

**U.S. Department of Labor**

Assistant Secretary for  
Employment and Training  
Washington, D.C. 20210



May 29, 2024

The Honorable Gretchen Whitmer  
Governor of Michigan  
P.O. Box 30013  
Lansing, MI 48909

Dear Governor Whitmer:

Thank you for your waiver request submission to the U.S. Department of Labor regarding certain statutory and regulatory provisions of the Workforce Innovation and Opportunity Act (WIOA) and the accompanying plan to improve the statewide workforce development system (enclosed). The waiver requests were received March 1, 2024, as part of your recent WIOA State Plan submission. This letter provides the Employment and Training Administration's (ETA) official response to your request and memorializes that Michigan will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by Michigan and ETA. This action is taken under the Secretary of Labor'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 Waiver: Waiver associated with the requirement at WIOA Section 129(a)(4)(A) and 20 CFR 681.410 that the State and local areas expend 75 percent of Governor's reserve youth funds and local formula youth funds on out-of-school youth (OSY).

ETA Response: ETA approves for Program Year (PY) 2024 and PY 2025, which includes the entire time period for which states are authorized to spend each of those Program Year fund allotments, the State's request to waive the requirement that the State expend 75 percent of Governor's reserve youth funds on OSY. ETA reviewed Michigan's waiver request and plan and has determined that the requirements requested to be waived impede the ability of State to implement its plan to improve the workforce development system. Michigan may lower the expenditure requirement of Governor's reserve funds to 50 percent for OSY and may eliminate the OSY expenditure requirement for Governor's reserve funds.

In addition, ETA approves for PY 2024 and PY 2025, which includes the entire time period for which states are authorized to spend each of those Program Year fund allotments, the State's request to waive the requirement that local areas expend 75 percent of local youth formula funds on OSY. Michigan may lower the local youth funds expenditure requirement to 50 percent for OSY. As a result of this waiver, ETA expects that the number of in-school youth (ISY) served will increase, and performance accountability outcomes for overall WIOA Youth (including both ISY and OSY) will remain steady or increase for the majority of the WIOA Youth performance indicators.

Requested Waiver: The State is requesting a waiver of WIOA Section 134(d)(4) and 20 CFR 680.800(a) to allow local areas to reserve more than 20 percent of Adult and Dislocated Worker funds for incumbent worker training (IWT).

ETA Response: ETA approves the State’s waiver request through June 30, 2028, to permit local areas to increase the allowable threshold available for IWT from 20 to 50 percent for all employers, regardless of size. ETA reviewed Michigan’s waiver request and plan and has determined that the requirements requested to be waived impede the ability of the State to implement its plan to improve the workforce development system. The following conditions apply to implementation of this waiver:

- Only use IWT to provide an employee the skills to advance in their job or get skills to stay in a job (layoff aversion);
- Report individual records based on the Participant Individual Record Layout for all IWT participants through the Workforce Integrated Performance System (WIPS); and
- Track employment retention and earnings outcomes to measure whether use of this waiver has a positive effect.

Requested Waiver: The State is requesting a waiver of the requirement at WIOA Section 134(d)(4)(D)(ii) and 20 CFR 680.820 which establish a sliding scale based upon employer size for the minimum required non-federal share contribution that an employer must make for IWT.

ETA Response: The State requested a waiver to lower the minimum contribution to 10 percent for all employers, regardless of size. ETA conditionally approves this waiver. Prior to implementation of this waiver, Michigan must develop an IWT policy that would allow lower employer contributions for IWT only for employers that demonstrate commitment to “quality jobs” – jobs with decent pay, career paths, benefits, etc. as discussed in Training and Employment Guidance Letter 7-22. Under this condition, the State policy must reflect how it will determine which employers meet job quality standards. In addition, ETA recommends that Michigan’s policy require an agreement with the employer to retain a trained individual for some minimum amount of time in exchange for a reduced employer contribution. Further, the State should ensure the minimum contribution reduction for IWT is not used for more than the initial 20 percent of IWT funds expended. Once the State submits its new employer contribution policy and it is approved by ETA, the waiver will also be approved.

Requested Waiver: Waiver of 20 CFR 680.780 to adjust the six-month employment requirement for IWT.

ETA Response: ETA approves, through June 30, 2028, the State’s request to adjust the six-month employment requirement for the purposes of conducting IWT. ETA reviewed Michigan’s waiver request and plan and has determined that the requirements requested to be waived impede the ability of Michigan to implement its plan to improve the workforce development system. The following conditions apply to implementation of this waiver:

- IWT may only be used to provide an employee the skills to advance in their job or get skills to stay in a job (layoff aversion);
- Report individual records based on the Participant Individual Record Layout for all IWT participants through the WIPS; and
- Track employment retention and earnings outcomes to measure whether use of this waiver has a positive effect.

Requested Waiver: The State is requesting a waiver of the state workforce development board (SWDB) membership requirements at WIOA Section 101(b)(1) and (c) and the corresponding regulations at 20 CFR 679.110(b)-(c).

ETA Response: ETA approves, with conditions, the State's request to substitute the WIOA SWDB membership requirements with alternate requirements, through June 30, 2028. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Michigan to implement its plan to improve the workforce development system. In implementing this waiver, the Governor must appoint a unique representative for both the Adult Education and Vocational Rehabilitation programs and extend these representatives voting privileges. Under this waiver, ETA accepts all other alterations to SWDB membership and voting privileges as outlined in the State's waiver request.

The State must report its waiver outcomes and implementation of the approved waiver in the WIOA Annual Report. ETA will use this information to assess continued waiver approval and to identify promising practices that may be adopted more widely. ETA is available to provide technical assistance to you in support of your goals. If you have questions, feel free to contact my office at (202) 693-2772.

Sincerely,



José Javier Rodríguez

Enclosure

cc: Stephanie Beckhorn, Deputy Director, Employment and Training, Michigan Department of Labor and Economic Opportunity  
Pam Gerassimides, ETA Regional Administrator – Region 5 Chicago  
Danielle Waddell, ETA Federal Project Officer

## **Michigan Department of Labor and Economic Opportunity**

### **Workforce Innovation and Opportunity Act (WIOA) Waiver Request**

#### **Out-of-School Youth Expenditure Waiver**

On June 10, 2022, the U.S. Department of Labor (USDOL) approved the following current waiver for the State of Michigan through the life of Program Years (PYs) 2022 and 2023 funds at 50 percent for WIOA formula funding and 50 percent for WIOA Statewide Activities (Governor's set-aside) funding. The Department of Labor and Economic Opportunity (LEO) is requesting subsequent approval of this waiver, at 50 percent of WIOA formula funding and 0 percent of WIOA Statewide Activities funding.

#### **Statutory and/or Regulatory Requirement(s) to be Waived**

Department of Labor and Economic Opportunity, Workforce Development (LEO-WD) is requesting a waiver from WIOA in accordance with the federal WIOA of 2014, at Section 189(i)(3) and WIOA Final Regulations at 20 Code of Federal Regulations (CFR) 679.600 thru 679.640. This waiver request will assist Michigan to further develop and strengthen its demand-driven workforce development system.

The State of Michigan is seeking a waiver from WIOA Section 129(a)(4)(A) and 20 CFR Part 681.410, which requires 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), which shall be used to provide youth workforce investment activities for Out-of-School Youth (OSY). The State of Michigan is requesting:

1. To lower the minimum OSY expenditure requirement to 50 percent for formula funding at both the state and local levels; and
2. To eliminate the minimum OSY expenditure requirement for WIOA Statewide Activities funding when providing direct services to youth.

The local Michigan Works! Agencies (MWAs) are meeting or exceeding the approved 50 percent OSY expenditure minimum for Appropriation Year 2022 WIOA Youth funding, in compliance with the waiver approved in June of 2022. The State tracks these expenditures quarterly and annually in the Management of Awards to Recipients System. Technical assistance is provided to any MWAs identified as at-risk during a review. Receipt of these

waivers has resulted in an increase in the number of both In-School-Youth (ISY) and OSY served in the last three PYs, with a 6.98 percent increase in OSY in PY 2022, alone.

The current statutory 75 percent OSY expenditure minimum mandate is a disincentive for funding additional innovative initiatives that are targeted to serve Michigan's vulnerable youth populations despite their school status, including those outlined above.

In the PY 2022 request for identical waivers, Michigan projected a quantifiable outcome of 45 percent of ISY participating in a work experience activity in PY 2022. Michigan far exceeded this goal, with 80 percent of ISY participants participating in a work experience activity in PY 2022. Michigan projects an expected outcome of 60 percent of ISY engagement in a work experience activity for PYs 2023 through 2025. Using the most recently completed PY 2022 as a standard for ISY enrollment data, this equates to a minimum of 1,115 ISY engaging in a work experience per PY.

Additionally, in the PY 2022 waiver request, Michigan projected a quantifiable outcome of 38 percent of ISY engaging in the tutoring, study skills, and dropout prevention services element for ISY in PY 2022. Michigan met this goal for PY 2022. In recognition of difficulties connecting to youth engaged in virtual education, and a heightened need for dropout prevention and reengagement, Michigan maintains our expected outcome of 38 percent engagement in the tutoring, study skills, and dropout prevention services element for ISY in PYs 2023 through 2025. Using the most recently completed PY 2022 as a standard for ISY enrollment data, this equates to a minimum of 706 ISY engaging in the tutoring, study skills, and dropout prevention services element per PY.

### **Actions Undertaken to Remove State or Local Statutory or Regulatory Barriers**

There are no state or local statutory or regulatory barriers to implementing the requested waiver. Current State of Michigan laws, regulations, and policies follow federal law, regulations, and guidance.

### **State Strategic Goals and Expected Programmatic Outcomes**

The State seeks to achieve the following strategic goals that align with WIOA Planning Priorities, the Governor's priorities, and the State Plan.

Increased flexibility of WIOA Statewide Activities and formula funding to support:

- The implementation of evidence-based programs and strategies;
- Opportunities for career exposure, exploration, and experience events;
- The Governor's statewide postsecondary education goal of 60 percent of working-age adults completing a postsecondary credential by the year 2030;
- Promoting inclusion and making progress towards closing the economic equity gap;
- Placing more of Michigan's citizens on the path to high-wage skills;
- Increased college readiness; and
- A no wrong door youth workforce system.

### **Alignment with U.S. Department of Labor (USDOL) Policy Priorities**

This waiver request aligns with the following USDOL policy priorities, as found in the USDOL Fiscal Years 2022 through 2026, Strategic Plan and the WIOA law and federal regulations:

- USDOL has a strategic goal to build opportunity and equity for all;
- USDOL Employment and Training Administration (ETA) has a performance goal to create customer-focused workforce solutions that serve all workers, including underserved communities, which supports building a strong youth pipeline and increasing retention;
- ETA's strategies to put America back to work include scaling evidence-based practices, including sector-based training and career pathways, among others, which includes workforce pathways for youth;
- ETA's continued efforts to enhance access to effective work-based training models by expanding youth and pre-apprenticeships by targeting students at secondary educational institutions;
- WIOA places a strong emphasis on work experience for youth participants, requiring that 20 percent of WIOA Youth funding be expended on this element;
- WIOA promotes strong partnerships to leverage resources and increase opportunities for youth; and
- WIOA prioritizes participant success, as measured by skill gains, entry into and retention of employment or postsecondary attendance, and achievement of an industry recognized credential.

## **Individuals, Groups, or Populations Affected by the Waiver**

This waiver will ultimately impact Michigan's at-risk young adult population. American Job Center (AJC) and subcontracted service provider staff, workforce development partners, employers, parents, and school counselors will also benefit from the waiver.

## **Plans for Monitoring Implementation and Collecting Waiver Outcome Information**

WIOA programmatic reviews will include an evaluation of how local waivers are being utilized to ensure programmatic goals and outcomes are being met. WIOA State Coordinators dedicated to the administration of WIOA Youth program will continually examine the effectiveness of waivers throughout the PYs, including quarterly desk reviews. This strategy ensures that the objectives 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 WIOA Section 102(c)(3) and WIOA Final Regulations at 20 CFR 676.135, LEO is submitting this waiver request as part of the WIOA State Plan, which is subject to the requirements outlined in WIOA Final Regulations at 20 CFR 676.130(d) regarding public review and comment. This waiver request has been posted on the Department's website for review and comment by required parties and the general public for 30 days. A copy of this waiver request was provided to all local Workforce Development Boards and their association. No opposition to this waiver as proposed, was received.

The effect of this waiver on the State's programmatic performance outcomes will be addressed in the State's WIOA/Wagner-Peyser Annual Report Narratives.

## **Results and outcomes observed through implementation of the existing waiver**

### Support for Evidence-Based Dropout Prevention and Re-Engagement Programming

In Michigan, according to the Center for Educational Performance and Information, approximately 10,000 youth drop out of high school every year.

According to the American Community Survey, individuals with less than a high school diploma have an unemployment rate of 12.7 percent, compared to 4.7 percent for those with a high school diploma or higher, and the poverty rate for individuals without a high school diploma is 27 percent and only 9.3 percent for individuals with a high school diploma or higher.

According to Michigan Center for Data and Analytics occupational projections, more than three-quarters of jobs in 2030, are expected to require at least a high school diploma. It is crucial to the future of our state's youth to engage them prior to disconnecting from an educational institution.

Michigan can no longer rely on school counselors to keep students connected. According to the American School Counselor Association, Michigan has a ratio of 615 students to one counselor, over 200 more than the national average. The Association recommends a ratio of 250 to one. To help address this disparity, the State of Michigan is requesting continued flexibility of WIOA Statewide Activities funding to support 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.

Statewide Activities funding will complement 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 and those who already have dropped out of school. "At risk of dropping out" includes students who are credit deficient, have repeated a class, who maintain a grade point average, at or below a cumulative 1.5, scored poorly on assessment tests, are often truant from school, are involved in the court system, are currently involved in gang activity, or who are likely to join a gang, as defined by local authorities.

The goal is for youth to receive a high school diploma or recognized equivalent, secure a quality, entry-level job in the workforce, pursue postsecondary education, and/or seek career advancement opportunities. By retaining and re-engaging youth in education, this waiver request is consistent with Governor Whitmer's statewide postsecondary education goals to achieve 60 percent of working-age adults completing a postsecondary credential by the year 2030, to increase college readiness, and for the next generation of talent to Make it in Michigan. Additionally, the waiver aligns with the work of the Growing Michigan Together Council, to find out what would attract high school students to stay in Michigan after graduation. Michigan's Chief Growth



Officer, Hilary Doe, believes Michigan's future is intrinsically intertwined with the aspirations, dreams, and visions of our young residents.

Jobs for Michigan's Graduates (JMG) is a proven partner in this effort. As the state affiliate of the national Jobs for America's Graduates (JAG's) organization, the programming has over 40 years of demonstrated outcomes of ensuring our country's most at-risk youth graduate from high school, enter postsecondary education, and/or transition into meaningful employment. In PYs 2022 and 2023, JMG exceeded their goal and served 4,469 Michigan youth residing in 450 Michigan cities, towns, and villages. Of the youth served, 56.5 percent were minorities, 75 percent were potential first-generation college students, and 80 percent were economically disadvantaged.

The JMG program boasts the following successes that show tremendous potential to positively impact youth:

- Eleven consecutive years of graduation rates that are 90 percent or higher for all dropout prevention services, with a 98 percent graduation rate from the JMG in-school Class of 2022.
- In support of LEO and Governor Whitmer's "60 by 30," JMG's in-school further education rate for 2022 and 2023 was 54 percent, exceeding the state average.
- JMG's ISY consistently meet, or exceed, JAG National's metric of a 90 percent return to school rate, with 97 percent of alternative students, and 98 percent of traditional ISY returning to school in September of 2022.
- JMG youth consistently reach full-time positive outcomes, with 84 percent of OSY and 90 percent of ISY, in the class of 2022, entering full-time employment, postsecondary education, the military, or any combination.

For Michigan to remain competitive nationally in job retention and growth, it must continue to address the low graduation, postsecondary education attainment, and employment rates of youth within the state. The JMG program equips youth with the skills to overcome their barriers and succeed in career-focused education, employment, and in life. The program engages youth to discover different opportunities and plan for their chosen career path in Michigan. The JMG specialists deliver engaging and outcome-based services to youth, giving them a reason to stay in, or return to, school. Core program components include competency education, leadership development, mentoring, postsecondary education and training placement, and follow-up services. JMG has proven a strong complement to WIOA Youth programming,

providing a service delivery model that drives positive outcomes for Michigan's most in-need youth.

### Support for Young Professionals Programming

Michigan aligns with WIOA in support of an increased focus on work experience for youth and envisions a public-private partnership designed to reduce youth unemployment by introducing under-represented young adults ages 14 to 24 years old, to the world of work while providing participants and their families income. Combined services place young adults on the right path to gain the skills necessary to achieve lifelong economic self-sufficiency. Originally piloted in 2020 as a summer youth employment program, the Young Professionals Initiative is now a year-round opportunity. Increased flexibility of Statewide Activities dollars resulted in improved efficiency and effectiveness of services to at-risk youth in our local communities in the height of the COVID-19 pandemic, despite their educational status. Local programs quickly pivoted to prioritize health and safety concerns of young adults and employers by decreasing on-site placements and increasing virtual opportunities for career exploration, preparation, and placement. As a result of the previous flexibility provided, the quantitative outcome of this waiver in PY 2022, enabled services to over 600 young adults statewide. LEO-WD projects subsequent approval of this waiver will support services to an additional 100 young adults with a no-cost increase resulting in over 700 youth receiving services through this initiative in PY 2023.

Local programs will provide career services and employment opportunities in partnership with AJCs and under the direction of local Workforce Development Boards. Business Service Teams will play a crucial role in recruitment of employers, with a focus on key in-demand industries, such as Hospitality, Health Services, Transportation, and Manufacturing. Resources will be leveraged with additional funding partners, such as Wagner-Peyser funding, to assist with activities such as recruitment, resume assistance, career preparation, and job fairs.

Data from the American Community Survey states the national unemployment rate for young adults, ages 16 to 24 years old, for the five-year period of 2017 to 2021, was 11.4 percent. Michigan's youth unemployment rate for individuals ages 16 to 24 years old was slightly higher at 12.2 percent during the five-year period of 2017 to 2021. Non-metro counties have an average youth unemployment rate of 10.1 percent, while metro counties have an average youth unemployment rate of 12.7 percent. For the five-year period,

Michigan was ranked 37th nationally in youth joblessness. While youth joblessness has moderated, the rate was still nearly double the state's overall rate of 6.2 percent. This data reflects a significant need for progress in the creation and expansion of opportunities for youth employment in Michigan.

According to MCDA, a higher-than-average jobless rate for youths ages 16 to 24 years old, is expected, and reflects a combination of factors including competition from older, more experienced workers and structural challenges, like skills mismatches. From 2017 to 2021, 62.6 percent of Michigan youth were participating in the labor market, which was slightly higher than the national youth participation rate of 58.6 percent. However, this number is bolstered by older youth ages 20 to 24 years old, with a participation rate of 77.0 percent in Michigan. As expected, younger youth, ages 16 to 19 years old, were less active in the labor market, with participation rates just over 44 percent. One important reason that explains why so many youth are not participating in the labor market is engagement in educational activities. Flexibility of Statewide Activities funding will allow Michigan to serve more youth who may benefit from valuable summer youth employment while expecting to return to school in the fall as well as those seeking work throughout the year.

More recently, over the 12-month period of October 2022 to September 2023, data has shown significant improvements to Michigan youth ages 16 to 24 years old youth participation jobless rates. In total, this group had a jobless rate of 8.6 percent and a participation rate of 63.9 percent. Among Michigan population ages 16 to 19 years old, jobless rates were 12.5 percent over the period while participation rates were 42.1 percent. Those in the state who were ages 20 to 24 years old had a higher participation rate of 79.3 percent and a lower jobless rate of 7.1 percent over the 12-month period.

The ability to reach more youth while they are still attached to an educational institution gives LEO-WD the chance to reduce the impact of high-risk factors, including poverty, while providing an opportunity to earn valuable wages for youth and their families. Flexibility of funding will increase Michigan's ability to provide equitable resources to meet the needs of all youth populations to ensure they have access to quality career exploration and work experience opportunities. Approval of this waiver will provide greater opportunity to serve youth who are struggling on the path to finish high school and encourage continuation 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 self-sustaining employment.

## **Michigan Department of Labor and Economic Opportunity, (LEO)**

### **Workforce Innovation and Opportunity Act (WIOA) Waiver Request**

#### **State Workforce Development Board (SWDB) Waiver**

LEO is seeking subsequent approval for the waiver request identified below associated with the Michigan Workforce Development Board (MWDB) membership requirements through June 30, 2028.

#### **Statutory and/or Regulatory Requirement(s) to be Waived**

A waiver from the SWDB requirements outlined at Sections 101(b) of WIOA of 2014 and 20 Code of Federal Regulations (CFR) 679.110(a) and (b), which specify board membership and category/sub-category representation requirements.

Changes in the structure and operation of MWDB reflect the current organizational structure of the state government, support increased engagement of educational partners to meet the Governor's goal of 60 percent of Michiganders obtaining a postsecondary credential by 2030, and better address the employment and skill needs of Michigan's workers and job providers. MWDB's structure was established under [Executive Order 2020-107](#), with a focus on ensuring Michigan's workers can acquire the skills and credentials they need to secure and advance in jobs with family-sustaining wages, while ensuring Michigan's job providers have access to the skilled workers they need to succeed in a global economy. Michigan has strengthened the quality and labor market relevance of its workforce through investment, education, and economic development efforts. Achieving this required the alignment of efforts to support a comprehensive, accessible, and high-quality workforce development system.

Michigan has board member representation in all federally required categories and in alignment with Michigan's Executive Order 2020-107. This waiver requests to reduce the required number of Chief Elected Officials (CEOs) within Representatives of Local Government from two to one and to lower the 20 percent requirement for Workforce Representatives to 17 percent. Michigan's structure, codified by Executive Order 2020-107, also requires the addition of one director of a high school Career and Technical Education (CTE) program, one president of a community college district, and one

president of an institution of higher education. This membership composition supports our workforce plan by prioritizing educational skills attainment to better align with the needs of Michigan's employers. This structure has received approval via waivers from the U.S. Department of Labor (USDOL) in 2020 and 2022.

## **MWDB Membership Roster**

### **State Government Representatives (3):**

**Jessica Brousseau**, Chief of Staff

LEO

Designee of Governor Gretchen Whitmer (*Governor*)

**Vacant**, State Representative

Michigan House of Representatives

**Senator Kevin Daley**, State Senator

Michigan State Senate, 26th District

### **Business Representatives (Majority of Board, Excluding Governor and Legislators) (12):**

**Jeff Donofrio**, Interim Chair, President/CEO,

Business Leaders of Michigan

*Business*

**Martha Zehnder Kaczynski**, Vice President

Frankenmuth Bavarian Inn Corp., Bavarian Inn Lodge, and the Frankenmuth Cheese Haus

*Business*

**Dave Meador**, Executive Director

Detroit Regional CEO Group

*Business*

**Rishie Modi**, President

Modi Benefits

*Business*

**Vacant**

*Business*

**Rachel E. Lutz**, Owner

Peacock Room Boutique, Yama, and Frida clothing stores

*Small Business Owner*

**Peter T. Hungerford**, Chief Operating Officer

ADAC Automotive

*Manufacturing Business Enterprises*

**Deeana Ahmed**, Ph.D., Chief Strategy Officer

Our Next Energy

*Mobility Business*

**Kaja Thorton-Hunter**, CEO

Overcoming Barriers Inc., and Kaja's Flavor

*Minority-owned Business Enterprises*

**Vacant**

*Female-owned Business*

**Shana Lewis**, Vice President of Talent Acquisition and Workforce Development

Trinity Health

*Business Enterprises employing veterans, returning citizens, or persons with disabilities*

**Awenate Cobbina, CEO**

Bedrock Group

Chair of the Michigan Economic Development Corporation (MEDC) Executive Committee

*Business and MEDC*

**Workforce Representatives (At Minimum 20 Percent of Total Board Composition, Excluding Governor and Legislators) (4):**

**Steve Claywell, President**

Michigan Building and Construction Trades Council

*Workforce and General Labor*

**Michael J. Smith, Executive Director**

Upper Peninsula Construction Council

*Workforce and General Labor*

**Vacant**

*Workforce and General Labor*

**Lee Graham, Executive Director**

Operating Engineers 324's Labor Management Education Committee

*Apprenticeship Coordinator of a Joint Labor-Management Apprenticeship Program*

**Representatives of Government With Responsibility Over the Core Programs (3):**

**Susan Corbin**, Director

LEO

*Director of the State's Workforce Development Department/Agency*

*WIOA Adult/Dislocated Workers/Youth – Title I and Wagner-Peyser – Title III*

**Vacant**, Director of Adult Education

LEO

*Adult Education – Title II*

**Vacant**, Director of Michigan Rehabilitation Services

Michigan Department of Labor and Economic Opportunity

*Vocational Rehabilitation – Title IV*

**Representatives of Local Government (1):**

**Terri Weems**, Group Executive – Jobs, Economy, and Detroit at Work, City of Detroit

Designee of Detroit Mayor Michael Duggan

*CEO of a City or County*

**Optional Representatives (3):**

**Jennifer A. Geno**, Executive Director

CTE for Saginaw Intermediate School District

*Director of a Michigan High School CTE Program*

**Russ Kavalhuna**, President

Henry Ford Community College

*President of a Community College District*



**Robert Davies**, President

Central Michigan University

*President of an Institution of Higher Education*

\*There are also two non-voting members of the legislature that do not contribute to the composition of the Board.

### **Actions Undertaken to Remove State or Local Statutory or Regulatory Barriers**

There are currently no state or local statutory or regulatory barriers to implementing this waiver. Current State of Michigan laws, regulations, and policies follow federal law, regulations, and guidance.

### **State Strategic Goals and Expected Programmatic Outcomes**

The State seeks to achieve the following strategic goals in alignment with Michigan's Combined State Plan:

- A single, unified vision for workforce development driven by the Governor, with input from employers and other key workforce system stakeholders from across the state;
- Greater coordination between state government and employers to meet talent needs;
- Increased collaboration between education providers and the workforce system;
- More job seekers with postsecondary credentials of value to employers.

The MWDB composition reflects the current organizational structure of the Michigan's State government and provides better support for true engagement of employers and education providers with the State's Workforce Development system. The composition also provides an enhanced opportunity for the creation of innovative solutions to the challenges employers in key sectors are facing.

The LEO Director represents WIOA Title I and III programs when serving on the State Board as the appointed *Director of the State's workforce development department/agency*. In addition, the State Director for Adult Education and the director overseeing the State's Vocational Rehabilitation are also unique voting members of the MWDB.

LEO is charged with supporting state strategies such as, Sixty by 30 and Michigan Reconnect, which are key focus areas of our State Plan. This waiver request affords our state the ability to achieve the identified goals by having greater representation of employers and education providers on the State Board. These representatives have direct engagement and provide input on how we can better serve employers specific to the credential attainment, upskilling, and overall talent need.

### **Alignment with USDOL Policy Priorities**

This waiver aligns with the following USDOL policy priorities:

- Supporting employer engagement.
- Connecting education providers with employers and the workforce system.
- Improving job and career options and outcomes for all stakeholder groups.

Greater representation of education providers on the MWDB results in partnership and programming that more innovatively addresses the state's talent development needs.

### **Individuals, Groups, or Populations Affected by the Waiver**

This waiver will impact all stakeholders who interact with the State's workforce development system, including, but not limited to, youth, unemployed and underemployed adults, dislocated workers, Unemployment Insurance claimants, education providers, organizations, and employers. Implementation of this waiver will result in more efficient and effective services for all stakeholder groups and ensure employers have the skilled workers they need both now and in the future.

### **Plans for Monitoring Implementation and Collecting Waiver Outcome Information**

In alignment with the WIOA Final Regulations at 20 CFR 679.160, LEO has staff who assist the MWDB with carrying out its required functions. MWDB workgroups were formed to focus on policy, barriers, job matching, and talent cultivation. The Board members engage with these workgroups in addition to the quarterly board meetings. Updates on the efforts of each group are shared with the Board on a regular basis, including the progress to meet Governor

Gretchen Whitmer's Sixty by 30 goal. These meetings are open to all Local Workforce Development Boards (LWDBs) and the public.

This staff will continue to monitor implementation of this waiver on an ongoing basis, analyzing the ability of the State to achieve its strategic goals and the MWDB to perform its required functions. Further, the impact of this waiver on the State's programmatic performance outcomes will be addressed in the State's WIOA/Wagner-Peyser Annual Report Narratives.

### **Notice to Local Boards and Public Comment**

In accordance with WIOA Section 102(c)(3) and WIOA Final Regulations at 20 CFR 676.135, LEO is submitting this waiver request as part of the WIOA State Plan, which is subject to the requirements outlined in the WIOA Final Regulations at 20 CFR 676.130(d) regarding public review and comment. This waiver request has been posted on our website for review and comment by required parties and the general public for 30 days. A copy of this waiver request was provided to all LWDBs and their association. Stakeholders from workforce development, economic development, business, education, and the general public were given the opportunity to provide feedback. No opposition to this waiver as proposed, was received.

### **Results and Outcomes Observed through Implementation of the Existing Waiver**

The Board and LEO have supported historic initiatives such as providing tuition-free pathways to postsecondary education that have contributed to an increase of Michigan's postsecondary education attainment to 50.5 percent in 2023, up from 45 percent when the goal was announced by the Governor in 2019.

The MWDB Policy Workgroup has proposed and passed a resolution to establish a Credentials of Value framework for the State. The workgroup is partnering with the Michigan Center for Data and Analytics, as well as various national experts, state leaders, and other stakeholders to identify credentials with the biggest impact on employment and wage outcomes in Michigan.

### **Michigan Department of Labor and Economic Opportunity**

#### **Workforce Innovation and Opportunity Act (WIOA) Waiver Request**

#### **Incumbent Worker Training Waiver**

The Michigan Department of Labor and Economic Opportunity (LEO) seeks approval of the following statutory waivers in accordance with the federal WIOA of 2014 at Section 189(i)(3) and the WIOA Final Regulations at 20 Code of Federal Regulations (CFR) 679.600 thru 679.640. These waiver requests will assist Michigan to further develop and strengthen its demand-driven workforce development system.

### **Statutory and/or Regulatory Requirement(s) to be Waived**

The State of Michigan is requesting a waivers of the following statutory and regulatory provisions:

A waiver of the requirement at WIOA Section 134(d)(4)(A)(i) and 20 CFR 680.800(a) that limits the percentage of WIOA Adult and Dislocated Worker formula funds that may be reserved and utilized by a local area to provide Incumbent Worker Training (IWT) to a combined 20 percent of the funds available in the local area. The State of Michigan is requesting a waiver to raise this limitation to 50 percent for Program Years (PYs) 2024 through 2027.

A waiver of the requirement at 20 CFR 680.780 that an incumbent worker, or a majority of a group of incumbent workers, have an established employment history with the employer of six (6) months or more, in order to be eligible to receive IWT. The State of Michigan is requesting elimination of this requirement for PYs 2024 through 2027.

A waiver of the requirement at 134(d)(4)(D)(ii) and 20 CFR 680.820 which establishes a sliding scale based upon employer size for the minimum required non-federal share contribution that an employer must make for IWT. The State of Michigan is requesting a waiver to lower the minimum contribution to 10 percent for all employers, regardless of size, for PYs 2024 through 2027.

### **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 waivers. Current State of Michigan laws, regulations, and policies follow federal law, regulations, and guidance.

### **State Strategic Goals**

IWT is designed to meet the special requirements of an employer or group of employers to retain a skilled workforce or avert the need to lay off employees by assisting workers in obtaining the skills necessary to retain employment. As Michigan addresses shifts to renewable energy in both the utility and auto sectors, making up more than 20 percent of the state's economy, employers have identified a need to train and upskill their existing employees in order to retain talent and ensure that workers have a career ladder to advance with their employers. The limitations on IWT funding amounts, timelines, and non-federal shares have prevented Michigan from having the flexibility to direct resources wherever they are needed most to help sustain workers and businesses during this time of transition. Therefore, IWT has been an underutilized resource. Via implementation of the requested waivers, the State seeks to change this and achieve multiple strategic goals.

- In alignment with Strategic Goal 1, Promote Inclusion and Close Equity Gaps, the State seeks to promote inclusion and close equity gaps by enrolling more individuals into Workforce Development (WD) programs and prioritizing increasing wages for individuals who participate in WD programs. This applies to all three IWT waivers requested.
- By increasing the flexibility of funding usage, eliminating the six-month requirement, and reducing the required employer contribution, the State will be positioned to provide IWT services to more individuals than under the current restrictions. Specifically, the 20 percent threshold disincentivizes local commitment to promote IWT with employers due to limited funding to support projects. The State believes a 50 percent threshold will provide ample flexibility to meet local needs to develop and grow IWT opportunities.
- In alignment with Strategic Goal 3, Grow the Middle Class by Removing Barriers to Education and Employment, the State seeks to educate Michiganders and grow the middle class by upskilling or reskilling workers and increasing credential attainment of Michiganders through WD programs. This applies to all three IWT waivers requested. By increasing the flexibility usage, eliminating the six-month requirement, and reducing the required employer contribution, the State will be positioned to provide IWT services that upskill and reskill workers to more individuals than under the current restrictions. Specifically, the 20 percent threshold disincentivizes local commitment to promote IWT with employers due to limited funding to support projects. The State believes a 50 percent threshold will provide ample flexibility to meet local needs to develop and grow IWT opportunities.

- In alignment with Strategic Goal 4, Provide Dynamic and Responsive Business Solutions, the State seeks to support workers and businesses in industries undergoing significant transition. This includes the automotive industry, which is making the transition from manufacturing primarily internal combustion engine driven vehicles, or component their parts, to also manufacturing electric vehicles, or their component parts. This applies to all three IWT waivers requested. The State is focusing on IWT as a critical tool to avert layoffs during these transitions and provide opportunities to existing workers to maintain and advance in family sustaining employment. By increasing the flexibility of funding usage, eliminating the six-month requirement, and reducing the required employer contribution, the State will be positioned to provide IWT services that better support workers and businesses undergoing significant transitions than under the current restrictions. Specifically, the 20 percent threshold disincentivizes local commitment to promote IWT with employers due to limited funding to support projects. The State believes a 50 percent threshold will provide ample flexibility to meet local needs to develop and grow IWT opportunities. Additionally, lowering the non-federal share of funding to 10 percent for employers with over 50 employees is necessary to assist employers facing current and projected financial hardships due to the need to rapidly transition their business model and employee skillsets to remain competitive.
- To further align with Strategic Goal 4, the waiver of the requirement at 20 CFR 680.780 would eliminate an arbitrary barrier (six-month employment requirement) to providing IWT for workers and businesses. To ensure a successful transition of skills for those working in fossil fuel-based industries, the State, local Workforce Development Boards, and local employers must be able to rapidly respond to changing needs to ensure continued competitiveness. Removing the six-month requirement increases the ability of all partners to be more responsive to the needs of workers and businesses.

These strategic goals align with Governor Gretchen Whitmer's priorities and Michigan's WIOA State Plan.

### **Projected Programmatic Outcomes Resulting from Implementation of the Waiver**

Through implementation of these waivers, the State will achieve the following programmatic outcomes:

- Increase the number of workers participating in IWT programs. In PY 2022, 589 individuals engaged in IWT. Given Michigan's funding decrease in PY 2023 of \$1,689,399, we are projecting to serve 571 individuals with IWT in PY 2024. Should funding remain stable and restrictions be waived, Michigan projects it will provide a minimum of 600 individuals with IWT in PY 2024 and 630 individuals with IWT in PY 2025 as the local areas adjust to the flexibility and scale efforts. These outcomes are projected on the collective impact of the three IWT waivers.
- Help to avert layoffs of workers at businesses undergoing significant transition. Verification of this projected outcome will be collected through employer feedback and success stories.

### **Alignment with U.S. Department of Labor (USDOL) Policy Priorities**

These waiver requests aligns with the following USDOL policy priorities:

Supporting employer engagement and supporting work-based learning opportunities.

WIOA provides for a workforce system that is universally accessible, customer-centered, and demand-driven. WIOA also places an emphasis on work-based learning opportunities. Among the many training options available to Adults and Dislocated Workers is IWT, a learning strategy that allows local areas to serve individuals who are currently working. Providing more IWT will increase the competitiveness of the employee and the employer, and result in increased employer engagement with the workforce system and greater utilization of a key work-based learning option.

### **Individuals, Groups, or Populations Affected by the Waiver**

This waiver will impact workers and businesses in Michigan, particularly those workers and businesses in industries undergoing significant transition such as the automotive industry which is making the transition from manufacturing primarily internal combustion engine driven vehicles, or their component parts, to also manufacturing electric vehicles, or their component parts.

### **Plans for Monitoring Implementation and Collecting Waiver Outcome Information**

WIOA onsite programmatic reviews include an evaluation of how waivers are being utilized in the local area to ensure programmatic goals and outcomes

are being met. WIOA State Coordinators dedicated to the administration of the WIOA Adult and Dislocated Worker programs will continually examine the effectiveness of waivers throughout the PY. This strategy ensures that the objectives 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 regulations and guidance.

### **Notice to Local Boards and Public Comment**

In accordance with WIOA Section 102(c)(3) and WIOA Final Regulations at 20 CFR 676.135, LEO is submitting this waiver request as part of the WIOA State Plan, which is subject to the requirements outlined in WIOA Final Regulations at 20 CFR 676.130(d) regarding public review and comment. This waiver request has been posted on the Department's website for review and comment by required parties and the general public for 30 days. A copy of this waiver request was provided to all local Workforce Development Boards and their association. No opposition to this waiver as proposed, was received.