



AUG 28 2013

The Honorable Robert Bentley
Governor of Alabama
State Capitol
600 Dexter Avenue
Montgomery, Alabama 36130-2751

Dear Governor Bentley:

The Employment and Training Administration (ETA) is pleased to respond to your requests 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 requests were written in the format identified in WIA section 189(i)(4)(B) and 20 CFR 661.420(c), and meet the standard for approval at 20 CFR 661.420(e). The following is the disposition of the State's waiver extension requests (copy enclosed).

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, 2017. 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 and local area may provide on-the-job training to individuals age 18 and older with WIA Adult funds and must provide priority to low-income individuals when funds are limited; the State 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 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 has requested an extension of the 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 an extension of this waiver through June 30, 2014.

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 has requested an extension of the 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 through June 30, 2014. The State must continue to comply with customer satisfaction measurement requirements discussed in WIA section 136(b)(2)(B).

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. 29-11, the State should address the impact this waiver has 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 Terri Lonowski, the Federal Project Officer for Alabama, at (404) 302-5377 and Lonowski.Terri@dol.gov.

Sincerely,


Eric M. Seleznow
Acting Assistant Secretary

Enclosures

cc: Eugene Caso, Acting Regional Administrator, ETA Atlanta Regional Office
Terri Lonowski, Federal Project Officer for Alabama

OFFICE OF THE GOVERNOR



STATE CAPITOL
MONTGOMERY, ALABAMA 36130

(334) 242-7100
FAX: (334) 242-3282

ROBERT BENTLEY
GOVERNOR

STATE OF ALABAMA

June 25, 2013

Mr. Eugene Caso
Acting Regional Administrator
U.S. Department of Labor - ETA Region III
Sam Nunn Atlanta Federal Center
61 Forsyth Street, SW, Room 6M12
Atlanta, Georgia 30303

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U.S. DEPARTMENT OF LABOR
ETAW REGION III
MONTGOMERY, ALABAMA

Dear Mr. Caso:

RE: Workforce Investment Act (WIA) Title I-B Waiver Extension Requests for Program Year 2013

The State is requesting that two of the attached Workforce Investment Act Title I-B waivers be extended through June 30, 2014 and the final waiver be approved through June 30, 2017 per USDOL Training and Employment Guidance Letter 27-12, dated May 20, 2013. The first two waivers would give the State of Alabama the needed flexibility in regard to conducting evaluations and providing incentive grants to local areas utilizing the limited availability of Governor's Reserve funds since Congress and the administration elected to require that Governor's 10 Percent Program funds would need to be allocated to the local workforce investment areas. The final waiver, regarding the reimbursement limitation of training costs for On-the-Job employers, is replaced with a graduated scale based on total number of employees. These waiver requests are submitted in accordance with the process described in Section 189(i)(4) of the Workforce Investment Act.

We are very proud of our commitment to support local flexibility whenever possible. The requested waivers have the potential, if granted, to expedite the delivery by Alabama WIA professionals of quality workforce development services to program participants eligible for and in need of such services. We believe that approval of these waiver requests will have a positive impact on the people of Alabama.

Thank you for your prompt and favorable response to this request. Please contact Bill Hornsby, Supervisor, Alabama Department of Economic and Community Affairs, Workforce Development Division, State Programs and Divisional Budget Management Section at (334) 242-5847 if you have any questions or concerns regarding these Waiver Requests.

Sincerely,

Robert Bentley
Robert Bentley
Governor

RB:SHC:shc

Pe: Linda Lundy
Terri Lonowski
Brad Sickles
Jim Byard
Steve Walkley

Attachment

**State of Alabama
Workforce Investment Act
PY13 Waiver Requests**

The following are requests for waivers which have been in use by the State of Alabama for varying periods of time. They are submitted pursuant to 20 CFR 661.420(c).

Conduct Evaluations using Governor's Reserve

1. Statutory Requirements to be Waived:

The State of Alabama is seeking a waiver of 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. State or Local Statutory Barriers:

There are no state or local barriers.

3. Goals of the Waiver and Expected Programmatic Outcomes:

The continued reduction to five percent in the WIA allotment for PY 2013 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. The state's reduced funds are being used to cover the following required activities:

§ 665.200

(b) Disseminating:

- (1) The State list of eligible providers of training services (including those providing non-traditional training services), for adults and dislocated workers;**
- (2) Information identifying eligible providers of on-the-job training (OJT) and customized training;**
- (4) A list of eligible providers of youth activities as described in WIA section 123;**
- (f) Providing technical assistance to local areas that fail to meet local performance measures.**
- (g) Assisting in the establishment and operation of One-Stop delivery systems, in accordance with the strategy described in the State workforce investment plan. (WIA sec. 112(b)(14))**
- (i) Operating a fiscal and management accountability information system, based on guidelines established by the Secretary after consultation with the Governors, chief elected officials, and One-Stop partners, as required by WIA section 136(f). (WIA secs. 129(b)(2), 134(a)(2), and 136(e)(2))**

Five Percent Administrative Funds are being used by the state in regard to WIA grant administration, oversight and monitoring, reporting to the USDOL, very limited workforce projects allowed with state level WIA funds, and for State WIB support as necessary.

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.

The following is the amount of funding available (including estimated carry in funds) for statewide activities:

- Governor's 10% Program Funds Carried into PY13: \$0.00
- 5% Administrative Funds: \$3,701,110.00
- Rapid Response: \$776,689.73
- Total Available: \$4,477,799.73

The following amount would be spent on required activities:

- \$3,045,548.73 is budgeted/obligated for required activities. Required activities include:
 - The provision of Statewide Rapid Response Services
 - Grants management
 - Reporting to the Grantor
 - Maintenance of the required financial management and participant management information systems
 - Maintenance of the State Eligible Training Provider List
 - Oversight and Monitoring
 - Other functions required to properly manage the WIA Title I-B program as the Grantee for U.S. Department of Labor funds.

Allowable activities are continuing to be funded with Governor's Reserve funds as follows:

- \$1,332,251 is budgeted/obligated for allowable activities
- \$100,000 of available FY14 RR Funds are not obligated and are available for "additional assistance" to local workforce investment areas, which may encounter a situation in which they need additional funds (beyond their formula D.W. funds) to meet the needs of eligible dislocated workers.

Once all required activities necessary for the Grantee to administer the WIA program, to include participant management information systems, reporting, oversight and monitoring, etc., are budgeted, then a determination is made as to funding new and/or continuing statewide programs/activities. Note that some previously funded programs such as the statewide ITA program, which was linked to dislocated workers who were provided services by the State Rapid Response Team, is winding down as new enrollments were stopped once it became apparent that the Governor would not be receiving any FY12 10 Percent Set Aside Funds. The few remaining participants will be funded with Five Percent Administrative funds until they complete their training via ITAs. The highly successful Incumbent Worker Training Program is budgeted (limited amount) with Five Percent Administrative funds in order to keep it somewhat viable and to be able to offer some services to employers.

4. Description of Individuals Impacted by the Waiver:

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.

5. Description of the Process to Monitor Waiver Program:

The State will monitor progress and ensure accountability for Federal funds in connection with this waiver 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.

6. Opportunity for Local Board and Public Comment on the Waiver Request:

Local workforce administrative entities were provided a copy of this proposed waiver request as well as the USDOL/ETA's Dec 5, 2012 reply to this request. Local areas are aware that no incentive grants would be made in PY 2011 or thereafter (until Governor's full 15 Percent Set Aside funds are restored to the state) due to the loss of Governor's 10 Percent WIA funds. Local Workforce Investment Areas have also been provided a copy of this request to extend this approved waiver through June 30, 2014 as the financial condition of the State WIA program has less funding as was available when the initial waiver was approved by the USDOL/ETA.

7. Public Comment on the Waiver Request:

Information of this request was made available on the ADECA website at www.adeca.alabama.gov for a minimum of 30 days prior to June 30, 2013. To date, no comments have been received in regard to this waiver.

Local Incentive Grants using Governor's Reserve

1. **Statutory Requirements to be Waived:**

The State of Alabama is seeking a waiver of WIA Section 134(a)(2)(B)(iii) and 20 CFR 665.200(e) requiring provision of incentive grants to local areas.

2. **State or Local Statutory Barriers:**

There are no state or local barriers.

3. **Goals of the Waiver and Expected Programmatic Outcomes:**

The reduction to five percent in the WIA allotment for PY 2013 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 incentive grants to local areas. The state's reduced funds are being used to cover the following required activities:

§ 665.200

(b) Disseminating:

(1) The State list of eligible providers of training services (including those providing non-traditional training services), for adults and dislocated workers;

(2) Information identifying eligible providers of on-the-job training (OJT) and customized training;

(4) A list of eligible providers of youth activities as described in WIA section 123;

(f) Providing technical assistance to local areas that fail to meet local performance measures.

(g) Assisting in the establishment and operation of One-Stop delivery systems, in accordance with the strategy described in the State workforce investment plan. (WIA sec. 112(b)(14))

(i) Operating a fiscal and management accountability information system, based on guidelines established by the Secretary after consultation with the Governors, chief elected officials, and One-Stop partners, as required by WIA section 136(f). (WIA secs. 129(b)(2), 134(a)(2), and 136(e)(2))

Funds are being used by the state in regard to WIA grant administration, oversight and monitoring, reporting to the USDOL, and for State WIB support as necessary.

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.

The following is the amount of funding available (including estimated carry in to PY13) for statewide activities:

- Governor's 10% Program Funds Allocation/Carried into PY13: \$0.00
- 5% Administrative Funds: \$3,701,110.00
- Rapid Response: \$776,689.73
- Total Available: \$4,477,799.73

The following amount would be spent on required activities:

- \$3,045,548.73 is budgeted/obligated for required activities. Required activities include:
 - The provision of Statewide Rapid Response Services
 - Grants management
 - Reporting to the Grantor
 - Maintenance of the required financial management and participant management information systems
 - Maintenance of the State Eligible Training Provider List
 - Oversight and Monitoring
 - Other functions required to properly manage the WIA Title I-B program as the Grantee for U.S. Department of Labor funds.

Allowable activities are continuing to be funded with Governor's Reserve funds as follows:

- \$1,332,251 is budgeted/obligated for allowable activities
- \$100,000 of available FY14 RR Funds are not obligated and are available for "additional assistance" to local workforce investment areas, which may encounter a situation in which they need additional funds (beyond their formula D.W. funds) to meet the needs of eligible dislocated workers.

Once all required activities necessary for the Grantee to administer the WIA program, to include participant management information systems, reporting, oversight and monitoring, etc., are budgeted, then a determination is made as to funding new and/or continuing statewide programs/activities. Note that some previously funded programs such as the statewide ITA program, which was linked to dislocated workers who were provided services by the State Rapid Response Team, is winding down as new enrollments were stopped once it became apparent that the Governor would not be receiving any FY12 10 Percent Set Aside Funds. The few remaining participants will be funded with Five Percent Administrative funds until they complete their training via ITAs. The highly successful Incumbent Worker Training Program is budgeted (limited amount) with Five Percent Administrative funds in order to keep it somewhat viable and to be able to offer some services to employers.

4. Description of Individuals Impacted by the Waiver:

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.

5. Description of the Process to Monitor Waiver Program:

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.

6. Opportunity for Local Board and Public Comment on the Waiver Request:

Local workforce administrative entities were provided a copy of this proposed waiver request as well as the USDOL/ETA's Dec 5, 2012 reply to this request. Local areas are aware that no incentive grants would be made in PY 2011 or thereafter (until Governor's full 15 Percent Set Aside funds are restored to the state) due to the loss of Governor's 10 Percent WIA funds. Local Workforce Investment Areas have also been provided a copy of this request to extend this approved waiver through June 30, 2014 as the financial condition of the State WIA program has less funding as was available when the initial waiver was approved by the USDOL/ETA.

7. Public Comment on the Waiver Request:

Information of this request was made available on the ADECA website at www.adeca.alabama.gov for a minimum of 30 days prior to June 30, 2013. To date, no comments have been received in regard to this waiver.

Increase the Employer Reimbursement for On-the-Job Training for Small- and Medium-Sized Businesses

1. Statutory Requirements to be Waived:

The State of Alabama is seeking a Waiver of WIA Section 101(31)(B) and 20 CFR 663.700(a), 663.710(b) requiring that businesses receiving On-the-Job Training (OJT) services under WIA receive a maximum reimbursement of 50% of the newly hired employee's wages during OJT.

2. State or Local Statutory Barriers:

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

3. Goals of the Waiver and Expected Programmatic Outcomes:

The requirement that businesses be allowed a maximum wage reimbursement of 50% for OJT does not provide sufficient incentive for small- and medium-sized businesses to take advantage of OJT during this harsh economic time. Therefore, Alabama is requesting a waiver of this requirement, and approval to allow a graduated scale for OJT reimbursement as follows:

1. Up to 90% for businesses with 50 or fewer employees;
2. Up to 75% for businesses with 51 – 250 employees; and
3. Up to 50% (current statutory requirement) for businesses with 251 or more employees.

The goals of the waiver are to increase the number of individuals receiving OJT; to accelerate businesses hiring through OJT; to strengthen the labor pool by providing unemployed workers with marketable skills; to strengthen the business community by increasing its competitiveness in the global economy; to improve the capacity of local boards to market demand-driven services; and, to build beneficial relations with a greater number of businesses in the private sector. This waiver request is consistent with Alabama's WIA/Wagner Peyser State Plan, which places a strong emphasis on strengthening the business community and increasing the number of individuals who receive training through the One-Stop Career System.

4. Description of Individuals Impacted by the Waiver:

The waiver will accelerate hiring and thus positively impact the population of unemployed workers who are hired through OJT in terms of skill acquisition and family income. In addition, the waiver will have a positive impact on the State's participating businesses with 250 or fewer employees, the State's workforce, and the State's economy.

5. Description of the Process to Monitor Waiver Program:

Alabama 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.

6. Opportunity for Local Board and Public Comment on the Waiver Request:

Local workforce administrative entities were provided a copy of this proposed waiver request.

Should the waiver be granted, the Department would issue an electronic notice and a Governor's Workforce Development Directive (GWDD) that will be disseminated to Chairpersons of Local Workforce Investment Boards and WIA Local Area Contact Persons. The GWDD will also be posted on the Alabama Department of Economic and Community Affairs' website at: www.adeca.alabama.gov. The approval of this waiver would extend through June 30, 2017.

7. Public Comment on the Waiver Request:

Information of this request was made available on the ADECA website at www.adeca.alabama.gov for a minimum of 10 days prior to June 30, 2013. To date, no comments have been received in regard to this waiver.