



MAR 5 - 2014

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

Dear Governor Otter:

The Employment and Training Administration (ETA) is pleased to respond to your request for waivers 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 State's request for waivers.

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

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 of 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 from July 1, 2013 through June 30, 2014.

Waiver of WIA Section 129(b)(2)(C) and 20 CFR 665.200(h) to exempt the state from the requirement to provide additional assistance to local areas that have a high concentration of eligible youth.

The State is requesting a waiver a waiver of the requirement to provide additional assistance to local areas that have a high concentration of eligible youth. The State is granted this waiver effective July 1, 2013 through June 30, 2014.

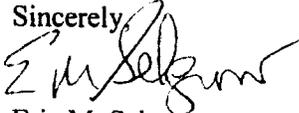
Waiver of WIA Section 133(b)(4) to increase the allowable transfer amount between Adult and Dislocated Worker funding streams allocated to a local area.

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, 2017. 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.

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. 06-13, 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 Denise Dombek, the Federal Project Officer for Idaho, at (415) 625-7945 or Dombek.Denise@dol.gov.

Sincerely,



Eric M. Seleznow
Acting Assistant Secretary

Enclosures

cc: Virginia Hamilton, Regional Administrator, ETA San Francisco Regional Office
Denise Dombek, Federal Project Officer for Idaho

IDAHO
DEPARTMENT OF LABOR

C.L. "BUTCH" OTTER, GOVERNOR
ROGER B. MADSEN, DIRECTOR

January 9, 2014

Ms. Virginia Hamilton, Regional Administrator
Employment and Training Administration, Region VI
U.S. Department of Labor
90 7th St, Suite 17-300
San Francisco CA 94103-1516
Hamilton.virginia@dol.gov

And

VIA EMAIL

WIA.PLAN@dol.gov

Re: Workforce Investment Act (WIA) Waiver Requests for Program Year 2013

Dear Ms. Hamilton:

Pursuant to Training and Employment Guidance Letter (TEGL) 27-12, the state of Idaho requests the following waivers to the Workforce Investment Act (WIA) programs' implementation in the state:

- *WIA Section §129(b)(2)(C) and 20 CFR §665.200(h) requiring the provision of additional assistance to workforce areas that have high concentrations of eligible youth.*
- *WIA Section 134(a)(2)(B)(ii) and 20 CFR 665.200(d) requiring the completion of evaluations on workforce investment activities for adults, dislocated workers, and youth.*
- *WIA Section 134(a)(2)(B)(iii) and 20 CFR 665.200(e) requiring provision of incentive grants to local areas.*
- *WIA Section 133(b)(4) and 20 CFR 667.140, the limitation on transfer of funds between the Adult and Dislocated Worker programs.*

These waivers are being requested by the state in an attempt to alleviate some of the financial burden placed on it due to Congressional actions that decreased the Governor's Reserve funding level from 15 percent to five percent and the additional cuts placed on the WIA program as a result of the federal budget sequestration. Without sufficient funding, these activities can no longer be supported by the current level of Governor's Reserve funds.

The WIA budget allotments of Program Year 2013 has Idaho staring at a reduction of more than 64 percent of Governor Reserve funds since WIA Program Year 2010 allotments. With these reductions, Idaho's ability to effectively fund and carry out required statewide activities is severely limited.

If approved, Idaho can prioritize its Governor's Reserve funds for the required activities deemed most essential to the basic functions of the workforce development system. In addition, the statutory waiver requests will help to maximize the impact of reduced WIA dollars, as well as provide greater flexibility and increased capacity to respond to employers' and participants' training needs.

The state has submitted these waiver requests in accordance with TEGL 26-09 and 27-12. As required by this federal guidance, the state has included (attached to this letter) its request to waive these Workforce Investment Act requirements 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).

The state's Workforce Development Council approved these waivers during their June and October 2013 meetings. The transfer of funds waiver has already undergone a public comment period. The remaining waivers regarding the Governor's Reserve funds are currently posted on the Idaho Department of Labor's website to allow for public comment as required. After the comment period, public submissions will be reviewed and incorporated as part of the waiver request and submitted to U.S.DOL. These items are posted on the Idaho Department of Labor's website at the following URL:

- The waiver request is listed in the Idaho Department of Labor's website, (www.labor.idaho.gov), under the "News" heading with a link to its WIA page which contains with a link to a .pdf document of the waivers themselves - <http://labor.idaho.gov/publications/Idaho%20Department%20of%20Labor%20WIA%20Waiver%20Requests.pdf>. The notice contains the information for interested parties to submit their comments in response to the waivers.

As prescribed in TEGL 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 Rico Barrera, at (208) 332-3570, ext. 3312 or via e-mail at rbarrera@labor.idaho.gov.

Sincerely,


Kenneth D. Edmunds
Director

cc: Rosemary Cowan, USDOL Regional Bureau, cowan.rosemary@dol.gov
Carol Padovan, USDOL Regional Federal Project Officer, padovan.carol@dol.gov
Rogelio Valdez, IDOL Deputy Director
Susan Simmons, IDOL Deputy Director

Attachment

**State of Idaho Waiver Requests
For July 1, 2013 through June 30, 2017**

A. Waiver to the Provision of Additional Assistance to Areas with High Concentration of Youth

- 1) **Statutory Provisions to be Waived:** The state of Idaho respectfully requests a waiver of the Workforce Investment Act §129(b)(2)(C) and 20 CFR §665.200(h), which require the provision of additional assistance to workforce areas that have high concentrations of eligible youth.
- 2) **State or Local Statutory Regulatory Barriers:** There are no state or local statutory or regulatory barriers to implementing the proposed waiver.
- 3) **Goals and Programmatic Outcomes to be achieved by the Waiver:** The reduction to five percent in the WIA allotment for PY'13 Governor's Reserve funds restricts the state's ability to effectively fund and carry out all of the required statewide WIA activities. The current funding level in the Governor's Reserve is insufficient to cover the cost of providing additional assistance to workforce areas that have high concentrations of eligible youth. This year, the state Workforce Development Council (WDC) has allocated approximately \$3.6 million in youth funds throughout the state. Historically, the WDC has provided approximately \$100,000 in support of this required statewide activity, which represents about 55.2 percent of the current governor's reserve funds derived from the WIA youth allotment.

Based on the formula allocation factor that allocates one-third of program funds on the basis of relative number of disadvantaged youth, this funding is already directed at workforce areas with high concentrations of eligible youth. The Workforce Development Council allots over \$3.6 million in WIA youth funds to support enhanced services for eligible youth. Additionally, the WDC has increased the expenditure requirement for activities for out-of-school youth from 30 percent to 70 percent, thus ensuring youth most in need are prioritized within each workforce area's WIA youth allocation.

With the reduction of the Governor's Reserve to five percent, maintaining the previous level of commitment for this effort would equate to 18 percent of the total governor's reserve funds from all PY13 WIA programs – approximately \$555,000. This would further decrease an already severely impacted budget designated to support these activities. The state's reduced funds are being used for the following required activities:

- Carrying out statewide rapid response activities;
- Submitting required reports;
- Disseminating and making available the state's list of WIA Eligible Training Providers;
- Providing technical assistance to workforce areas;

- Assisting in the establishment and operation of the state's One-Stop delivery system; and
- Operating fiscal and management accountability information systems.

The state's goal in seeking this waiver is to ensure that the state prioritize the use of the Governor's reserve funds for the required WIA activities deemed most essential to the basic functions of the state's workforce development system.

- 4) Individuals Impacted by the Waiver:** This waiver will provide the state with more flexibility in directing governor's reserve funds to those activities that best preserve basic functions of the statewide Workforce Development system.

It is not anticipated that this waiver will impact any services provided to WIA participants because the 10% previously withheld at the state-level for statewide activities is now distributed directly to local areas. The local areas have been able to utilize the funds for participant services in the same manner they are able to use local-level WIA funds. The state does not believe that this waiver will comprehensively affect any services provided to WIA participants throughout Idaho.

Further, the state is committed to conducting these activities should the estimates contained within this document not bear out, or in the case that congressional action restores the ability for the state to withhold these funds at the levels established within WIA.

- 5) Process Used to Monitor Progress in Implementing the Waivers:** The Idaho Department of Labor, as the state's Administrative Entity for WIA, has a long standing, comprehensive monitoring and performance accountability system that measures and evaluates program results through the state's Workforce Development system. The department 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.

- 6) Process for Notice of Local Boards and Opportunity to Comment:** Consistent with the general waiver request, the state is adhering to publication requirements to ensure the broadest participation possible. Opportunities for comment were provided to the state's Workforce Development Council, which approved the waiver request during its meeting in October 2013. Public comments are currently being solicited. All comments on this waiver will be provided to the USDOL upon the closing of the review and comment period.

B. Waiver to require evaluation of workforce investment activities and provision of incentive grants to local areas

- 1) **Statutory and/or regulatory requirements to be waived:** The state of Idaho respectfully requests a waiver of the following two sections of the Workforce Investment Act concerning required activities funded by Governor's Reserve funds:

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

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

- 2) **Actions undertaken to remove state or local barriers:** No state statutory or regulatory barriers exist at this time.
- 3) **Goals and expected programmatic outcomes of waiver:** Congressional action has decreased the percentage of Governor's Reserve funding for states from 15 percent down to five percent. Consequently, funding has become severely limited while the costs of operating the state's workforce development/One-Stop system and the other mandatory WIA activities continue to rise, further restricting Idaho's ability to effectively fund and carry-out all of the required statewide workforce investment activities. The current funding level for this program year and anticipated funding levels for future program years are insufficient to cover the costs of providing incentive grants and performance awards.

The state is seeking this waiver because it is unable to provide any meaningful incentives within the constraints of its current funding and with further funding reductions due to occur under sequestration. Historically, Idaho has set aside up to \$100,000 to provide funding to higher performing entities in the state. With the reduction in Governor's Reserve Funds from 15 percent to five percent, along with the sequestration reductions, maintaining such a level of commitment in this effort now represents an even greater portion of its total statewide activity funds.

Estimated Costs to Carry Out the Required Activities associated with this Waiver

The state estimates that the annual costs of carrying out all the required activities under WIA Section 134 (a) at minimum of \$800,000 annually, with approximately \$150,000 being attributed to the completion of both the evaluation of WIA activities and the provision of incentive grants to local areas.

Description of Past Uses of Statewide Funds

In the five years prior to the reduction in which the state had access to 15 percent Governor's Reserve Funds, it utilized over 93 percent, or over \$5.4 million of the 15 percent funds to provide additional funding throughout the state to local areas in order to enhance and improve local programs and performance. Some examples of these activities included providing additional funding for services to eligible WIA-

participants such as Individual Training Accounts and On-the-Job Training (OJT), and support for other activities such as business service outreach statewide. In addition to providing funds for the required WIA activities, it also provided funds: a) to supplement Title V Older Workers programs located in select American Job Centers, b) the Idaho Youth Corps, designed to serve at-risk youth with summer work experiences in targeting opportunities that focused on the state's natural resources, c) and to increase business expansion opportunities in support of the department's Business Solutions initiative by funding customized training, on-the-job (OJT) training, and other training activities.

Description of How Statewide Funds are Prioritized

Traditionally, the State has used these funds to ensure that it conducts activities that are required within Section 134 of WIA. Governor's Reserve funds have also been used to support local programs and initiatives that increase the availability and quality of services provided to WIA participants. With the reduction of the Governor's Reserve Funds and subsequent shift to local formula funds, the state has prioritized usage of these funds to: 1) ensure that the state remains compliant with required WIA administrative functions; 2) maintain activities necessary for federal reporting through the management information systems for the programs in Idaho's workforce development system; and 3) promote and expand the services available through the 25 American Job Centers to business and individuals throughout the state.

Description of How Current Funding Levels are Insufficient to Cover the Statewide Activities Covered by this Waiver

Were the state to have the ability to withhold 15 percent of funds for Governor's Reserve Funds as allowed in WIA, it would have had approximately \$1.3 million during PY2013 to conduct all administrative activities required and statewide activities required by Section 134 of WIA. However, with the decrease from 15 percent to five percent, for PY2013, the State has approximately \$555,000 for this purpose. With a minimum estimated cost of all required activities covered in this waiver being more than \$150,000, this would leave the State with approximately \$400,000 to conduct all statewide activities required by WIA, including providing technical assistance to local areas, assisting in the operation of the one-stop delivery system, and operating a fiscal and management accountability information system. These funds are insufficient to carry-out all of these activities.

With this waiver, Governor's Reserve funding will be used to enhance those primary and basic functions of the system. The state's reduced funds are being used for the following required activities:

- Carrying out statewide rapid response activities;
- Submitting required reports
- Disseminating and making available the state's list of WIA Eligible Training Providers;
- Providing technical assistance to workforce areas;

- Assisting in the establishment and operation of the state's One-Stop delivery system; and
- Operating fiscal and management accountability information systems.

The state's goal in seeking this waiver is to ensure that the state prioritize the use of the Governor's reserve funds for the required WIA activities deemed most essential to the basic functions of the state's workforce development system.

- 4) Individuals impacted by waiver:** The ability to maintain, rather than reduce, the current levels of service is important and extremely valuable. This waiver will provide the state with more flexibility in directing governor's reserve funds to those activities that best preserve basic functions of the statewide workforce development system and ensure current service levels are maintained.

It is not anticipated that this waiver will impact any services provided to WIA participants as the 10% previously withheld at the state-level for statewide activities is now distributed directly to local areas. Local areas have been able to utilize the funds for participant services in the same manner that they are able to use local-level WIA funds.

Further, the state is committed to conducting these activities should the estimates contained within this document not bear out, or in the case that congressional action restores the ability for the state to withhold these funds at the levels established within WIA.

- 5) Process Used to Monitor Progress in Implementing the Waivers:** The Idaho Department of Labor, as the state's Administrative Entity for WIA, has a long standing, comprehensive monitoring and performance accountability system that measures and evaluates program results through the state's Workforce Development system. The department 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.
- 6) Process for Notice of Local Boards and Opportunity to Comment:** Consistent with the general waiver request, the state is adhering to publication requirements to ensure the broadest participation possible. Opportunities for comment were provided to the state's Workforce Development Council, which approved the waiver request during its meeting in October 2013. Public comments are currently being solicited. All comments on this waiver will be provided to the USDOL upon the closing of the review and comment period.

C. Waiver of the Limitation on Transfer of Funds Between the Adult and Dislocated Worker Programs

- 1) **Statutory Provisions to be Waived:** The state of Idaho respectfully requests a waiver regarding the Workforce Investment Act's (WIA) Section 133(b)(4) and WIA Final Rules at 20 CFR Section 667.140, the provision to limit Workforce Investment Boards (LWIBs) ability to transfer up to 20 percent of a program year allocation for adult employment and training activities, and up to 20 percent of a program year allocation for dislocated worker employment and training activities between the two programs, with the approval of the governor. Under this waiver, the state proposes to limit the transfer authority up to 50 percent. This limitation provides states flexibility while ensuring consistency with congressional intent regarding the level of funding appropriate for the WIA adult and dislocated worker programs.
- 2) **State or Local Statutory Regulatory Barriers:** There are no state or local statutory or regulatory barriers to implementing the proposed waiver.
- 3) **Goals and Programmatic Outcomes to be achieved by the Waiver:** The challenges that dislocated worker program participants and adult program participants face each year vary throughout the state and over the course of the program year. If granted, this waiver would permit the state to lessen these challenges by transferring funding to more effectively serve its customers. This waiver will enable the state to respond appropriately through the:
 - Transference of resources in order to maximize them on behalf of its customers;
 - Customization of service delivery;
 - Maximization of the use of limited funds; and
 - Redirection of resources where demand for services is greatest.

As the current economic swings continue, flexibility such as this is critical to the rapid deployment of strategies to address worker and employer needs, which provides significant benefit to local and regional economies. The granting of this waiver will allow Idaho to continue to meet the challenges of the future with strong partnerships, employer participation, and the continued support of state and federal leaders.

- 4) **Individuals Impacted by the Waiver:** This waiver will benefit WIA program participants, employers, service providers, the state's American Job Centers and the state Workforce Development Council.
- 5) **Process Used to Monitor Progress in Implementing the Waivers:** The Idaho Department of Labor, as the state's Administrative Entity for WIA, has a long standing, comprehensive monitoring and performance accountability system that measures and evaluates program results through the state's Workforce Development system. The department 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.

- 6) Process for Notice of Local Boards and Opportunity to Comment:** Consistent with the general waiver request, the state is adhering to publication requirements to ensure the broadest participation possible. Opportunities for comment were provided to the state's Workforce Development Council, which approved the waiver request during its meeting in June 2013. Public comments were solicited in August 2013 and none received during the 30-day public comment period.