



JAN 02 2018

The Honorable Rick Snyder
Governor of Michigan
P.O. Box 30013
Lansing, Michigan 48909

Dear Governor Snyder:

Thank you for your waiver request of certain statutory and regulatory provisions of the Workforce Innovation and Opportunity Act (WIOA), submitted on October 4, 2017 (copy enclosed). This letter provides the U.S. Department of Labor (the Department), Employment and Training Administration's (ETA) official response to the State's request. This action is taken under the Secretary's authority to waive certain requirements of WIOA Title I, Subtitles A, B, and E, and sections 8-10 of the Wagner-Peyser Act in WIOA section 189(i).

Requested Waivers: Waivers associated with the requirement that local areas expend 75 percent of all formula WIOA youth funds on out-of-school youth (OSY) and 75 percent of any statewide youth funds on OSY, calculate a State-level OSY expenditure target of 50 percent rather than a local area target, and classify youth at-risk of dropping out of school as OSY required by WIOA Sec. 129(a)(4)(A) and 20 CFR 681.410.

Michigan is approved to calculate a State-level OSY expenditure requirement rate for WIOA youth local area funds and may lower the rate to 50 percent, which would allow the State to increase in-school youth expenditures for pre-apprenticeship programs. This waives the requirement that each local area meet the minimum OSY expenditure rate specified at WIOA secs. 129(a)(4)(A) and 20 CFR 681.410. Michigan is permitted to lower the OSY expenditure requirement of the Governor's reserve funds to 50 percent.

The request to reclassify youth at-risk of dropping out as OSY is a matter of eligibility, and falls outside of the Secretary's waiver authority under WIOA. Therefore, the Department cannot grant this waiver request.

Requested Waiver: Waiver to expand the definition of a recognized postsecondary credential to include a certain threshold of hours worked, a threshold of classroom instruction, and/or a certain number of postsecondary credits earned as part of a Registered Apprenticeship.

Michigan can count components of either a non-registered apprenticeship (such as on-the-job or other employer-sponsored training) or Registered Apprenticeship toward the credential measure. For example, if an apprenticeship results in a recognized postsecondary credential such as an industry recognized certificate or certification, a license recognized by the State involved or Federal Government, or an associate or baccalaureate degree, then Michigan can count it. For the Registered Apprenticeships for which Michigan has concerns, ETA will work with the state to create the component parts (stackable or interim credentials) that will meet the WIOA definition of recognized postsecondary credential during the course of a longer-term training program. Further, Michigan can take the challenge of incentivizing investment in longer-term credentials into account when negotiating annual performance targets with the Department and its local areas.

While the Secretary does not have waiver authority to change the definitions under WIOA section 3, the Department believes that the actions described above will help address State concerns and is ready to support your efforts to expand apprenticeships.

Requested Waiver: Waiver of the obligation of eligible training providers (ETPs) to collect performance data on all students in a training program at WIOA Sec.116(d)(4)(A) and 122, and 20 CFR 677.230(a)(4) and (5) and 20 CFR 680.400-680.530.

The Department approves this request. The State must provide information regarding how the Governor will take into account the outcomes of all students in an ETP program of study, with respect to their employment and earnings, as required for the demonstration of continued eligibility in 20 CFR 680.460(f)(1)(iii) and WIOA section 122. While the Department recognizes the importance of informing consumer choice through the provision of quality data on training outcomes, we also recognize that the systems and willingness to collect the required performance data from providers may discourage training provider participation, which is a critical component of the workforce development system.

Requested Waiver: Waiver to expand the time limitations at 20 CFR 680.950 of needs related payments for dislocated workers.

This waiver concerns eligibility of participants or providers and is, therefore, outside the Secretary's waiver authority. Therefore, the Department cannot grant this waiver request. However, certain changes since the enactment of WIOA may serve to increase the number of dislocated workers eligible for needs related payments. For example, unlike National Emergency Grants under the Workforce Investment Act, National Dislocated Worker Grants under WIOA require the Department to provide a decision within 45 days, increasing the likelihood that dislocated workers will attach to the public workforce system earlier and receive the services they need.

ETA is available for further discussion and to provide technical assistance to the State to support achieving its goals. It is worth noting that the Administration has proposed additional flexibilities in its FY 2018 budget in order to give Governors more flexibility to meet the workforce needs of states. Should new legislation be enacted that provides greater flexibilities, we will be happy to revisit the areas that cannot currently be waived. Should you have questions or wish to explore any additional flexibility options, feel free to contact my office at 202-693-2700.

Sincerely,



Rosemary Lahasky
Deputy Assistant Secretary

Enclosure

cc:

Wanda Stokes, Director, Michigan Talent Investment Agency

Christine Quinn, Chicago Regional Administrator, Employment and Training Administration

Danielle Waddell, Federal Project Officer, Employment and Training Administration



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
TALENT INVESTMENT AGENCY
WANDA M. STOKES
DIRECTOR

ROGER CURTIS
DIRECTOR

October 4, 2017

Ms. Christine Quinn, Regional Administrator
Employment & Training Administration
U.S. Department of Labor
230 South Dearborn Street, 6th Floor
Chicago, IL 60604

Dear Ms. Quinn:

The State of Michigan is submitting a modification request to our Workforce Innovation and Opportunity Act (WIOA) Combined State Plan. This request is submitted in accordance with the WIOA Section 189(i)(3)(B) and the Workforce Investment Agency Regulations at 20 Code of Federal Regulations 679.620. The attached document details the waivers requested by the State of Michigan.

These waivers will assist the state to further develop our workforce investment system while continuing to focus on promoting a demand-driven system. Under the waivers, Michigan will be better positioned to serve at-risk youth, expand and promote the state's pre-apprenticeship and registered apprenticeship programs, and encourage dislocated workers to utilize training services needed to prepare them for in-demand occupations. Additionally, the statutory waiver requests will maximize the impact of WIOA dollars, as well as provide greater flexibility and increased capacity to respond to participants' training needs. This request is being made under the Secretary's authority at WIOA Section 189(i)(3)(B) to waive certain requirements of WIOA Title I, Subtitles B and E, and Sections 8-10 of the Wagner-Peyser Act. In order to officially submit this waiver information to the federal portal, Michigan requests that USDOL re-open Michigan's state plan in that portal.

Your review and immediate consideration of this waiver request are appreciated. Please contact me with any questions.

Sincerely,

Wanda M. Stokes
Director

WMS:JB:pv
Attachment

cc: Rose Zibert
Gerardo Lara
Roger Curtis
Stephanie Beckhorn
Daphne Johnson

Joe Billig
Marcia Black-Watson
Amy Hiltunen
Tom Nicholas
Pedro Allende

Cliff Akujobi
Krista Johnson
Brian Marcotte
Keenan Wade

State of Michigan Talent Investment Agency WIOA Waiver Requests

The State of Michigan seeks approval of the following statutory waivers in accordance with the Workforce Innovation and Opportunity Act (WIOA) at Section 189(i)(3) and the WIOA Regulations at 20 Code of Federal Regulation (CFR) 679.600 thru 679.640. These waiver requests will assist Michigan to further develop its workforce system while continuing to focus on creating a demand-driven system.

Statutory and/or Regulatory Requirements to be Waived – 75 Percent Out-of-School Youth Expenditure Requirements
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The State of Michigan is seeking a waiver from Section 129(a)(4)(A) and 20 CFR 681.410, which require not less than 75 percent of funds allotted to states under Section 127(b)(1)(C), reserved under Section 128(a), and available for statewide activities under subsection (b), and not less than 75 percent of funds available to local areas under subsection (c), shall be used to provide youth workforce investment activities for OSY.

Michigan is requesting the following waivers to this statutory and regulatory provision:

1. A waiver of the requirement to expend 75 percent of funding on the OSY population. Michigan is requesting that this percentage be lowered to 50 percent.
2. A waiver of the requirement that local funding must meet the 75 percent minimum expenditure requirement. It is requested to allow a state-level Out-of-School Youth target (See #1 above) instead of requiring individual areas to each meet the minimum expenditure requirement.
3. A waiver of the requirement to expend 75 percent of Statewide Activities funding on the OSY population. It is requested to eliminate this percentage to allow flexibility of funding for special projects that meet the vision and mission of the State.
4. A waiver of the requirement to classify youth at risk of dropping out of school as In-School Youth (ISY). It is requested to include youth at risk of dropping out in the OSY calculation.
5. A waiver of the limitation of only 25 percent of funding to support in-school youth pre-apprenticeship programs. It is requested to gain approval for use of funding over the 25 percent limitation in WIOA to provide services to this population.

Background

Between the 2012 and 2016 school years, an average of over 12,000 young people have dropped out of Michigan high schools each year. Without a diploma, they are twice as likely to be unemployed, more than twice as likely to live in poverty, and over 60 times more likely to be incarcerated. Two-thirds of the jobs in Michigan require a minimum of a high school education. While Michigan's graduation rate for all students is 79.8 percent, it is significantly lower for WIOA-eligible youth with rates of 57 percent for students with disabilities, 72 percent for English language learners, and 68 percent for low-income students. It is crucial to the future of our state's youth to engage them prior to disconnecting from an educational institution.

Michigan currently has a student to school counselor ratio of over 700 to one. To help address this dilemma, the State of Michigan has committed General Fund/General Purpose funding to implement a statewide program focused on providing a comprehensive set of services designed to keep ISY attached to the education system to improve their rate of success in achieving educational and career goals. However, this funding is not guaranteed in future years to sustain and expand program activities. The funding will augment youth formula funds to implement a robust drop-out prevention and re-engagement program. The program is targeted to the most at-risk and disadvantaged youth in danger of dropping out of school. "At risk of dropping out" includes students who are credit deficient, have repeated a class, maintain a grade point average at or below a cumulative 1.5, score poorly on assessment tests, are often truant from school, are involved in the court system, are currently involved in gang activity or are likely to join a gang, as defined by local authorities. The ultimate goal is for youth to receive a high school diploma or recognized equivalent, secure a quality entry-level job in the workforce, pursue post-secondary education, and/or seek career advancement opportunities.

This waiver request is consistent with our Governor's vision to transform the Michigan economy by keeping talented residents here, revitalizing urban centers, and growing and attracting businesses. To that end, the development of talent, along with retention of our youth, is one of the key steps in reinventing Michigan. Developing the next generation of talent is critical to Michigan's ability to compete globally.

One way to compete globally is to ramp up efforts to increase pre-apprenticeship and apprenticeship opportunities within our state. In recent years, Michigan has increased its dedication to promote and provide apprenticeship opportunities to low-income individuals and underrepresented populations, including youth. According to the US Department of Education, by offering pathways to career-ready skills, a paycheck, and debt-free college credit, Registered Apprenticeship is the gold standard of work-based learning. Pre-apprenticeship programs are a stepping stone to prepare youth for entry into a Registered Apprenticeship opportunity. Limited ISY funding makes it a challenge to support these programs.

The above waiver requests will also result in the ability to foster stronger relationships with our partners in support of school districts, parents, families and community, post-secondary and workforce systems, and other state government and public and private external organizations to increase the impact of shared goals to support our state's youth and build a strong talent pipeline. This is in alignment with the WIOA, as well as the Michigan Department of Education's plan to become a Top 10 performing state in 10 years by developing a coherent and cohesive strategy for our youth, and implementing that plan with continuity for multiple years.

Actions Undertaken to Remove State or Local Statutory or Regulatory Barriers

There are currently no state or local statutory or regulatory barriers to implementing the requested waiver. State of Michigan regulations and policy statements are in compliance with current federal law.

Waiver Goals and Outcomes

Goal: Increase services to at-risk youth in our local communities, despite their educational status.

Outcome: Approval of this waiver request will allow the state to focus local funds on a proactive approach to serving at-risk youth while discouraging a disconnection from education. It is much

more cost-effective to keep youth enrolled in school and engaged in a career pathway, which in the long run can secure quality jobs that lead to meaningful and satisfying careers.

Forty percent of Michigan students are low-income. The ability to reach more youth while they are still attached to an educational institution gives the Michigan Talent Investment Agency (TIA) the chance to reduce the impact of high-risk factors, including poverty; and provide equitable resources to meet the needs of all students to ensure that they have access to quality educational and career exploration opportunities.

Goal: Increase support for dropout prevention and recapture programming.

Outcome: Recent data for a scalable dropout prevention program demonstrate graduation rates at 98 percent and placement into full-time employment or post-secondary education rates over 91 percent. This is exceptional considering that these services are targeted toward at-risk and hard-to-serve youth with multiple barriers, such as living in single-parent, economically disadvantaged households, low academic performance due to certified special education needs or a lack of maturity or motivation, emotional or physical disabilities, runaway youth or homelessness, one or more years behind their peers and/or repeating grades, excessive absences, a record of suspensions, being expelled or put on probation, a lack of transportation, limited English proficiency, substance abuse, pregnancy or parenting, and little or no work experience due to a lack of marketable skills.

Goal: Supporting students in school through successful graduation while equipping them with academic and technical skills necessary to improve their employability.

Outcome: Ensuring a young person's success in a job and/or in post-secondary education during the time when the student is most at-risk of failure. Additional follow up and contact with participants following high school completion ensures satisfactory progress is made while employed or enrolled in post-secondary or vocational training programs.

Approval of this waiver will provide greater opportunity for youth to finish high school and continue on a pathway toward multiple career and educational opportunities, such as entering a Registered Apprenticeship program, earning an associate's and/or a bachelor's degree, and obtaining sustainable employment. Employers will have an opportunity to build a talent pipeline earlier in the career pathway continuum, reduce training costs, and reducing employee turnover.

Goal: Improved flexibility of state, local, and statewide activities funding to best meet the needs of our citizens and businesses.

Outcomes: Approval of this waiver will allow for innovative strategies to address barriers facing at-risk youth on an individualized basis and encourage innovative strategies to address student retention, such as dual college enrollment, occupational training, or pre-apprenticeship to apprenticeship programs that will keep students engaged in school through graduation. This waiver will also improve the ability of the Workforce Development Boards to develop strategies to align with workforce and economic realities within their service delivery areas and to design programs in direct response to the needs of youth.

Alignment with Department Policy Priorities

The WIOA encourages strong partnerships to leverage resources and increase opportunities for youth. The Michigan Career Pathways Alliance is designed to help improve student access to

career pathways, close the talent gap in professional trades and continue building a stronger talent base in Michigan. The alliance brings together leaders, including employers, educators, K-12 districts, higher education institutions, union leaders, and businesses – all to ensure our youth can reach their potential and make Michigan stronger. The state and local Workforce Development Boards should be a strong partner, both in terms of program design and fiscal support, where appropriate, for this initiative.

The WIOA places a heavy emphasis on work experience for youth participants. The expansion of pre-apprenticeship programs with increased flexibility of funding not only aligns with this priority but also fosters greater employer engagement from businesses and industries that are feeders for pre-apprenticeship programs.

Individuals Impacted by the Waiver

Michigan's at-risk young adult population, American Job Centers (AJC) and subcontracted service provider staff, employers, parents, and school counselors will benefit from the waiver.

Monitoring Progress and Implementation

Annual WIOA on-site programmatic reviews will include an evaluation of how local waivers are being utilized to ensure programmatic goals and outcomes are being met.

The Youth Services state coordinators, dedicated to the administration of the WIOA Youth program, will continually examine the effectiveness of waivers throughout the program year. This strategy ensures that the goals described above, as well as those outlined in the existing state and local WIOA plans, are consistent with established objectives of the WIOA, and federal and state regulations.

Notice to Local Boards and Public Comment

In accordance with the WIOA Regulations at 20 CFR 676.135, Michigan is submitting a modification to its Unified State Plan, which is subject to the requirements outlined in the WIOA Regulations at 20 CFR 676.130(d) for public review and comment. As such, Michigan's waiver request is currently posted on our website for comment and review by required parties and the general public.

A copy of this waiver request was provided to all local workforce development boards and their association. Any comment received will be forwarded to the U.S. Department of Labor and included as a modification to the State's Unified Plan. Further, the impact of this waiver on the state's performance will be addressed in the state's WIOA Annual Report.

Statutory and/or Regulatory Requirements to be Waived – Expanding Registered Apprenticeship Credential Definition

The State of Michigan is seeking a waiver from the requirements outlined in the WIOA Section 116 and the Regulations at 20 CFR Part 677.155 to expand the definition of the credential required to be issued specifically by Registered Apprenticeship programs during program participation or within one year after "exit."

Background

Registered Apprenticeship is one of the most effective strategies for engaging employers and increasing performance outcomes for the public workforce system. Registered Apprenticeship helps workers get jobs, keep jobs, and increase their skills and earnings. Because it is a job, Registered Apprenticeship programs can help states and local areas meet their targets on the WIOA primary indicators.

Registered Apprenticeship is a national training system that combines paid learning on-the-job and related technical and theoretical instruction in a skilled occupation. Like stand-alone On-the-Job Training (OJT), Registered Apprenticeship is an important component of education and training services that the workforce system can provide to its customers, and should be used as a strategy to train and employ job seekers. Registered Apprenticeships offer job seekers immediate employment opportunities that usually pay higher wages and offer continued career growth.

Certifications earned through Registered Apprenticeship programs are recognized nationwide as portable industry credentials. The primary apprenticeship certification is a certificate of completion from the United States Department of Labor (USDOL), awarded at the end of the apprenticeship. The Registered Apprenticeship opportunities can and should be integrated throughout the workforce system as a means of leveraging resources to better serve regional needs.

For eligible participants, local WIOA Adult and Dislocated Worker funds may be used for:

- Pre-apprenticeship training, such as remediation and/or basic job skills training, to prepare an individual for a Registered Apprenticeship program.
- Case management, prior to, and during a Registered Apprenticeship program.
- OJT, in the form of employer reimbursement for the extraordinary costs of training.
- Related training instruction in the form of tuition assistance, books, supplies, etc., when the training provider is on the approved list of eligible training providers.
- Supportive services, including transportation and child care assistance.
- Follow-up services.

Most apprenticeship programs are multiple years in duration and are not competency-based or hybrid with interim credentials throughout the program. A waiver, to expand the definition of the credential required to be issued by the Registered Apprenticeship program during program participation or within one year after "exit" would greatly increase the promotion and utilization of WIOA-supported Registered Apprenticeships. Given the work-based learning and academic structure of Registered Apprenticeship, we request allowing the credential to include one or more of the following Registered Apprenticeship components completed in one year:

- Attainment of college credits - not just a two-year credential or certificate, associates, or another measure that takes more than one year to earn.
- The USDOL recommended 144 hours of related training instruction.
- The USDOL recommended minimum of 2000 hours of OJT.

These components of an expanded credential definition related to Registered Apprenticeship maintain the key qualities of a Recognized Post-Secondary Credential found in Section 3(52) of WIOA including industry-recognized, portable, third-party validated/accrued, and stackable.

Actions Undertaken to Remove State or Local Statutory or Regulatory Barriers

Currently, no state or local statutory or regulatory barriers exist. The State of Michigan regulations and policy statements are in compliance with current federal law.

Waiver Goals and Outcomes

Approval of this waiver would allow the State of Michigan and its local AJCs to better utilize WIOA to support Registered Apprenticeship strategies, programs, and participants. AJCs are currently apprehensive to use WIOA funds to support the Registered Apprenticeship training model because doing so could reflect negatively on their performance indicators.

An increased use of WIOA funding to support registered apprenticeships is a focus of the USDOL's ApprenticeshipUSA strategy. Michigan is a grantee of the USDOL's ApprenticeshipUSA State Expansion Grant and has performance goals specifically related to WIOA-funded Registered Apprenticeship. While Michigan ranks eighth in the nation for the number of active apprentices, baseline data from 2015 showed only 25 registered apprentices received support from WIOA services. This is an extremely low number based on Michigan's 11,785 total number of active registered apprentices in that same year. Over the grant performance period, we expect this number to grow by at least 35 additional registered apprentices supported through WIOA. This is a minimum goal, and we expect a larger increase if granted this waiver. Allowing this waiver will assist in increasing the probability of AJCs seeing WIOA as an appropriate funding source for Registered Apprenticeships.

This waiver will also impact the other WIOA performance indicators, including:

- Employment Rate: Participant Employed in the second Quarter after Exit.
- Employment Rate: Participant Employed in the fourth Quarter after Exit.
- Earnings in the second Quarter after Exit.
- Achieving measurable skills gains while enrolled in training and education programs.
- Increased use of WIOA to support Registered Apprentices with their education and training expenditures.
- Increase in the number of Registered Apprenticeship sponsors connected to the workforce system and receiving support through WIOA.
- Overall increase in Michigan's active Registered Apprenticeship numbers.
- Increased awareness of Registered Apprenticeship by the public as AJCs start to more broadly use WIOA services to support.
- Increased support to the mission of the federal ApprenticeshipUSA strategy.

Individuals Impacted by the Waiver

This waiver has an impact on all AJCs and their support of Registered Apprenticeship.

Monitoring Progress and Implementation

Because of the ApprenticeshipUSA Grant funding, the TIA implemented Policy Issuance 17-02 in January 2017, allocating funds to support Apprenticeship Success Coordinator functions in each of the 16 AJCs. AJCs have assigned one or more staff members to assist employers with local projects to effectively launch, register, conduct, report on, and ensure successful completion of new Registered Apprenticeship and serve as an extension of Michigan's USDOL Office of Apprenticeship. The Industry Engagement Division will work closely with the 16 Apprenticeship Success Coordinators and monitor their quarterly reports for progress with WIOA supported Registered Apprenticeships. The division will also consult with the TIA Data and Performance Reporting staff to query the One-Stop Management Information System and track the increase of WIOA-supported registered apprenticeships on a quarterly basis.

Notice to Local Boards and Public Comment

In accordance with the WIOA Regulations at 20 CFR 676.135, Michigan is submitting a modification to its Unified State Plan, which is subject to the requirements outlined in the WIOA Regulations at 20 CFR 676.130(d) for public review and comment. As such, Michigan's waiver request is currently posted on our website for comment and review by required parties and the general public.

A copy of this waiver request was provided to all local workforce development boards and their association. Any comment received will be forwarded to the USDOL and included as a modification to the State's Unified Plan. Further, the impact of this waiver on the state's performance will be addressed in the state's WIOA Annual Report.

Statutory and/or Regulatory Requirements to be Waived – Eligible Training Provider List Requirements

The State of Michigan is seeking a waiver from the requirements outlined in the WIOA at Sections 116 and 122, and at 20 CFR 677.230 and 20 CFR 680.400 thru 680.530, which require the collection and reporting of performance related data on all students participating in training programs listed on the state's ETPL.

Background

Subsequent to the passage of the WIOA in 2014, the State of Michigan has been working diligently to implement the new law's Eligible Training Provider (ETP) provisions. In February 2016, the state launched its new ETPL, Michigan Training Connect (MiTC). MiTC provides an improved and enhanced customer experience compared to the state's old ETPL, the Career Education Consumer Report, as MiTC is connected to the state's labor exchange system, Pure Michigan Talent Connect, and the state's new Pathfinder career exploration tool. Further, in June 2017, the state issued policy guidelines defining its ETP processes and procedures. Finally, the state is working to leverage existing data systems and data sources to assist it with meeting the WIOA ETP performance reporting requirements.

Despite its efforts, Michigan has faced several challenges while working to implement the WIOA ETP requirements, which include:

- Ensuring that local areas have sufficient numbers of, and diversity of, training providers necessary to create an effective marketplace of training programs for WIOA participants utilizing ITAs.
- Ensuring fairness in the process of determining training provider eligibility.
- Reducing the burden on training providers to submit performance information to the state which they may not be readily accessible.
- Much of the performance information is self-reported through surveys, etc., which makes it difficult to get accurate performance data since students may not respond to surveys and, as a result, schools may just provide performance information they previously collected without resurveying students.
- Proprietary schools do not currently have a statewide system to report student data, and as such, there is no way to automatically match students with other data sources to calculate outcomes. This results in a large reporting burden on these types of training providers.
- Proprietary schools would have to collect sensitive information, such as social security numbers, etc., on all students for the state to match wage and earnings information on students utilizing ETPL programs, which may leave students open to identity theft, privacy considerations, etc.
- Burden on training providers to collect and provide information on all students once they leave or graduate from the program. Thus the providers choose not to be on the ETPL, which limits consumer choice, especially for proprietary schools.
- Providing information on eligible training programs to WIOA participants in a way that helps them make good decisions about how to use their ITAs.

Actions Undertaken to Remove State or Local Statutory or Regulatory Barriers

There are currently no state or local statutory or regulatory barriers to implementing the requested waiver. State of Michigan regulations and policy statements are in compliance with current federal law.

Waiver Goals and Outcomes

Goals and outcomes related to this waiver request include:

- More numerous and varied training offerings for individuals utilizing ITAs via the public workforce system (in other words, greater consumer choice).
- More training providers can lead to lower cost options.
- Greater utilization of the ETPL by individuals pursuing training in Michigan related to jobs that are in-demand by employers now and in the future.
- Better overall performance outcomes for individuals pursuing training via ITAs.
- Stronger partnerships and relationships between training providers and the public workforce system.

- Enhanced ability of local boards to respond quickly and efficiently to immediate local job seeker and employer needs.

Individuals Impacted by the Waiver

Individuals who access training services in Michigan via ITAs, State of Michigan staff, AJCs, subcontracted service provider staff, and training providers will benefit from this waiver.

Monitoring Progress and Implementation

Annual WIOA on-site programmatic reviews will include an evaluation of how waivers are impacting local programs to ensure programmatic goals and outcomes are being met.

State staff involved with the administration of the ETPL and performance reporting will periodically examine the appropriateness and the effectiveness of this waiver. This strategy ensures that the goals described above, as well as those outlined in the State's Unified Plan, are consistent with established objectives of the WIOA and federal and state regulations.

Notice to Local Boards and Public Comment

In accordance with the WIOA Regulations at 20 CFR 676.135, Michigan is submitting a modification to its Unified State Plan, which is subject to the requirements outlined in the WIOA Regulations at 20 CFR 676.130(d) for public review and comment. As such, Michigan's waiver request is currently posted on our website for comment and review by required parties and the general public.

A copy of this waiver request was provided to all local workforce development boards and their associations. Any comment received will be forwarded to the USDOL and included as a modification to the state's Unified Plan. Further, the impact of this waiver on the state's performance will be addressed in the state's WIOA Annual Report.

Statutory and/or Regulatory Requirements to be Waived – Needs Related Payments

The State of Michigan is seeking a waiver of the requirement in the WIOA Regulations at 20 CFR 680.950 to remove time and eligibility restrictions on Needs Related Payments (NRP) for Dislocated Workers (DWs) that require them to be enrolled in training by the end of the 13th week after the most recent layoff that resulted in determination of eligibility as a DW, or if later, by the end of the eighth week after the worker is informed that a short-term lay-off will exceed six months, or be unemployed and did not qualify for unemployment compensation or Trade Readjustment Allowance under Trade Adjustment Assistance (TAA) or North America Free Trade Agreement TAA.

This waiver will assist the state to further develop its workforce system by allowing the state to focus on providing a full array of supportive services to DWs in a timely manner. Additionally, the waiver request will provide greater flexibility and increased capacity to respond to participants' training needs.

Background

Michigan has operated numerous DW projects in the past, including both the broad, general population of dislocated job seekers, and numerous National Dislocated Worker Grant ([DWG], formerly National Emergency Grant, or [NEG]) projects. However, execution of the NRP policy, as envisioned by local policy, and the various DWG project plans has been hamstrung by the availability of funds to serve the affected workers due to the requirement that they be enrolled in training by the end of the 13th week after the most recent layoff.

Four recent NEGs (or DWGs) demonstrate the reason why Michigan believes that this waiver request should be favorably adjudicated by the USDOL (see table below). In each instance, Michigan submitted a company-specific NEG application in a timely manner following a mass layoff event, and on the heels of conducting an initial Rapid Response meeting and collecting and analyzing DW survey data that revealed a need for additional funding. In each case, by the time USDOL awarded the funds and disbursement occurred, more than 13 weeks had passed since the initial wave of layoff activity, and even in instances where the final round of layoffs occurred within 13 weeks of fund disbursement to the field, only a fraction of the 13-week NRP window remained, severely constraining local project operators' ability to execute the service delivery strategy component involving NRPs that was envisioned in the original NEG project operator plan submitted to USDOL as part of the application process. Rather than having to approach USDOL subsequent to an award to request a plan modification to redirect funds awarded with the intent of supporting NRP expenditures, the state is requesting this waiver of the 13-week eligibility window so as to be better able to live up to the spirit of the law in serving Michiganders whose dislocation events are part of future DWG applications and other mass layoff activity.

In each of the four instances summarized in the following table, upon notification that mass layoff activity would happen, Michigan's Rapid Response Team made quick and timely contact with the employer, union (if present), and the affected workers; collected and analyzed survey data; and, after determining that an NEG (DWG) filing was the most appropriate method for funding an adequate level of service delivery, an application to USDOL followed. Favorable responses to Michigan's NEG applications followed in each instance, but in those where local policy permitted NRPs, more than 13 weeks had elapsed between the onset of layoff activity and receipt of NEG funds via an official 'Notice of Obligation (NOO).' As NEG/DWG applications are pursued only when local and state resources are not adequate to meet the urgencies of a particular situation, and without prior assurance of an award, services funded by NEG/DWG grants did not commence until funds were available to support them.

Company/NEG#:	GHSP (MI-16)	Whirlpool (MI-17)	AAR (MI-20)	TRW (MI-21)
WARN Date:	1/29/10	12/21/10	4/1/13	12/17/13
RRT Date:	10/8/09	6/15/10	N/A – prior RRT	1/7/14
TAA Filing:	2/3/10	6/18/10		1/14/14
TAA #:	#73432	#74280	#74983 (prior certification)	#85013
Approval/Denial Date:	Approved 4/7/10	Approved 9/14/10	Denied 6/19/13 (#82586)	Approved 3/29/16
Worker Orientation(s) & Survey Date:	3/29/10	Unknown	Unknown	1/28/14
JAC Dates:	12/30/09-4/10/10	N/A	N/A	N/A
NEG Filed:	6/18/10	1/20/11	5/30/13	4/8/14
NEG Awarded:	NOO 12/7/10	NOO 4/7/11	NOO 7/9/13	NOO 6/18/14
Layoff Start/End:	1/31/10-5/31/10	8/27/10-4/25/11	9/28/12	2/16/13-7/31/14
Total Layoffs:	80	216	55	645
# Weeks 1 st layoff to NEG Disbursement:	45	28	42	18
Notes:	N/A	RRT conducted 13 days after company announced layoffs.	New layoffs led to NEG filing, but workers were recalled.	N/A

The average number of weeks between initial layoff and USDOL NOO issuance for the single-company NEG events listed above is 34.25, which supports Michigan's assertion that approval of the requested waiver of the NRP 13-week post-layoff eligibility limit will enhance our ability to use this policy tool as intended to facilitate greater program utilization and a quicker return to the workforce for participants served thereby.

In the case of the "2008 - \$6,000,000 'Auto NEG' (MI-10)" encompassing a statewide plan serving former workers of 79 auto parts manufacturers who lost work over a 10-month window on either side of the application date, many, perhaps most, of those served had been unemployed for more than 13 weeks by the time NEG funding was available.

In the broader DW population, the situation can be even more serious, as, unlike the instances cited in the table above, many layoff events occur with less than the 60 days' notice associated with those falling under the purview of the WARN Act. This being the case, participants are less likely to receive worker orientations and are more likely to achieve active interface with DW

programmatic offerings later in their unemployment cycle, effectively limiting or negating their potential eligibility for NRP assistance. Since this population is, on the whole, less likely to be unionized or to have eligibility for TAA/Trade Readjustment Assistance benefits, as those are more commonly characteristics associated with workers in the manufacturing sector, whereas much of the sub-WARN layoff activity is skewed toward retail and service occupational clusters, where wages are lower, severance less commonly paid, et cetera, the overall DW population is actually more in need of NRPs than is the case with those served with DWG funds.

In conclusion, we believe that our entire DW population will benefit from removing the barrier currently hindering our deployment of NRPs as a fully effective policy tool, both with regard to workers served with DWGs and across the broader DW participant population as a whole.

Actions Undertaken to Remove State or Local Statutory or Regulatory Barriers

There are currently no state or local statutory or regulatory barriers to implementing the requested waiver. The State of Michigan regulations and policy statements are in compliance with current federal law.

Waiver Goals and Outcomes

NRPs are designed to provide a participant with resources for the purpose of enabling them to participate in training services. The State of Michigan recognizes that many individuals in need of training services may not have the resources available to participate in the training. NRPs can help individuals meet their non-training expenses and help them to complete training successfully. According to Section 134(d)(3)(B) of WIOA, a participant must be enrolled in a training program described in Section 134(c)(3) of WIOA to receive NRPs.

Barriers to service delivery should be eliminated in order to maximize all the resources available in the one-stop delivery system, including:

- More effective service delivery.
- Aligns NRP policy with the intent of WIOA service provision.
- Allows for more DWs to be trained due to a reduction in barriers, creating more opportunities for training to occur.
- Supports a demand-driven approach to increasing talent in Michigan.
- Aligns with the Governor's vision for Michigan's workforce.

Individuals Impacted by the Waiver

Individuals who meet eligibility requirements for DWs in service delivery areas where the local operator has an NRP policy. Michigan could better serve these individuals with the in-question waiver, when appropriate, as identified by local operator policy.

Monitoring Progress and Implementation

Required WIOA on-site programmatic reviews will be conducted and will include an assessment of how this waiver and NRPs are being used to ensure it is being implemented in alignment with the intended goals and outcomes. Data obtained thereby will be used to improve planning for better performance in future instances wherein NRPs are available as a policy option.

Notice to Local Boards and Public Comment

In accordance with the WIOA Regulations at 20 CFR 676.135, Michigan is submitting a modification to its Unified State Plan, which is subject to the requirements outlined in the WIOA Regulations at 20 CFR 676.130(d) for public review and comment. As such, Michigan's waiver request is currently posted on our website for comment and review by required parties and the general public.

A copy of this waiver request was provided to all local workforce development boards and their association. Any comment received will be forwarded to the USDOL and included as a modification to the state's Unified Plan. Further, the impact of this waiver on the state's performance will be addressed in the state's WIOA Annual Report.