



AUG 6 2014

The Honorable Nikki R. Haley
Governor of South Carolina
1205 Pendleton Street
Columbia, South Carolina 29201

Dear Governor Haley:

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. On July 22, 2014, the Workforce Innovation and Opportunity Act (WIOA) was enacted. Many of WIOA's provisions take effect on July 1, 2015, but the existing WIA state and local plan provisions remain in effect until July 1, 2016. ETA is conducting a review of WIOA's implementation timeline and provisions, and will be issuing guidance in the future regarding the new State Unified Plan provisions and waivers as part of its implementation actions. Current WIA waiver approval timelines have been adjusted in accordance with the expected end date (June 30, 2016) for the existing WIA State Plans.

The State's recent WIA waiver request is 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 waiver 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 of the required 50 percent employer contribution for on-the-job training to permit the use of a sliding scale for the employer contribution based on the length of the participant's unemployment. The State is granted approval of this waiver for a sliding scale based on the length of unemployment through June 30, 2016. Under the waiver, the following reimbursement amounts will be permitted: 1) up to 90 percent employer reimbursement where on-the-job training is provided to individuals unemployed for 28 weeks or more, and 2) up to 75 percent employer reimbursement where on-the-job training is provided to individuals unemployed between 16-27 weeks. Where on-the-job training is provided to individuals unemployed for less than 16 weeks, the current statutory requirements (50 percent reimbursement) will continue to apply. This scale may be used as an alternative to the sliding scale based on size of employer, for which the State was previously granted a waiver.

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 areas may

provide on-the-job training to individuals age 18 or older with WIA Adult funds and must provide priority to low-income individuals when funds are limited; the State and local areas 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 waiver is 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 TEGE No. 06-13, 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 Linda Lundy, the Federal Project Officer for South Carolina, at (404) 302-5367 and Lundy.Linda@dol.gov.

Sincerely,



Portia Wu
Assistant Secretary

Enclosure

cc: Les Range, Regional Administrator, ETA Atlanta Regional Office
Linda Lundy, Federal Project Officer for South Carolina

P.O. Box 995
1550 Gadsden Street
Columbia, SC 29202
dew.sc.gov



Nikki R. Haley
Governor

Cheryl M. Stanton
Executive Director

July 2, 2014

Heather Fleck
Division of WIA Adult Services and Workforce System
Employment and Training Administration
U.S. Department of Labor
200 Constitution Ave., NW
Washington, DC 20210

Dear Ms. Fleck:

The South Carolina Department of Employment and Workforce, the State administrative entity for the Workforce Investment Act (WIA) and Wagner-Peyser Act, seeks approval of the attached waiver request to allow the use of a sliding scale for On-the-Job Training (OJT) employer reimbursements based on the length of unemployment of OJT participants.

South Carolina currently has an approved U.S. Department of Labor waiver to utilize a sliding scale reimbursement for OJT based on the size of a business. The attached waiver request benefits both employers and job seekers. The waiver would provide additional flexibility that would increase business engagement in hiring the long-term unemployed and increase job seeker placement.

If you have any questions or need additional information, please contact Pat Sherlock at psherlock@dew.sc.gov or 803-737-2601. Thank you for your consideration of this waiver request.

Sincerely,

A handwritten signature in black ink that reads "Cheryl M. Stanton". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Cheryl M. Stanton
Executive Director

Enclosure

cc: Les Range, Regional Administrator
U.S. Department of Labor

**STATE OF SOUTH CAROLINA
WAIVER REQUEST
WORKFORCE INVESTMENT ACT**

**On-the-Job Training: Employer Reimbursement
Sliding Scale Based on Length of Unemployment**

Date: Program Year 2014 - 2016
State: South Carolina
Agency: South Carolina Department of Employment and Workforce (SCDEW)

Statutory and/or Regulatory Requirements to be Waived

Waiver of WIA Section 101(31)(B) and Section 663.710 of the Regulations regarding employer reimbursement for On-the-Job Training (OJT).

The State of South Carolina requests a waiver of the 50% limitation on employer reimbursements for On-the-Job Training (OJT). This waiver would use a sliding scale for OJT reimbursements based on a participant's length of unemployment. The negotiated reimbursement percentage would be as follows:

- Up to 90% of the hourly wage for participants who have been unemployed for 28 weeks or more;
- Up to 75% of the hourly wage for participants who have been unemployed for 16-27 weeks; and,
- Up to 50% of the hourly wage for participants who have been unemployed less than 16 weeks.

Actions Undertaken to Remove State or Local Barriers

There are no state or local statutory or regulatory barriers.

Goals and Expected Programmatic Outcomes of Waiver

On-the-Job Training optimizes the resources available under workforce development initiatives to meet the needs of employers and jobseekers. However, the current 50 percent employer reimbursement limits the ability to engage businesses in hiring the long-term unemployed. Studies have shown that the long-term unemployed are frequently overlooked and sometimes excluded from job opportunities. The South Carolina State Workforce Investment Board believes embracing a sliding scale for OJT reimbursement will better increase employer involvement and job seeker placement.

This waiver will provide assistance to employers by moving the benefit of job creation sooner, rather than later, by reimbursing the costs of training newly-hired workers, and by assisting the long-term unemployed through incentivizing employers to hire them. Approval of this waiver enhances workforce services and meets the needs of businesses and jobseekers. Business-specific training will produce a win-win for both employers and job seekers.

Individuals Impacted by the Waiver

This waiver could potentially impact all local workforce areas, their WIA participants, and businesses.

Process for Monitoring Progress in Implementation

Annual WIA on-site programmatic reviews include an evaluation of how waivers are being utilized and ensure programmatic goals and outcomes are being met. Annual on-site fiscal monitoring is also conducted to ensure accountability for the funds in connection with approved waivers. Desk top monitoring of data and expenditures will be used to continually examine the utilization and effectiveness throughout the active life of the waiver. Policies and procedures will also be reviewed and modified as appropriate.

Notice to Affected Local Boards

Local area administrators and other interested parties were notified of this waiver request and provided an opportunity for discussion. All comments were positive. The waiver request has full support from both local and state workforce investment boards.

Public Comment

The proposed waiver request was also made available for public comment on the SC Works website at www.scworks.org and on the South Carolina Department of Employment and Workforce website at www.dew.sc.gov. The public comment period ended June 23, 2014. No comments were received.