U.S. Department of Labor

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

DEC 0 6 2012

The Honorable Tom Corbett
Governor of Pennsylvania
225 Main Capitol Building
Harrisburg, Pennsylvania 17120

Dear Governor Corbett:

This letter provides approval of Pennsylvania's State Integrated Workforce Plan for Title I of the Workforce Investment Act (WIA), the Wagner-Peyser Act (W-P), including W-P Agricultural Outreach Plan, plans for coordination with Trade Adjustment Assistance (TAA), and Title V of the Older Americans Act. The Employment and Training Administration (ETA) received the State Integrated Workforce Plan on September 14, 2012. This letter also addresses Pennsylvania's WIA waiver requests.

Training and Employment Guidance Letter (TEGL) No. 21-11, issued on March 27, 2012, and TEGL No. 21-11, Change 1, issued on August 8, 2012, provide guidance for states to submit their State Workforce Plans and waivers for Program Year (PY) 2012 and beyond. We appreciate the State's responsiveness to this guidance.

Plan Review and Approval

ETA has reviewed the Pennsylvania State Integrated Workforce Plan in accordance with Title I of WIA, the Wagner-Peyser Act, the Trade Act (as amended), the corresponding regulations, the State Integrated Workforce Plan Requirements for Workforce Investment Act Title I/Wagner-Peyser Act, and Department of Labor Workforce Programs (http://www.doleta.gov/usworkforce/wia-planning/docs/integrated-planning-guidance.pdf), Title V of the Older Americans Act and corresponding regulations, TEGL No. 21-11, and the corresponding Change 1. Pursuant to 20 CFR 661.230(e), this letter constitutes a written determination under WIA Section 112 (29 USC 2822), and WIA section 501 (20 USC 9271) which pertains to State Unified Plans, that ETA is approving those portions of the Pennsylvania State Integrated Workforce Plan that relate to Title I of WIA, the Wagner-Peyser Act, and TAA for Program Years 2012-2016, July 1, 2012 through June 30, 2017. The annual W-P Agricultural Outreach Plan is approved for the period July 1, 2012 through June 30, 2013. The Senior Community Service Employment Program (SCSEP) State Plan has been reviewed by both ETA and the Administration on Aging, and is approved for Program Years 2012-2015, July 1, 2012 through June 30, 2016.

The Commonwealth is eligible to receive WIA formula allotments for Adult, Dislocated Worker, and Youth programs, and W-P program allotments, effective July 1, 2012 through June 30, 2017.

Performance Levels

Each year, the Regional Administrator negotiates the Program Year's WIA and W-P performance goals with each state. Pennsylvania's goals have been negotiated and the Regional Administrator's letter dated October 26, 2012 advised the Commonwealth of the PY 2012 WIA and W-P final performance goals. This letter also indicated that Pennsylvania's final performance goals for PY 2012 will be incorporated into the Regional and National Office copies of the State Integrated Workforce Plan. Please include these final PY 2012 goals in the Commonwealth's official copy of the State Plan. For your convenience, your final negotiated performance goals are enclosed with this letter.

Waivers

As part of Pennsylvania's State Integrated Workforce Plan, the Commonwealth submitted waiver requests for waivers of statutory and regulatory requirements under WIA (copy enclosed). The Commonwealth's requests for waivers are written in the format identified in WIA Section 189(i)(4)(B) and 20 CFR 661.420(c). The disposition of the Commonwealth's waiver requests 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.

Waiver to permit the Commonwealth to replace the performance measures at WIA Section 136(b) with the common measures.

The Commonwealth requested a waiver that allows the Commonwealth to replace the 17 performance measures under WIA Section 136(b) with the common measures. The Commonwealth is granted this waiver through June 30, 2017.

This waiver permits the Commonwealth to negotiate and report WIA outcomes against the common performance measures only, rather than the performance measures described at WIA Section 136(b). The Commonwealth 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 Commonwealth will use the three adult common performance measures to negotiate goals and report outcomes for the WIA Adult and WIA Dislocated Worker programs. The Commonwealth 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 101(31)(B) to increase the employer reimbursement for on-the-job training.

The Commonwealth requested 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 and based on participant skills gaps. The Commonwealth is partially granted this waiver through June 30, 2017. Under the waiver, the following reimbursement amounts will be permitted: up to 90 percent for employers with 50 or fewer employees; and 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.

ETA denies the request for a waiver to permit an increase in employer reimbursement for on-the-job training through a sliding scale based on participant skills gaps. ETA believes implementation of such a waiver is overly complex and difficult to monitor.

When determining the funding source for on-the-job training, the Commonwealth must use the appropriate program funds for the appropriate WIA-eligible population. The Commonwealth and local area may provide on-the-job training to individuals over age 18 with WIA Adult funds and must provide priority to low-income individuals when funds are limited; the Commonwealth and local area may provide on-the-job training to low-income individuals when funds are limited; the Commonwealth and local area 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.

Waiver of the prohibition at 20 CFR 664.510 on the use of Individual Training Accounts for older and out-of-school youth.

The Commonwealth requested a waiver of the prohibition at 20 CFR 664.510 on the use of Individual Training Accounts (ITAs) for older youth and out-of-school youth program participants. The Commonwealth is granted this waiver through June 30, 2017. Under this waiver, the Commonwealth can use ITAs for older youth and out-of-school youth program participants. The Commonwealth must continue to make the 10 youth program elements available as described at WIA Section 129(c)(2). The Commonwealth should ensure that funds used for ITAs are tracked and that the ITAs are reflected in the individual service strategies for these youth.

Waiver of WIA Section 134(a)(2)(B)(ii) and 20 CFR 665.200(d)) to exempt the Commonwealth from the requirement to conduct evaluations.

The Commonwealth is requesting a waiver of the requirement to conduct evaluations of workforce investment activities for adults, dislocated workers, and youth in order to establish and promote continuous improvement of the statewide workforce investment system. ETA is unable to make a determination with the information provided in the request. TEGL 26-09, change 1, provides guidance on the required information for this waiver, and the ETA Regional Office is available to answer questions regarding additional needed information.

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 Commonwealth is requesting a waiver of the requirement to provide local workforce investment areas incentive grants to reward regional cooperation, local coordination of activities, and exemplary performance. ETA is unable to make a determination with the information provided in the request. TEGL 26-09, change 1, provides guidance on the required information for this waiver, and the ETA Regional Office is available to answer questions regarding additional needed information.

The approved waivers are incorporated by reference into the Commonwealth's WIA Grant Agreement, as provided for under paragraph 3 of the executed Agreement, and are incorporated into the State Integrated Workforce Plan. A copy of this letter should be filed with the Commonwealth's WIA Grant Agreement and with the approved State Plan. In addition, as described in TEGL No. 29-11, the Commonwealth 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 Integrated Workforce Plan for PY 2012 and beyond. As discussed in TEGL 36-11, we strongly encourage State WIA grantees to adopt the use of the American Job Center brand for your physical One-Stop Career Centers and online tools. We are available to provide technical assistance. If you have any questions related to the issues discussed above, please contact Michael Toops, the Federal Project Officer for Pennsylvania, at 215-861-5217 and Toops.Michael@dol.gov.

Sincerely,

Jane Oates

Jane Oates
Assistant Secretary

Enclosure

cc: Lenita Jacobs-Simmons, Regional Administrator, ETA Philadelphia Regional Office
Michael Toops, Federal Project Officer for Pennsylvania

From: Larkin, Stephanie [stlarkin@pa.gov]
Posted At: Friday, September 14, 2012 4:40 PM
Conversation: 2012-17 PA State Integrated Workforce Plan
Posted To: WIA.PLAN

Subject: 2012-17 PA State Integrated Workforce Plan

Attached is Pennsylvania's Integrated Workforce Plan for PY2012 through PY2017 attached. Please contact me if you have any questions.

Thank you.

Stephanie Larkin | Director
Pennsylvania Workforce Investment Board
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Appendix O – Waiver Requests

United States Department of Labor, Employment and Training Administration: WIA/W-P Waiver Request Form

Last updated 8-19-2011
OMB Number 1205-0398

Subject: **Performance Measures for Workforce Investment Act Title I; Wagner-Peyser Act (Labor Exchange); Jobs for Veterans Act of 2002; and Trade Act**
Date: **August 31, 2012**
State: **Commonwealth of Pennsylvania**
Agency: **PA Department of Labor & Industry (L&I)**

Statutory and/or regulatory requirements to be waived:
Workforce Investment Act §189(i)(4), §129, §134, §168; 20 CFR WIA Final Rules §652.3 §661.400, §661.410, §661.420, §666.100; Wagner-Peyser Act as amended, Section 10(c) and 3(c); Title 38 United States Code as amended by the Jobs for Veterans Act of 2002; the proposed Trade Act performance measures.

The Commonwealth of Pennsylvania seeks a waiver of the 17 (15 core and 2 customer satisfaction) indicators of performance for employment and training activities authorized under sections 129 and 134 of the Workforce Investment Act; the four Labor Exchange Performance Measures authorized under the Wagner-Peyser Act, the three Trade Act, and the three Veterans Performance Measures authorized under Title 38 United States Code as amended by the Jobs for Veterans Act of 2002. This waiver request will enable Pennsylvania's workforce development partners to implement the six (3adult and 3 youth) new common performance measures being finalized by the United States Department of Labor and five other federal agencies.

These performance measures focus on attainment of education and credentials, placement and retention in employment, and efficiency. Pennsylvania's intent mirrors that of the Workforce Investment Act and WIA Reauthorization — to simplify and streamline the performance accountability system that is an integral part of a reformed workforce development system. This request is in keeping with the commonwealth's vision of a more knowledgeable, skilled, engaged and flexible workforce. It has been Pennsylvania's experience and is also the consensus opinion of most workforce development professionals that the current performance measurement system is too cumbersome to be a viable program management tool across departments. A set of clear and understandable outcome measures ensures accountability across all workforce development programs while improving program management and performance.

Common performance measures across programs and data collected for them will also provide necessary information to help effectively oversee the workforce investment system. They will enhance the commonwealth's ability to assess the effectiveness and impact of workforce development efforts. Common measures will provide a more effective means of determining performance of the various programs, accomplishing this through a system-wide perspective. Such a cross-program strategy is consistent with the move toward integration of programs as

United States Department of Labor, Employment and Training Administration: WIA/W-P Waiver Request Form
Last updated 8-19-2011
OMB Number 1205-0398

Subject: **Provision of Incentive Grants to Local Workforce Investment Areas**
Date: **October 25, 2012**
State: **Commonwealth of Pennsylvania**
Agency: **PA Department of Labor and Industry (L&I)**

Statutory and/or regulatory requirements to be waived:
Waiver of WIA Section 134(a)(2)(B)(iii) and 20 CFR 665.200(e) requiring provision of incentive grants to local areas.

Actions undertaken to remove state or local barriers: There are no state or local barriers.

Goals and expected programmatic outcomes of waiver:

The reduction to five percent in the WIA allotment for Program Year 2012 Governor's Reserve funds restricts the commonwealth'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 incentive grants to local areas.

The commonwealth's reduced funds are being used to cover all other applicable required activities essential to WIA administration and programs per WIA Section 134(a)(2) and 20 CFR 665.200.

Our goal in seeking this waiver is to ensure that the commonwealth may prioritize the use of Governor's Reserve funds for the required activities deemed most essential to the basic functions of the workforce investment system.

Individuals impacted by the waiver:
The waiving of WIA Section 134(a)(2)(B)(iii) and 20 CFR 665.200(e) requiring provision of incentive grants to local areas will have a negative impact on local areas that have achieved exemplary performance; it is noted that this waiver will provide the state agency with more flexibility in directing Governor's Reserve funds to those activities that best preserve basic functions of the statewide workforce investment system.

Process for monitoring progress in implementation:
The commonwealth will monitor progress and ensure accountability for federal funds in connection with these waivers by reviewing monthly expenditure, performance, and other reports; contacting the ETA Regional Office liaisons regularly; and using its monitoring and performance accountability system.

Notice to affected local boards:
The proposed waiver request has been posted to the commonwealth's official website for one week. Concurrently, notification of the posting has been emailed to the commonwealth's 22 local board chairs; executive directors have been copied.

Public comment:
The proposed waiver request has been posted to the commonwealth's official website for one week. Any comments or concerns collected due to the posting, along with the commonwealth's review of the public comments received, has been submitted with the plan.

United States Department of Labor, Employment and Training Administration: WIA/W-P Waiver Request Form
Last updated 8-19-2011
OMB Number 1205-0398

Subject: **On-the-Job Training (OJT) Reimbursement Waiver Request**
Date: **July 1, 2012**
State: **Commonwealth of Pennsylvania**
Agency: **PA Department of Labor & Industry (L&I)**

Statutory and/or regulatory requirements to be waived:
Waiver of WIA Section 101(31)(B) and 20 CFR 663.710(b), which reimburses employers up to 50 percent of the wage rate for extraordinary costs of providing training and additional supervision when providing OJT opportunity to a WIA participant.

This waiver request will allow the commonwealth to reimburse employers up to 90 percent based on either of the following conditions:

- Employer size: (1) up to 90 percent of the participant's wage rate for employers with 50 or fewer employees; or (2) up to 75 percent of the participant's wage rate for employers with 51-250 employees. Employers with more than 250 employees are limited to the standard WIA cap of 50 percent. *

- Participant Skills Gap: Where there is an extraordinarily large gap between the skills of the individual and the skills required for the job, a sliding scale up to 90 percent may be used to reflect the degree of the individual participant's skills gap. Note: The commonwealth will allow up to 90 percent of the participant's wage rate in those cases where the skills gap analysis indicates that a participant has none of the required skills in 80 to 100 percent of the skill areas being analyzed. Up to 75 percent of the participant's wage rate is to be reimbursed when the participant's skills gap analysis indicates that the participant has none of the required skills in 60 to 79 percent of the skill areas being analyzed. The standard WIA cap of 50 percent will be used for all others. *

(*) Priority Populations: Where the reimbursement level is less than 90 percent, an additional 10 percent reimbursement may be offered to incentivize training for participants who are long-term unemployed as defined in Pennsylvania's Integrated Workforce Plan (Program Years 2012-2016); veterans; ex-offenders; displaced homemakers; low-income individuals, such as those receiving public assistance; migrant and seasonal farm workers; and/or individuals with multiple barriers to employment, including older individuals, persons with limited English proficiency, and persons with disabilities.

Wage Cap: Employers may pay participant's wages that are higher than Pennsylvania's average wage at the time of enrollment into OJT; however, reimbursement shall not exceed 90 percent of the state average wage. The state average wage must be documented in the training plan for monitoring purposes.

Dual Enrollment with Trade Adjustment Act Participants: Dislocated workers may be eligible under the WIA and the Trade Adjustment Act of 1974, as amended; this is especially true for participants in certain National Emergency Grants (NEG). For these participants, Trade Act funds must be used first, up to 50 percent of the wage, and supplemented by WIA/NEG funds up to the allowable wage match rate.

OJT Duration Limit: Because resources are limited, the period of reimbursement applying this waiver will be limited to six (6) months to maximize opportunity. Employers who require less time to train OJT participants should be encouraged to transition participants to permanent employment as soon as possible. The length of an OJT is determined in accordance with 20 CFR 663.700(c). For participants dually enrolled under the Trade Act, the length of the OJT depends on the training plan approved by the state. No reimbursement greater than 50 percent will remain in effect longer than six months.

Actions undertaken to remove state or local barriers: There are no state or local statutory or regulatory barriers to impede implementation of this waiver.

Goals and expected programmatic outcomes of waiver:

- Increased number of employers using OJT as a means to hire/retain a skilled workforce
- Increased number and percentages of workers trained and hired through OJT programs
- Elevated skill proficiencies and improved marketability for workers
- Increased responsiveness to labor market issues in the private sector
- Increased flexibility at the local level to offer training solutions tailored to employers' needs
- Reinvigorated local economies when small businesses that are the engine of economic growth are incentivized to hire workers and expand their operations.

Individuals impacted by the waiver:

- Employers, by allowing for more rapid adaptation to changes in technology and the global marketplace and greater capabilities to expand their business and remain competitive.

- Adults, out-of-school youth and dislocated workers who are eligible for services under WIA and the Trade Adjustment Act. Eligible individuals most likely to benefit are those who have multiple barriers to employment, low basic skills or limited English language proficiency.

Process for monitoring progress in implementation:

- Information about successful OJT programs has been shared and discussed at various workforce development forums providing a robust exchange of ideas, resources, and experiences. *Effective On the Job Training Practices, Lessons Learned from the PA NEG OJT Project Report* has been disseminated to LWIA staff. The report provides information and resources that can be used to replicate successful OJT programs.

- L&I is the state administrative entity for the Workforce Investment Act. L&I will monitor the progress and implementation of this waiver through a combination of the Local Plan review and approval process, discussions and presentations at workforce development

forums, sharing of proven strategies and resources, local performance reports, and state oversight and evaluation.

- Performance measures for local implementers will be reviewed monthly to determine the impact of the waiver. The commonwealth will gather information on the progress of the implementation, performance data, and obstacles encountered, if any through review and discussion.

To ensure fiscal integrity, there will be both adequate oversight and complete, monthly reporting. . The commonwealth's *OJT NEG Monitoring Tool* and *Oversight Desk Monitoring Tool* will be modified to address any changes needed as a result of waiver approval. Policies and procedures will be reviewed and modified accordingly.

United States Department of Labor, Employment and Training Administration: WIA/W-P Waiver Request Form
Last updated 8-19-2011
OMB Number 1205-0398

Subject: Allow ITAs for Out-of-School Youth
Date: August 31, 2012
State: Commonwealth of Pennsylvania
Agency: PA Department of Labor and Industry (L&I)

Statutory and/or regulatory requirements to be waived:
Waiver of WIA Section Sec. 122, Sec 123, Sec 129(c)(2)&(3)(A)(ii) and 20 CFR 664.510, which prohibits the use of Individual Training Accounts (ITAs) for youth participants, unless served under the adult or dislocated worker programs.

The WIA statute at Section 129 does not provide youth access to ITAs. The WIA Final Regulations at Sec. 664.510 specifically prohibits the use of youth funds to support ITAs for Out-of-School Youth (OSY) with youth funding.

Under WIA, the focus of youth programs has changed from the provision of short-term, stand alone programs to providing year-round, long-term services designed to assist both in-school and OSY in making the transition to postsecondary training and careers. The commonwealth believes that the intent of this regulation is appropriate; however, contracted year-round youth programs are the best and only training vehicle for certain individuals within Pennsylvania's OSY population. OSY continue to be one of the most difficult populations to serve because their interest often lies in obtaining self sufficient, full-time employment rather than being involved in a typical structured setting that youth contracts provide. Utilization of service elements through year-round contracting, too often results in delaying OSY's access to training and subsequent employment. In addition, the real-life informed decision-making involved in using ITAs and the Eligible Training Program Provider (ETPP) list would provide OSY with the experience of responsibility so necessary as an adult.

LWIAs currently have the option to dual-enroll eligible individuals in youth and adult services, which allows OSY to access ITAs. Such dual enrollment solely for the purpose of allowing OSY access to ITAs, however, restricts local flexibility to manage limited resources. The option to allow OSY to access ITAs and the ETPP process using youth funds and consequently, retain adult funds to provide adult services, enhances local flexibility, which is one of the seven key principles of the WIA. The option for dual enrollment into youth and adult services would still be an option if the LWIA determines it to be appropriate, based on available resources and the needs of the individual.

WIA requires that LWIAs make available a menu of ten program elements, specified at 20 CFR 664.410, to eligible youth. The commonwealth believes that the intent of this regulation is to provide service delivery options that will ensure successful outcomes for OSY. Waiver approval provides another means to assist OSY in meeting their career objectives.

Implementation will be monitored through the local planning process. LWIAs are required to strategies and operational procedures for waiver implementation to ensure compliance with the regulations for payment of training services through an ITA. This waiver will not circumvent the OSY requirements of WIA, but bring service delivery for youth closer to the intent of the Act, while serving customers according to their individual needs.

Actions undertaken to remove state or local barriers: There are no state or local barriers.

Goals and expected programmatic outcomes of waiver:

- Ensures that LWIAs have the flexibility to design and deliver programs based on the needs of their customers, rather than restrictions based solely on age.
- Reduces the paperwork/tracking processes requirement in dual enrollment (OSY and Adult)
- Offers youth the real-life learning experience of making an informed decision that has direct impact on his/her life. Using the ITA/ETPP process with OSY offers case managers the opportunity to discuss the process of decision-making (training provider, finances, etc) and the results that ensue.
- Provides for and promotes customer choice and brings market forces into play.
- Maximizes local flexibility based on youth customers' assessed needs in terms of training that leads to self-sufficiency in demand occupations.
- Provides OSY Youth more choice by opening up the Adult ETPP.
- Allows for use of Youth funds instead of Adult funds for ITAs as part of the 30 percent OSY expenditure requirement.

Individuals impacted by the waiver:
The waiver can positively impact all out-of-school WIA eligible youth. These customers will receive the type of services that most closely and quickly meet their needs without unnecessary paperwork and tracking.

Process for monitoring progress in implementation:
L&I is the state administrative entity for WIA. The waiver enables Pennsylvania the flexibility to design seamless delivery of services and to customize the education and training programs for youth. With an emphasis on furthering customer satisfaction through choice, individual opportunity, and continuity of services, each LWIA can ensure an efficient and quality delivery system. L&I will monitor the implementation and impact of the waiver, through a combination of reporting from the local level, state oversight, and evaluation. Performance measures from the workforce regions will be reviewed quarterly, to determine the impact of the waiver approval. The state will gather information through discussion on the progress of the implementation of the waivers, performance data, and obstacles encountered, if any. To ensure fiscal integrity, there will be both adequate oversight and complete, consistent reporting. The commonwealth will review applicable policies and procedures and modify them accordingly.

WIA Performance Levels for Program Year (PY) 2012

Pennsylvania

Adult Measures	PY 2012
Adult Entered Employment Rate	73.0%
Adult Employment Retention Rate	82.0%
Adult Average Six-Month Earnings	$13,000

Dislocated Worker Measures	
Dislocated Worker Entered Employment Rate	75.0%
Dislocated Worker Employment Retention Rate	90.0%
Dislocated Worker Average Six-Month Earnings	$16,500

Youth Measures	
Literacy/Numeracy Gain	55.0%
Attainment Degree or Certificate Rate	76.0%
Placement Employment or Education	60.0%

W-P Performance Levels for PY 2012

W-P Entered Employment Rate	61.0%
W-P Employment Retention Rate	86.0%
W-P Average Six-Month Earnings	$13,000