



MAY 22 2019

The Honorable Kay Ivey
Governor of Alabama
600 Dexter Avenue
Montgomery, Alabama 36130-2751

Dear Governor Ivey:

Thank you for Alabama's waiver request received on March 12, 2019, 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 (copy enclosed). This letter provides the Employment and Training Administration's (ETA) official response to the State's request and memorializes that Alabama will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by Alabama and ETA. 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 Waiver: Waiver of 20 CFR 681.550 to allow individual training accounts (ITAs) for in-school youth.

The State's request to waive the requirement limiting ITAs to only out-of-school youth ages 16–24 is approved. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Alabama to implement its plan to improve the workforce development system. Therefore, ETA approves the requested waiver for Program Years 2018 and 2019 (July 1, 2018 through June 30, 2020).

ETA is available for further discussion and to provide technical assistance to the State to support achieving its goals. The Department of Labor proposed additional flexibility in its Fiscal Year 2018, 2019, and 2020 budgets to give governors more decision-making authority to meet the workforce needs of their states and will continue to propose these additional flexibilities in future fiscal years.

Should you have questions or wish to explore additional flexibility, feel free to contact my office at (202) 693-2772.

Sincerely,


Molly E. Conway
Acting Assistant Secretary

Enclosure

cc: Greg Canfield, Secretary, Alabama Department of Commerce
Winston Tompoe, Acting Atlanta Regional Administrator, Employment and Training Administration
Arthur Brooks, Federal Project Officer, Employment and Training Administration

OFFICE OF THE GOVERNOR

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STATE OF ALABAMA
February 22, 2019

U.S. Department of Labor
Employment and Training Administration
200 Constitution Avenue, NW Room S-4203
Washington, D.C. 20210

ATTN: WIOA Waiver Coordinator

RE: Workforce Innovation and Opportunity Act (WIOA) Waiver Request Submission

On behalf of the Alabama Department of Commerce, Workforce Development Division, please accept this correspondence as a formal request to accept and approve the following WIOA waiver.

The State of Alabama is undergoing an economic and workforce transformation, which will result in fewer low-skill jobs that require less than a high school diploma. Alabama is developing a burgeoning bio-tech hub between Birmingham and Huntsville, which is leading the way nationally in aerospace, cybersecurity, biomedicine, and advanced manufacturing. Labor market projections indicate a growing gap in the supply of qualified employees for middle skill jobs—those that require training beyond high school but less than a four-year degree.^[1] Shortfalls are expected to be particularly acute in fields that are growing in Alabama, such as computer technology, nursing, and advanced manufacturing. Thirty-four of Alabama's 40 Hot Demand Occupations require secondary and postsecondary STEM education.^[2] Between 2017 and 2027, STEM jobs will grow by 9 percent in Alabama, while non-STEM jobs will only grow by 5 percent. The educational and training requirements of high-demand, fast-growing, and high-earning occupations show the significance of education in developing the workforce of the future. Alabama's educational attainment is low compared to the nation as a whole. About 84 percent of Alabamians age 25 and over have graduated from high school, compared to 87 percent for the United States. Of that total population over age 25, about 24 percent in Alabama have a bachelor's or higher degree, which is lower than the nation's 30 percent.

In order to address the educational and workforce training requirements, Alabama has developed a **Two-Prong Career Pathways Model**:

^[1] Messing-Mathie, Andrea, Building Apprenticeship Systems for Middle-Skill Employment: Comparative Lessons in Innovation and Sector-Based Strategies for Apprenticeships, National Academies of Science, pg. 6, accessed on 6 August 2018 <https://sites.nationalacademies.org/cs/groups/pgasite/documents/webpage/pga_170050.pdf>.

^[2] Alabama's Hot 40 Demand Occupations, Alabama Department of Labor, accessed on 23 September 2018 <<http://www2.labor.alabama.gov/workforcedev/MapsandPosters/Hot40En/AL.pdf>>.

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Post-secondary credit attainment, dual enrollment, career pathways, and work-based learning will be used as strategies to establish the two-prong Alabama Career Pathways Model. Under the Pre-K to Workforce prong, students will become literate and numerate by the 3rd grade, will explore all 16 career pathways between 4th and 8th grade, will participate in pre-apprenticeship programs aligned to career pathways and credentials designated as valuable by the Alabama Compendium of Valuable Credentials in 9th and 10th grades, and will participate in youth registered apprenticeships and industry-recognized apprenticeships (IRAPs) in 11th and 12th grades. Graduates may earn their high school diploma, associate degree, industry-recognized credentials, and an apprenticeship credential at the time of high school graduation. For the Postsecondary Career and Technical Education (CTE) to Workforce prong, the Alabama Workforce Council (AWC), the State and Local WIOA Boards, and the Governor's Office of Education and Workforce Transformation (GOEWT) will work with the Alabama State Department of Education (ALSDE) and the Alabama Community College System (ACCS) to promote co-enrollment in adult education programs, postsecondary CTE programs, and WIOA Title I Adult programs to ensure that subgroups are able to access braided programming to meet their education and training needs.

Waiver: Allow the use of individual training accounts (ITAs) for in-school youth, ages 14-21 years.

- 1) Identify the statutory or regulatory requirements for which a waiver is requested and the goals that the State or local area, as appropriate, intends to achieve as a result of the waiver and how those goals relate to the Combined State Plan.**

20 CFR 681.550 allows ITAs funded by WIOA youth funds to be used by out-of-school youth. The final rule did not expand the use to ITAs to in-school youth. Instead, in-school youth wishing to access ITAs may only do so through the WIOA adult program. Alabama would like to waive the requirement to only allow ITAs for out-of-school youth and expand this flexibility to in-school youth, ages 14-21 years.

The intent of using ITAs in the WIOA out-of-school youth program is to expand training options, increase program flexibility, enhance customer choice, and reduce paperwork. Alabama would like in-school youth, ages 14-21, to also have this option. This waiver encourages this youth population to seriously look at career pathways and in-demand occupations and empowers them to make their own decisions, thereby taking responsibility for their actions.

This waiver request supports the principle of accountability and ease of administration. Co-enrollment in the WIOA adult program would not be necessary under this waiver for youth, who are 18 years old or older. The ITA could be issued from one funding source and will increase accountability.

- 2) **Describe the actions that the State or local area, as appropriate, has undertaken to remove State or local statutory or regulatory barriers.**

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

- 3) **Describe the goals of the waiver and the expected programmatic outcomes if the request is granted.**

Alabama expects to achieve the following goals and programmatic outcomes:

- Improve the ability of local workforce development boards, youth program providers, and workforce and education lead agencies to respond quickly to the needs of in-school youth, ages 14-21 years;
- Increase the quality of learning opportunities;
- Increase employment and training opportunities;
- Improve coordination by reducing fragmentation of service delivery;
- Increase the opportunities for work-based learning;
- Improve customer choice and increase empowerment for youth, making them capable and responsible for making thoughtful choices about their career;
- Reduce unnecessary paperwork;
- Develop an emerging workforce with prepared candidates ready for work; and
- Increase accountability.

- 4) **Describe how the waiver will align with the Department's policy priorities, such as:**

- A. Supporting employer engagement;**
- B. Connecting education and training strategies;**
- C. Supporting work-based learning;**
- D. Improving job and career results, and**
- E. Other guidance issued by the Department.**

In the WIOA Final Rule, the intent of using ITAs in the WIOA out-of-school youth program is to expand training options, increase program flexibility, enhance customer choice, and reduce paperwork. Alabama would like in-school youth, ages 14-21, to also have this option. This waiver encourages this youth population to seriously look at career pathways in the in-demand occupations and empowers them to make their own decisions, thereby taking responsibility for their actions. The waiver also assists in the preparation of an emerging workforce with candidates who are ready for work.

- 5) **Describe the individuals affected by the waiver, including how the waiver will impact services for disadvantaged populations or individuals with multiple barriers to employment.**

WIOA in-school youth participants, ages 14-21 years, will benefit from this waiver. By virtue of the WIOA program's eligibility requirements, Alabama is directly addressing service delivery for disadvantaged populations and individuals with multiple barriers to employment. This waiver will allow the youth population ages 14-21 years to seriously look at career pathways and in-demand occupations, increase training and employment opportunities for this population of youth, and empower youth to make their own decisions.

- 6) Describe the processes used to:**
- A. Monitor the progress in implementing the waiver;**
 - B. Provide notice to any local board affected by the waiver;**
 - C. Provide any local board affected by the waiver an opportunity to comment on the request;**
 - D. Ensure meaningful public comment, including comment by business and organized labor, on the waiver.**

The Alabama Department of Commerce, Workforce Development Division, State Program Integrity Section (ADOC/WDD) will monitor implementation and impact of this waiver through a combination of reporting from the local level using the Alabama Workforce Case Management System and state monitoring, oversight, and evaluation functions. Monitoring of the waiver may be conducted through a variety of approaches that may include routine desk reviews and on-site compliance monitoring. ADOC/WDD may also monitor the implementation of this waiver through feedback from local workforce development areas and review of all fiscal data systems. Meetings between ADOC/WDD staff, local board directors, and other partner agencies are held on a quarterly basis, which serves as a venue to address any issue with the implementation of this waiver.

Workforce development stakeholders, including local boards, businesses, and organized labor organizations, were notified of the proposed waiver request through an e-mail alert. The e-mail alert contained instructions on how to submit comments. In addition, both the general public and stakeholders had access to the waiver request on the Alabama Department of Commerce website: <http://madeinalabama.com>.


The public comment period was open for over five days. There were no comments received from the public comment period. No local boards provided comments. The State WIOA Board passed a resolution of support at its December 2018 meeting resulting in the development of a draft and the final waiver request. The State WIOA Board was presented a draft at its February 13, 2019 meeting, and no comments were forthcoming.

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Sincerely,


Kay Ivey
Governor

KI:BEH:db

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