST TO WAIVE PERFORMANCE MEASURES FOR YOUTH WHO PARTICIPATE IN WORK EXPERIENCE ONLY BEYOND THE SUMMER MONTHS UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT.

Arizona is requesting a waiver of the statutory measures for out-of-school youth ages 18-24 served with American Recovery and Reinvestment Act (ARRA) funds, beyond the summer months, who participate in work experience only. This would allow Arizona to use the work readiness indicator as the only indicator of performance for such youth, the same measure that applies to summer youth only participants. Guidance provided in TEGL #14-08, Section 16(A), states that it may be necessary to provide additional flexibility for out-of-school youth served with ARRA funds who participate in work experience only beyond summer employment. Arizona is requesting the additional flexibility to be utilized for youth ages 18 to 24 served with ARRA funds beyond the summer months, participating in a work experience only. Local Workforce Investment Boards (LWIBs) will have the following available through this waiver:

- Flexibility to determine which program elements they provide with ARRA funds;
- Provide follow-up services when deemed appropriate for such individuals;
- Flexibility to determine the type of assessment and Individual Service Strategy (ISS) for youth served with ARRA funds during the summer months only and provide the type of assessment deemed appropriate for each individual;
- Flexibility to determine whether it is appropriate that academic learning be directly linked to summer employment for each youth served with ARRA funds during the summer months only; and
- The work readiness indicator as the only indicator of performance for youth ages 18 to 24 who participate in work experience beyond the summer months (October 1, 2009 through March 31, 2010).

This waiver request is intended to facilitate implementation of WIA youth services under the ARRA and support the intent of Congress to service 18-24 year olds through work experience in a time of difficult employment for young people. The waiver would only apply to the first six months following the summer of 2009, specifically October 1, 2009 through March 31, 2010.

Statutory or Regulatory Requirements to be Waived

WIA Section 136(b)(2)(A)

Goals and Programmatic Outcomes to be Achieved

- Facilitate implementation of WIA Youth services under the ARRA;
- Support the intent of the Congress to serve 18-24 year olds through work experience; and
- Encourage continued engagement of a group of youth who are disconnected from education and the workforce.

Continued Service Plans for Participants Served Under this Waiver

Youth who participate in an extended work experience allowed by approval of this waiver will benefit from a smooth transition from summer employment opportunities to a more comprehensive array of education and training services provided under youth or adult programs

either through WIA Formula or ARRA funded youth services. Youth who are assessed in need of additional work experience under the ARRA shall have the justification documented in their ISS. These youth will continue to be measured for the work readiness indicator only, as long as they complete by March 31, 2010.

Priority of meeting the youth's needs will be the deciding factor on continuing the youth into other services, not whether they'll be accountable to other common measures beyond the work readiness indicator.

Individuals Impacted by the Waiver

Out-of-school youth population, ages 18-24 served with ARRA funds beyond the summer months (May 1, 2009 through September 30, 2009) who participate in work experience only and require further assistance with the development of job skills and the assessment of work readiness.

State or Local Statutory or Regulatory Barriers

There are no state, local statutory, or regulatory barriers to implementing the state's request for waiver.

Opportunity for Public Comment and the Process for Monitoring Implementation of the Waiver

On April 9, 2009, a meeting was held with local area Directors to discuss possible waiver requests. At the request of the directors this waiver is being submitted on their behalf. A draft of the waivers was issued out to the directors for comment on April 27, 2009. No comments were received.

The state provided a five day public comment period for this waiver request (May 1 - May 5, 2009). No comments were received. The Arizona Department of Economic Security (DES), as the State WIA Administrative Agency, will monitor the implementation of this waiver and the use of funds by the Local Workforce Investment Areas (LWIAs). The state's current monitoring policy and procedures will be modified to ensure compliance with the intent of this waiver.

<p>WAIVER 10 – REQUEST A WAIVER TO PERMIT THE USE OF UP TO 100 PERCENT OF RAPID RESPONSE FUNDS TO CONDUCT STATEWIDE ACTIVITIES INCLUDING INCUMBENT WORKER TRAINING.</p>
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The purpose of this waiver is to increase flexibility for the use of WIA Formula and American Recovery and Reinvestment Act (ARRA) funds for the purpose of utilizing incumbent worker training as part of the state’s strategic plan goals by providing definitive layoff aversion strategies to employers experiencing difficulties during the current economic conditions. This waiver would provide the Arizona workforce system with additional opportunities to maximize training services and other required and allowable statewide activities that meet the skill needs of employers, job seekers, and incumbent workers for the jobs of the 21st Century. The waiver will allow Arizona to remove barriers to serving businesses and increase the number of incumbent workers served through WIA. Additionally, the waiver will allow Arizona to encourage and expand the provision of incumbent worker and customized training activities allowing LWIAs to focus on employers and worker competitiveness through training aimed at upgrading skills therefore, strengthening regional economies. This waiver would apply to WIA formula funds as well as Recovery Act funding.

Statutory and Regulatory Requirements to be Waived

Section 133(a) and 134(a)

Goals and Programmatic Outcomes to be Achieved

- Maintain a competitive economy and promote economic growth;
- Help businesses solve workforce challenges;
- Enhance skills and earnings of employees; and
- Increase retention of existing jobs and reduce high turnover rates.

Individuals Impacted by the Waiver

- Established, participating Arizona businesses; and
- Current workers.

State or Local Statutory or Regulatory Barriers

There are no state, local statutory, or regulatory barriers to implementing the state’s request for waiver.

Opportunity for Public Comment and the Process for Monitoring Implementation of the Waiver

The state provided a five day public comment period for this waiver request, (May 1 – May 5, 2009). No comments were received. The Arizona Department of Economic Security (DES), as the WIA State Administrative Agency, will monitor the implementation of this waiver and the use of funds by the Local Workforce Investment Areas (LWIAs). The state’s current monitoring policy and procedures will be modified to ensure compliance with the intent of this waiver.

PENDING WAIVER REQUESTS/NON-ARRA

WAIVER 11 – WAIVER OF THE REQUIREMENT FOR COMPETITIVE PROCUREMENT OF SERVICE PROVIDERS FOR THE CERTAIN YOUTH ELEMENTS TO ADDRESS BARRIERS RELATED TO THE LACK OF TRAINING PROVIDERS AND TO ENSURE CONTINUITY IN YOUTH SERVICES. THE YOUTH ELEMENTS ARIZONA IS REQUESTING TO BE WAIVED ARE: (1) WORK EXPERIENCE, (2) SUPPORTIVE SERVICES, AND (3) FOLLOW-UP SERVICES.

Arizona is requesting a waiver regarding the competitive selection requirements for providers of youth service. Eleven of the 14 LWIAs in Arizona are rural areas, which includes the Nineteen Tribal Nations (NTN) LWIA. The WIA youth procurement requirement creates a hardship within the rural areas due to the limited number of service providers available. Under current conditions, competitive bidding for most youth services in rural areas is not cost efficient and has resulted in interruption of services to eligible youth, as services have to be re-bid when there is no response to a request for proposals (RFP). Spending dollars in a competitive bidding process for services that can effectively be provided through the One-Stop system is not cost effective and reduces resources in support of the One-Stop infrastructure. While Arizona’s WIA youth performance has been less than adequate in some areas during the past several years, it is being addressed in a number of ways, all of which we are optimistic that the steps taken will lead to improved performance in the future. LWIAs have continued in their attempts to competitively solicit the required WIA youth elements to no avail. The process has become burdensome in areas where there has been a demonstrated lack of competition over the years.

Statutory and Regulatory Requirements to be Waived

WIA Section 117(d)(2)(B), 117(h)(4)(B)(i), 123

Goals and Programmatic Outcomes to be Achieved

- Allow case managers to provide follow-up, support services, and work experience to improve continuity of services; and
- Offer a more efficient use of available resources in youth service delivery system.

Individuals Impacted by the Waiver

- Arizona Local Workforce Investment Boards;
- One-Stop staff; and
- WIA customers.

State or Local Statutory or Regulatory Barriers

There are no state or local statutory or regulatory barriers to implementing the state’s request or any federal waiver necessary to implement the request.

Opportunity for Public Comment and the Process for Monitoring Implementation of the Waiver

In accordance with WIA Section 189(i)(4)(B)(v), CFR 20 §661.420(c)(5), and related guidance, the Department of Economic Security provided numerous opportunities for participation in the development of, and comment on, the draft waiver plan. The public comment process for

Attachment A

meaningful public input into the development of the plan and opportunities to comment on the draft by local boards, business, organized labor, and other partners began in October 2008. The draft plan was formally issued on October 6, 2008 to the LWIA Directors at the Arizona Association of Workforce Developers. The plan was also presented for public comment at the Governor's Council on Workforce Policy and One-Stop Partner Dialogue meetings held on October 7, 2008. No formal written comments were received.