



MAR 20 - 2014

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

Dear Governor Corbett:

The Employment and Training Administration (ETA) is pleased to respond to your request for a waiver of statutory and regulatory requirements under the Workforce Investment Act (WIA). This action is taken under the Secretary's authority to waive certain requirements of WIA Title I, Subtitles B and E, and sections 8-10 of the Wagner-Peyser Act. The original request was written in the format identified in WIA section 189(i)(4)(B) and 20 CFR 661.420(c), and meets the standard for approval at 20 CFR 661.420(e). The following is the disposition of the Commonwealth's waiver request.

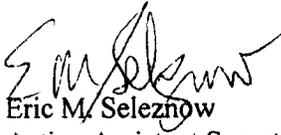
Waiver of WIA Section 134(a)(2)(B)(iii) and 20 CFR 665.200(e) to exempt a state from the requirement to provide local workforce investment area incentive grants.

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. The Commonwealth is granted this waiver effective from July 1, 2013 through June 30, 2014.

The approved waiver is incorporated by reference into the Commonwealth'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. 06-13, the Commonwealth should address the impact this waiver has had on the Commonwealth'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 Michael Toops, the Federal Project Officer for Pennsylvania, at (215) 861-5217 and Toops.Michael@dol.gov.

Sincerely,



Eric M. Seleznow
Acting Assistant Secretary

Enclosure

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



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January 13, 2014

Ms. Lenita Jacobs-Simmons, Regional Administrator
U.S. Department of Labor
Employment and Training Administration, Region 2
The Curtis Center, Suite 825 East
170 South Independence Mall West
Philadelphia, PA 19106-3315

RE: WIA Waiver Requests Submission

Dear Ms. Jacobs-Simmons:

The Pennsylvania Department of Labor and Industry (L&I) is requesting the following waivers as authorized by U.S. Department of Labor's Employment and Training Administration Employment and Guidance letter (TEGL) No.26-09, change 1:

- Provision of Incentive Grants to Local Workforce Investment Areas Waiver for FY 2013

L&I hereby requests your approval of the above-mentioned WIA waivers through this detailed resubmission. These waivers were posted on the commonwealth's official website: the Incentive Grant Waiver was posted from April 24, 2013 to May 24, 2013. Stakeholders were notified via e-mail regarding the posting of these waivers and were provided the opportunity to comment. Stakeholder comments are attached to our waiver request.

If you have any questions, please feel free to contact Steve Wolf, Director of Research and Planning, Pennsylvania Workforce Investment Board, at (717) 705-8820 or stewolf@pa.gov.

Sincerely,

Michelle Staton
Deputy Secretary for Workforce Development

cc: Julia Hearthway, Secretary, Pennsylvania Department of Labor and Industry
Stephanie Larkin, Director, Pennsylvania Workforce Investment Board
Dmitry Zhmurkin, Director, Bureau of Workforce Development Partnership
File



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

Subject: Provision of Incentive Grants to Local Workforce Investment Areas
Date: January 14, 2014
State: Commonwealth of Pennsylvania
Agency: PA Department of Labor and Industry (L&I)

A. Statutory and/or regulatory requirements to be waived:

Waiver of WIA Section 134(a)(2)(B)(iii) and 20 CFR 665.200(e) to exempt Pennsylvania from the requirement to provide incentive awards to local workforce investment areas to reward regional cooperation, local coordination of activities, and exemplary performance.

B. Actions undertaken to remove state or local barriers:

There are no state or local barriers.

C. Goals and expected programmatic outcomes of waiver:

The reduction to five percent in the WIA allotment for Governor's Reserve funds restricts the state's ability to effectively fund and carry out all of the required statewide workforce investment activities. As a result, the current funding level in the Governor's Reserve is insufficient to cover the cost of providing incentive awards to local areas.

The Department of Labor and Industry is seeking this waiver to ensure that the Governor is able to prioritize the use of limited funds for WIA-required activities deemed most essential to the basic functions of Pennsylvania's workforce investment system. The waiver will likewise allow the Governor to initiate activities to further the goals outlined in the Pennsylvania State Integrated Workforce Plan for WIA and Wagner-Peyser Activities, and target special populations such as veterans and individuals with disabilities.

The intent mirrors that of WIA: to simplify and streamline an integral part of a reformed workforce development system. The state's reduced WIA funds have been prioritized to cover the following required activities:

- Required Rapid Response program activities:
- Disseminating:
 - The State list of eligible providers of training services for adults and dislocated workers;
 - Information identifying eligible providers of on-the-job training and customized training;
 - Performance and program cost information about these providers, as described in 20 CFR 652 / 663.540; and
 - A list of eligible providers of youth activities as described in WIA Section 123, Technical Assistance to Locals Areas;

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17121 | 717.787.0805 | Fax 717.346.0455 | www.paworkforce.state.pa.us

*Auxiliary aids and services are available upon request to individuals with disabilities.
Equal Opportunity Employer/Program*



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- Conducting evaluations, under WIA Section 136(c), of workforce investment activities for adults, dislocated workers and youth, in order to establish and promote methods for continuously improving such activities to achieve high-level performance within, and high-level outcomes from, the statewide workforce investment system;
- Providing technical assistance to local areas that fail to meet local performance measures;
- Assisting in the establishment and operation of PA CareerLink[®] (career one-stop) sites in accordance with the strategy described in the State Integrated Workforce Plan for WIA and Wagner-Peyser Activities; and
- Operating a fiscal and management accountability system as required by WIA.

This waiver aligns with the commonwealth's goal of developing a competitive workforce that has the skills necessary to fill available jobs. Pennsylvania is witnessing an increased administrative burden in training escalating numbers of workers and providing technical assistance to local workforce investment areas as they serve local industries seeking qualified employees.

The State Administrative Fund cap of five percent and a decrease in the total allotment of funds for WIA programs has greatly reduced the funds available to provide local workforce investment areas incentive awards. In fact, the federal reduction in statewide funds has cost the commonwealth \$8,797,622 - the amount Pennsylvania would have received in PY12 WIA 10% statewide funds under the previous allocation process.

The following table outlines the estimated costs to provide the REQUIRED statewide activities as well as the extent to which Program Year 2013 funding levels are insufficient to provide local workforce investment areas incentive awards:

Source	Amount
PY2012 Governor's Set Aside (5%)	\$4,398,810
Amount of Carry Over Funds from prior years	\$2,183,856
Total Funds Available	\$6,582,666
Estimated Cost of All Required Activities	\$5,859,866
Estimated Cost of Discretionary Activities	\$377,603
Projected PY 13 Shortfall	\$364,489
Total Estimated Costs	\$6,608,958
Shortfall to cover all PY 2013 Activities	(\$19,292)



The Department determined the cost of providing local incentive grants utilizing the following methodology:

1. Review of PA Workforce Investment Information Notice (WIIN) 1-11, *Workforce Investment Act of 1998 (WIA) Performance Incentive Award, Technical Assistance and Sanctions Policy*
2. Identification of local workforce investment areas meeting Pennsylvania's criteria for local incentive: achievement of actual performance outcomes at or above 90 percent of approved performance levels for each of the Common Performance Measures in a Program Year (PY). In PY 2012, 13 of Pennsylvania's local workforce investment areas were eligible for incentive.
3. The Department calculated the expense of the incentive for the 13 local areas, as well as the administrative expense of processing the incentive awards.

It should be noted that Pennsylvania has withdrawn its waiver of required evaluation of the workforce system. Therefore, the commonwealth anticipates additional expense as a result of performing the evaluations.

Statewide discretionary funds (Governor's set aside) are being prioritized to: enhance the Commonwealth Workforce Development System's (CWDS) job matching capabilities through the use of JobGatewaySM; to reassess, redefine and redeploy the commonwealth's workforce development and delivery system; and to streamline the welfare-to-work system.

D. Individuals Impacted by the Waiver:

The waiving of WIA Section 134(a)(2)(B)(iii) and 20 CFR 665.200(e) requiring the provision of incentive grants to local areas will impact local areas that have achieved exemplary performance. There is no direct impact on WIA Participant Services.

However, 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. This will ensure that all customers and target groups will continue to receive quality services and encourage the state's training providers to become part of the Eligible Training Providers List.

E. 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 the monitoring and performance accountability system currently in place.

F. Notice to Affected Local Boards:

The proposed waiver request has been posted to the commonwealth's official website for 30 days. Concurrently, notification of the posting has been emailed to the commonwealth's 22 local board chairs. Executive directors have been copied.



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G. Public Comment:

The proposed waiver request has been posted to the commonwealth's official website for 30 days. Any comments or concerns collected due to the posting, along with the commonwealth's review of the public comments received, have been included with this document.

Public Comment on the Incentive Grants Waiver:

From: Ed McCann <EMcCann@bccl.org>
Sent: Friday, May 24, 2013 2:58 PM
To: LI, PAWIB
Subject: Requested Waiver of WIA Section 134[a][2][B][iii]and CFR 665.200[c]

Importance: High

The Berks County Workforce Investment Board [WIB] hereby supports the Waiver Request submitted by the Commonwealth of Pennsylvania, Pa Department of Labor and Industry, seeking relief from the requirement to provide Incentive Grants to Local Workforce Investment Areas. We agree with the Commonwealth's assertion that the reduction of Governor's Reserve funds available to them from 15% to 5% greatly inhibits the Department of Labor and Industry's ability to continue all the required activities in the Act or Regulations and that the Commonwealth's relative prioritization of activities to continue to support is reasonable and well considered, and that the Waiver, therefore, should be granted.

Ed McCann
COO
Berks County Workforce Investment Board
610-988-1363
emccann@bccl.org

ITEMIZED EXPENDITURE LIST FOR PENNSYLVANIA'S REQUEST TO WAIVE PROVISION OF LOCAL INCENTIVE GRANTS

I. FUNDS NECESSARY TO PROVIDE LOCAL AREA INCENTIVE GRANTS IN PY2012

Local WIA's eligible for Incentive Grants	TOTAL PY 12 WIA Allocation	1% of total WIA Allocation
Chester County	\$ 1,851,599	\$ 18,515.99
Delaware County	\$ 2,992,597	\$ 29,925.97
Lackawanna County	\$ 1,852,092	\$ 18,520.92
Lehigh Valley	\$ 3,720,268	\$ 37,202.68
Luzerne-Schuylkill	\$ 3,214,358	\$ 32,143.58
Montgomery County	\$ 3,302,265	\$ 33,022.65
Northern Tier	\$ 1,272,390	\$ 12,723.90
Northwest	\$ 3,330,540	\$ 33,305.40
Southern Alleghenies	\$ 3,248,896	\$ 32,488.96
Southwest Corner	\$ 2,354,820	\$ 23,548.20
Tri-County	\$ 2,113,622	\$ 21,136.22
West Central	\$ 1,813,585	\$ 18,135.85
Westmoreland - Fayette	\$ 3,105,235	\$ 31,052.35
TOTAL	\$34,172,267	\$341,723

II. ADMINISTRATIVE COSTS TO PROVIDE LOCAL AREA INCENTIVE GRANTS

Estimated cost to process, implement, track and evaluate incentive grants (includes personnel costs, legal, comptroller, treasury and travel expense)	\$9603
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III. EXPENSES INCLUDED IN THE PY2013 SHORTFALL CALCULATION

PY13 Allotment	\$4,424,774
PY13 Projected Expenditures to 6/30/14	\$4,789,263
Personnel Total	\$3,677,828
Operations Total	\$524,709
Other Commonwealth Services	\$106,482
Prior Year Expense	\$380,244
Indirect Costs	\$100,000
Projected PY13 Shortfall (Allotment – Projected Expenditures)	\$364,489