



MAR 18 2013

The Honorable Mark Dayton
Governor of Minnesota
130 State Capitol
75 Reverend Dr. Martin Luther King Jr., Boulevard
St. Paul, Minnesota 55155

Dear Governor Dayton:

We are pleased to be able to respond to your request for waivers of statutory and regulatory requirements under the Workforce Investment Act (WIA). 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 (copy enclosed). 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.

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 a waiver to exempt it from conducting 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 this waiver effective July 1, 2012 through June 30, 2013.

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 a waiver to exempt it from 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 effective July 1, 2012 through June 30, 2013.

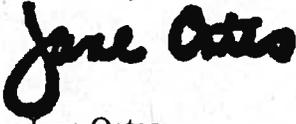
Waiver of 20 CFR 665.200(b)(3) to exempt the state from the requirement to disseminate training provider performance and cost information.

The State is requesting a waiver of the requirement to disseminate training provider performance and cost information. The State is granted this waiver effective July 1, 2012 through June 30, 2013.

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 it 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 by TEGL No. 29-11, the State should address the impact its 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 Carl Stahlheber, Federal Project Officer for Minnesota, at (312) 596-5415 or Stahlheber.Carl@dol.gov.

Sincerely,



Jane Oates
Assistant Secretary

Enclosure

cc: Byron Zuidema, Regional Administrator, ETA Chicago Regional Office
Carl Stahlheber, Federal Project Officer for Minnesota, ETA Chicago Regional Office

**State of Minnesota Workforce Investment Act Waiver Request:
Required Statewide Activities**

The Minnesota Department of Employment and Economic Development (DEED), as the Governor's designated administrator for Minnesota's Workforce Investment Act (WIA) activities, requests a waiver of the requirement to conduct evaluations of workforce investment activities for adults, dislocated workers, and youth; the requirement to provide incentive grants to local areas; and the requirement to disseminate training provider performance and cost information.

The intent of this waiver request is to reduce the number of statewide activities required under Workforce Investment Act law for the duration of the Governor's Reserve reduction from 15 percent to five percent. Without this funding, we will not be able to complete these activities, and will struggle in completing other mandatory activities that we are not allowed to waive.

In compliance with WIA Section 189(i)(4)(B) and 29 CFR 661.420(c), please accept the following request for a waiver.

A. Statutory or Regulatory Requirements to be Waived:

1. WIA Section 134(a)(2)(B)(ii) and 20 CFR 665.200(d) requiring the conduct of evaluations of workforce investment activities for adults, dislocated workers, and youth;
2. WIA Section 134(a)(2)(B)(iii) and 20 CFR 665.200(e) requiring provision of incentive grants to local areas; and
3. 20 CFR 665.200(b)(3) requiring dissemination of training provider performance and cost information.

B. State or Local Statutory or Regulatory Barriers

There are no state statutory, local statutory, or regulatory barriers related to this waiver request.

C. Goals of the Waiver and Expected Programmatic Outcomes if Waiver is Granted

The reduction to five percent in the WIA allotment for Program Year 2011 Governor's Reserve funds restricts the state's ability to effectively fund and carry out all of the required statewide workforce investment activities. The current funding level in the Governor's Reserve is insufficient to cover the cost of evaluations, incentive grants to local areas, dissemination of training provider performance and cost information. **Minnesota will use reduced funds to cover all other non-waivable required activities, which include:**

- Rapid Response activities (20 CFR 665.200(a));
- Disseminating the list of eligible training providers for adults and dislocated workers (WIA Section 134(a)(2)(B)(i) and 20 C.F.R. 665.200(b)(1), and youth activities (20 CFR 665.200(b)(4)); and
- Operating fiscal and management accountability information systems (WIA Section 134(a)(2)(B)(vi) and 20 CFR 665.200(i));
- Disseminating information identifying eligible on-the-job and customized training providers (20 CFR 665.200(b)(2));
- Ensuring that training provider information is widely available (20 CFR 665.200(c));
- Assisting in the establishment and operation of a One-Stop delivery system (20 CFR 665.200(g));
- Making available additional assistance to high concentrations of eligible youth (20 CFR 665.200(h));
- Providing technical assistance to poor performing local areas (WIA Section 134(a)(2)(B)(iv) and 20 CFR 665.200(f)); and
- Submitting required reports (WIA Section 136(f)).

Our goal in seeking this waiver is to ensure that the state may prioritize the use of Governor's Reserve funds for the required activities we deem most essential to the basic functions of the workforce investment system, releasing us from the requirements listed below.

1. WIA Section 134(a)(2)(B)(ii) and 20 CFR 665.200(d) requiring the conduct of evaluations of workforce investment activities for adults, dislocated workers, and youth;

By granting this waiver, service providers and administrative staff will be less burdened by required activities, thereby allowing a refocus of attention on the customer, which will have a positive impact. As a legacy state, Minnesota will carry out the customer satisfaction indicator outlined in WIA Section 136(b)(A)(i); seeking and consolidating answers to the following three questions:

- What is your overall satisfaction with the services?
- To what extent have the services met your expectations?
- How well did the service you received compare with the ideal set of services?

This waiver will release Minnesota from any expectation to carry out any evaluation above and beyond the customer satisfaction survey.

2. WIA Section 134(a)(2)(B)(iii) and 20 CFR 665.200(e) requiring provision of incentive grants to local areas; and

The goal of this waiver is to offset the burden imposed by the elimination of the 10 percent discretionary budget. Local service providers will need to work solely with formula allocations, which were slightly increased. This reduction in funding will impact programmatic outcomes, as service providers often use local incentive award funding to provide direct services, such as to fund resource room staff and training programs. Over time, quality of service may decline as local providers often use this funding to support on-going training of staff and WIB members.

3. 20 CFR 665.200(b)(3) requiring dissemination of training provider performance and cost information.

The goal of this waiver is to offset the burden imposed by elimination of the 10 percent discretionary budget, by removing an activity and freeing up staff time to pursue other critical activities. If granted, staff will be able to better focus time and energy on more pressing program planning and budget management.

D. Description of Individuals Impacted by the Waivers

This waiver will provide MN DEED with more flexibility in directing Governor's Reserve funds to those activities that best preserve basic functions of the statewide workforce investment system.

1. WIA Section 134(a)(2)(B)(ii) and 20 CFR 665.200(d) requiring the conduct of evaluations of workforce investment activities for adults, dislocated workers, and youth;

This waiver should not impact individual customers immediately. Over extended periods of time, however, program staff will not be as promptly aware of feedback from customers, which will limit our opportunities to make proactive, positive changes to services and program operations. By granting this waiver, service providers and administrative staff will be less burdened by required activities, thereby allowing a refocus of attention on the customer, which will result in a positive impact.

2. WIA Section 134(a)(2)(B)(iii) and 20 CFR 665.200(e) requiring provision of incentive grants to local areas; and

Depending upon the Workforce Service Area, customers will be impacted by a reduction in funding available for direct services. Many local areas have grown to rely on these funds to pay for training of staff and Workforce Investment Board members. We expect minimal impact on individual customers, as service providers received a slight increase in formula allocations.

3. 20 CFR 665.200(b)(3) requiring dissemination of training provider performance and cost information.

In the short run, individuals and counselors will not have complete information on which to base decisions when seeking training. However, in Minnesota, all WIA-certified training providers must be licensed, registered, or otherwise exempt by the Minnesota Office of Higher Education, and the course and/or program must be listed on i-SEEK. These measures will offset the lack of performance and cost information in the interim; therefore, we expect no critical impact on individuals.

E. Process for monitoring progress in implementation

As outlined in the waiver request template, the State will monitor progress and ensure accountability for Federal funds in connection with these waivers by reviewing monthly expenditure, performance, and other reports, through regular contact with the ETA Regional Office liaisons, and through its monitoring and performance accountability system.

DEED's internal state monitoring unit will assist in monitoring each of these three waivers. Given that these waivers, if granted, would reduce those activities required of administrative staff, one of our monitoring approaches is to simply ensure that staff members are *not* pursuing unnecessary tasks. Given budget constraints, we need to reduce required activities in order to operate with a reduced budget.

F. Provide notice to any Local Board affected by the waiver:

DEED will provide a copy of this waiver request to all Workforce Service Areas and Investment Boards for their review during the 30-day public comment period.

G. Estimated costs to carry out the required activity for which the waiver is needed and extent to which current funding levels are insufficient to cover these activities:

1. WIA Section 134(a)(2)(B)(ii) and 20 CFR 665.200(d) requiring the conduct of evaluations of workforce investment activities for adults, dislocated workers, and youth;

- PY 2009: \$80,000
- PY 2010: \$28,620
- PY 2011: \$12,743
- Estimated cost for PY 2012: \$12,743 (at least)

Due to budget restraints, DEED reduced the budget in PY 2010 to complete customer satisfaction surveys answering the essential three questions of job seekers and businesses:

- What is your overall satisfaction with the services?
- To what extent have the services met your expectations?
- How well did the services you received compare with the ideal set of services?

Because Minnesota strongly believes in keeping our fingers on the pulse of customer satisfaction, we have found other sources of funding to continue asking these questions and analyzing the data.

2. WIA Section 134(a)(2)(B)(iii) and 20 CFR 665.200(e) requiring provision of incentive grants to local areas; and

- PY 2009: \$400,000

- PY 2010: \$391,334
- PY 2011: \$0
- Estimated cost for PY 2012: \$400,000 (at least)

Without a discretionary budget, DEED has no resources to offer incentive awards to local providers.

3. 20 CFR 665.200(b)(3) requiring dissemination of training provider performance and cost information.

- PY 2009: \$122,449
- PY 2010: \$75,850
- PY 2011: \$0
- Estimated cost for PY 2012: \$75,850 (at least)

Minnesota has retained a contract and strong partnership with iSEEK¹, one of Minnesota's most prominent career, education, and job resource tools. iSEEK is a MNSCU²-housed entity responsible for publicizing WIA-certified programming. However, the costs of disseminating training provider performance and cost information are too great to sustain. Therefore, Minnesota will continue to identify WIA-certified training programs, but requests a waiver of the requirement to disseminate performance and cost information.

H. Outline of Minnesota's use of statewide funds for both required and allowable statewide activities:

I. How Minnesota prioritizes funds across activities, represented by PY 2012 administrative (5%) budget:

ACTIVITY	APPROXIMATED BUDGET
REQUIRED ACTIVITIES	
Disseminating the list of eligible (WIA-certified) providers	\$1,000
Disseminating training provider performance and cost information	\$0
Conducting evaluations (Minimal three questions) ¹	\$11,000
Providing incentive grants	\$0
Assisting in the establishment and operation of One-Stop delivery system and performance accountability	\$430,000
Fiscal and management accountability information system	\$87,500
Administration activities including monitoring, data validation, reporting, performance, oversight, fiscal, etc.	\$1,054,220
ALLOWABLE ACTIVITIES	
Capacity Building	\$0
Implementation of innovative incumbent training programs	\$0
Programs targeted to empowerment zones	\$0
Identification of eligible providers	\$0
Innovative programs for displaced homemakers, etc.	\$0
Programs to increase the number of individuals pursuing training in non-traditional employment	\$0
Other activities to assist local areas	\$0
TOTAL ADMINISTRATIVE (5 PERCENT) BUDGET	\$1,583,720

¹ Minnesota values evaluative activities such as surveying customers for their satisfaction, which is why we've continued to fund this activity despite our existing waiver. We would like the freedom to waive this activity in the event we encounter financial hardship.

- a. **Required:** Since reduction of the 15 percent discretionary budget, Minnesota has focused available statewide funding on two required activities:

¹ iSEEK: <http://www.iseek.org/>

² MNSCU: Minnesota State Colleges and Universities System

- i. Assisting in the establishment and operation of one-stop delivery systems and performance accountability and
- ii. Operating a fiscal and management accountability information system.
- b. Allowable: Since reduction of the 15 percent discretionary budget, Minnesota no longer funds allowable activities as listed under WIA law.

J. Ensure meaningful public comment, including comment by business and organized labor:

On December 2, 2011, our 30-day public comment period closed. At the request of representatives in the DOL/ETA regional office in Chicago, please include these comments as an update to our waiver request.

From members of the Minnesota Workforce Council Association (MWCA):

If DEED does receive additional funding in the future, the reinstatement of Incentive Awards to locals should be a priority.

Understanding that resources aren't allowing for program evaluation efforts right now, we do find them valuable and would encourage DEED to consider reinstating evaluation efforts with WSA-level data in the future. These allow us to improve services and advocate for the system.

It is understandable that some activities and processes will not be continued due to the loss of the 10 percent funds. This policy looks like a reasonable request to DOL.

From a local service provider:

I would like to share that other activities are critical to our program and hope will not be cut:

1. MN Performs and the Participant Roster are critical tools that we use to track performance throughout the year in programs.
2. These tools along with the monitoring visits and technical assistance are important to ensuring that program providers are up to date and aware of policy and procedure changes in programs and offer suggestions for best practices.

	February 15, 2013
Signature	Date
Bonnie Eley, Director, Workforce Development Division	
Name and Title	