

JUN 30 2010



The Honorable C.L. "Butch" Otter
Governor of Idaho
State Capitol
Boise, Idaho 83720-0195

Dear Governor Otter:

This letter provides approval of an extension of Idaho'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 Idaho's request for one new waiver.

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

Idaho'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 Idaho'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 programs 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.

Performance Levels

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 the State'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 Idaho's PY 2009 waivers of statutory and regulatory requirements under WIA for PY 2010. The State also submitted a request for one new waiver (copy enclosed). The State's request for this waiver 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 one new waiver request 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 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 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 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 of WIA Section 123 that requires that providers of Youth program elements be selected on a competitive basis.

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

Application of WIA regulations at 20 CFR 661.300(f) to allow the State Board to carry out the roles of a Local Board.

The State was previously granted a waiver to permit the state to apply 20 CFR 661.300(f) to the statewide regional planning area described in its State Plan. This provision allows states that operate as a single local workforce investment area to use the state workforce investment board to carry out the requirements of the local workforce investment board. The State is seeking to continue to use its State Board to carry out the roles and responsibilities of the Local Boards in the designated region encompassing the state.

We are granting an extension of this waiver through June 30, 2011. Under the waiver, the Governor may designate the State Board to carry out the roles and responsibilities of the Local Boards in the designated region encompassing the state, in the same manner as permitted in single service delivery area states.

New Waiver Request

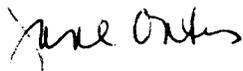
Waiver of WIA Section 101(31)(B) to increase the employer reimbursement for on-the-job training.

The State is requesting 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 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.

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 Dana Durfee, the Federal Project Officer for Idaho, at (415) 625-7938 and Durfee.Dana@dol.gov.

Sincerely,



Jane Oates
Assistant Secretary

Enclosure

cc: Roger B. Madsen, Director, Idaho Department of Labor
Cheryl Brush, Asst. Deputy Director, Idaho Department of Labor
Richard Trigg, Regional Administrator, ETA San Francisco Regional Office

Janet Sten, Federal Coordinator for Plan Review and Approval
Thomas Martin, Grant Officer
Dana Durfee, Federal Project Officer for Idaho

Mr. Richard Trigg
Regional Administrator
U.S. Department of Labor/ETA
90 7th St, Suite 17-300
San Francisco CA 94103-1516

Via e-mail - WIA.PLAN@dol.gov & Trigg.richard@dol.gov

May 14, 2010

Dear Mr. Trigg:

Idaho's Strategic State Plan for Title I of the Workforce Investment Act (WIA) and the Wagner-Peyser Act will expire on June 30, 2010. In accordance with TEGL 21—09, the state of Idaho's plan meets criteria for the automatic extension for PY 2010.

The state will be submitting a waiver to increase the on-the-job reimbursement rates for employers for PY2010. As per the guidance from TEGLs 21-09 and 26-09, the state has included (as Attachment #1 to this letter) its request to waive this Workforce Investment Act requirement under the ETA's waiver authority which allows states flexibility to design and implement workforce strategies to meet unique state needs. This waiver request meets the required elements as noted under CFR 661.420(c).

Also included in this letter are Idaho's proposed new performance goals for the PY 2010 for both WIA and Wagner-Peyser programs. These new goals are reflective of the downturn in the nation's economy which has not left Idaho unscathed. These goals are listed on Attachment #2 and are being submitted in accordance with TEGL 23-09.

The specific performance goals that we recommend changing from Program Year 2009 include:

- Dislocated Worker - Entered Employment (from 85% to 80%)
- Dislocated Worker – Employment Retention (from 91% to 85%)
- Youth – Literacy and Numeracy Gains (from 30% to 25%)
- Wagner Peyser – Entered Employment (from 65% to 62%)

An analysis of the rolling four quarters on the current Program Year's 9090 WIA Quarterly Report revealed Idaho's outcomes in the areas of employment, retention and earnings have steadily declined due to the down turn in the economy. Our WIA Management Information System's interim performance report for the current program year beginning July 1, 2009 through mid-May, 2010, indicates an Entered Employment Rate of only 70.3% for our dislocated worker population.

Program Year 2009's Labor Exchange 9002 Report also shows a steady decline in Entered Employment outcomes from 64.3% in the first quarter down to 57.9% in the third quarter.

During this time, Idaho has been among the states experiencing the highest rate of growth in job loss and unemployment. Unemployment rates in March 2010 in the Boise City and Coeur d'Alene MSAs, which receive the vast majority of program dollars is 10%, which is higher than the national average. This is up from 6.9% and 8.5%, respectively, in March 2009.

Also on a steady decline in the current Program Year are Literacy and Numeracy Gains. Idaho staff have struggled with the out-of-school basic skills deficient youth population. One issue noted by staff is that this particular population typically are dropouts who are difficult to entice to take lengthy pre- and post-tests in an academic-related realm. Though necessary services are nonetheless provided to increase their basic skills deficiencies, Idaho continues to struggle to overcome the challenge of having participants take tests to demonstrate skill increases.

A committee has been formed to address this issue. Several strategies to to increase this outcome are underway. Statewide staff training was developed and administered to all youth case management staff. Additionally, we are exploring alternative testing instruments and methods that will be more appealing to youth. Despite these efforts, because it is possible for a youth who refused testing the first year to affect the Literacy and Numeracy Gains outcomes for the subsequent two years, we anticipate only modest gains in Program Year 2010.

Both the waiver request and proposed goals will be posted on the Idaho Department of Labor's website to allow for public comment, as required by regulation. After the comment period, public submissions will be reviewed and incorporated as part of the waiver request and the performance goals as necessary. As noted earlier, these items are posted on the Idaho Department of Labor's Web site (labor.idaho.gov) at the following:

- "What's News", then click on "[Proposed Waiver Request and Performance Goals for PY2010](#)", which includes an e-mail address for public comment

As prescribed in TEGs 21-09, 23-09 and 26-09, this letter will be forwarded to WIA.PLAN@dol.gov in accordance with the directives for electronic submission of new waiver requests and proposed performance levels.

If you have any questions regarding the waiver request, please contact Cheryl Brush, Assistant Deputy Director for Workforce Development at (208) 332-3570, ext. 3312 or via e-mail at Cheryl.Brush@labor.idaho.gov. If you have any questions regarding the state's proposed

performance levels, please contact Jeanie Irvine, Technical Program Manager, at (208) 332-3570, x3323 or via e-mail at Jeanie.Irvine@labor.idaho.gov.

Sincerely,



Roger B. Madsen
Director

cc: Dana Durfee, Federal Project Officer via-email - Durfee.dana@dol.gov
Rogelio Valdez, IDOL Deputy Director
Cheryl Brush, IDOL Asst. Deputy Director Workforce Development
Dwight Johnson, IDOL Employment and Training Administrator
Jeanie Irvine, IDOL Technical Support Manager

Attachments

**State of Idaho
Workforce Investment Act
Waiver Request for PY 2009 through 2011**

**Waiving the Maximum Employer Reimbursement Rate for On-the-Job Training
Participation from 50% to up to 90%**

Pursuant to WIA Section 189 (i)(4)(B) and the WIA Federal regulations at 20 CFR 661.420, the State of Idaho requests a general waiver to modify the requirements found in WIA Section 101(31)(B) and 20 CFR 663.710 which limit the employer reimbursement for the costs associated with on-the-job training to 50 percent of the OJT participant's wage rate. Idaho proposes to adjust the OJT reimbursement rate from the current maximum rate of 50 percent to a new reimbursement rate of up to 90 percent.

A. Statutory or Regulatory Requirements to be Waived

The State of Idaho is requesting a waiver of the requirement of the 50 percent employer reimbursement limit for on-the-job training, as identified at WIA Section 101 (31)(B) and 20 CFR 663.710

Specifically, the state will establish the on-the-job training reimbursement costs based on a sliding reimbursement scale for employers. Under the waiver, the following OJT employer reimbursement amounts will be permitted:

- a) up to 90% for employers with 50 or fewer employees;
- b) up to 75% for employers with 50 - 250 employees;
- c) for employers with 251 or more employees, reimbursement would remain at the 50% statutory level

The sliding scale would be based on the following factors:

- Labor market demand for the occupation for which OJT is being delivered;
- Labor market demand for the industry in which training is being delivered;
- Percentage of successful completers who are hired by the employer or employers;
- Size of the potential employer's workforce; and
- Demographic characteristics of the trainees with an emphasis on encouraging training individuals with multiple barriers to employment.

No reimbursement greater than 50 percent will remain in effect longer than three months. The waiver will apply to Program Year 2010 and 2011.

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

The proposed waiver will provide the state of Idaho a greater flexibility in responding to local labor markets. WIA funds will be utilized in a manner that maximizes the state's response to the needs of businesses in need by delivering job training and workforce development services that are relevant to the local economy.

The goal of this waiver request is enhance the attractiveness of OJT. Some businesses may view OJTs to be another "government program" with too many regulations and too much paperwork. Employers may not believe it worth the effort to utilize an OJT when hiring only one or two people. This waiver would reverse this trend towards OJTs with the benefits of increased reimbursement outweighing the upfront paperwork, allowing businesses to train job seekers who may have challenging barriers.

By allowing an increase in the current employer OJT reimbursement rate for businesses, Idaho's workforce system will be able to more effectively market WIA funded on-the-job training to support job creation in that sector of the employer community that supports the overwhelming majority of the state's jobs. The proposed increase creates the necessary flexibility for employers to be reimbursed at level more reasonably suited to their needs, resulting in an increase in business participation in on-the-job training programs and eventually improving the percentages of job seekers that receive training and training related employment.

This waiver request has the following goals and programmatic outcomes:

- Allow the state to continue to improve services to customers who would benefit through an OJT;
- Improve the state's capacity to market demand-driven services and build relationships with businesses;
- Increase employment opportunities for harder to serve individuals persons, such as the long term unemployed, older workers, and those with limited or sporadic job histories, by allowing businesses to receive higher reimbursement for training and hiring this population;
- Increase opportunities for the One Stop system to enhance relationships with businesses;
- Increase percentages of employers using OJT as a means of hiring and retaining a skilled workforce;
- Increase number and percentages of workers trained and hired through OJT programs;
- Elevate skill proficiencies for workers that will result in increased worker viability;
- Increase responsiveness to labor market issues in the private sector; and
- Increase flexibility at the local level to offer businesses training solutions tailored to respond to the specific needs of the business.

C. State or Local Statutory or Regulatory Barriers

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

D. Descriptions of Individuals Impacted by the Waiver

Employers will benefit from this waiver allowing OJT at a reduced cost. It will allow businesses to more rapidly adapt to changes in technology and the marketplace. Businesses will be capable of expanding and remaining competitive with affordable OJT options uniquely designed to achieve their specific developmental goals. This waiver will make OJT a much more viable option, especially for small businesses looking to expand.

The waiver will target all individuals (Dislocated Workers, Adults and Youth) who are eligible for services under WIA that can benefit from the availability of OJT options.

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

The Idaho Department of Labor, as the state's Administrative Entity for WIA, will monitor the implementation and impact of the waivers, through a combination of reporting from the local level, state oversight and evaluation. To ensure fiscal integrity, there will be both adequate oversight and complete, consistent reporting. The State will review applicable policies and procedures and modify them accordingly.

Consistent with the general waiver request, the state is adhering to publication requirements to ensure the broadest participation possible through this process. The state's Workforce Development Council approved this waiver during its May 3, 2010 meeting. Opportunities for public comment are currently being solicited and will be reviewed and incorporated into the waiver as necessary.

**IDAHO WORKFORCE INVESTMENT ACT AND WAGNER PEYSER
PERFORMANCE MEASURES**

PROPOSED PERFORMANCE GOALS FOR PY 2010

WIA Adult Programs

1. Entered Employment Rate	78%
2. Retention Rate	82%
3. Average 6 Month Earnings	\$9,000

WIA Disabled Worker Programs

4. Entered Employment Rate	80%
5. Retention Rate	85%
6. Average 6 Month Earnings	\$12,000

WIA Youth

7. Placement in Employment or Education	70%
8. Youth Attainment of a Degree or Certificate	50%
9. Literacy and Numeracy Gains	25%

Wagner Peysen

1. Entered Employment Rate	62%
2. Retention Rate	72%
3. Average 6 Month Earnings	\$10,200