

## Agenda Item V. Workforce Investment Act Title I Waiver Summaries

Attached for your review are five summaries of waivers DWD is considering for submission. We seek the input of the Executive Committee in developing a plan for submitting the waivers. They include waivers on:

- 1) Common Measures – page 2
- 2) Transfer of funds among Adult and Dislocated Worker Programs – page 3
- 3) Use of local funds for incumbent worker training – page 3
- 4) Youth Program Procurement Requirements – page 4
- 5) Use of unspent funds – page 5

### Background

The Workforce Investment Act Title I (WIA) established federal requirements related to the State's workforce system, local direct services and the one-stop delivery system. WIA permits the U.S. Department of Labor (DOL) to waive certain requirements based on the determination that they would remove impediments and improve the State's or local area's ability to achieve its workforce goals. The waiver authority also provides an important opportunity for state and localities to continue to organize services for an improved infrastructure that enhances the training and employment opportunities for adults, dislocated workers and youth.

Since the implementation of WIA in 1999, the Department of Workforce Development (DWD) has considered a number of waivers, and submitted one related to the subsequent eligibility of eligible training providers. That waiver request was approved by DOL, and subsequently extended in July 2007.

The Council on Workforce Investment (CWI) and the Workforce System Development Committee addressed the potential of waivers as part of making systemic improvements with the workforce infrastructure and in areas of direct service delivery. They reviewed the list of DOL approved waivers and recommended DWD submit waivers to assist in accomplishing the Governor's and Council's goals for the workforce system. The Workforce Development Boards (WDB) have also supported possible waivers with DWD.

The waiver process includes a draft waiver plan with public input into the development of the plan and public comment on the draft plan. Draft plan review is to be transmitted to DOL. As part of their responsibility to assist the Governor in the development of the WIA State Plan, the CWI is to provide input into the waiver plan, and finally, the Governor submits the waiver plan to the Regional Administrative DOL office. Upon receipt of the State's waiver plan request(s), DOL has 90 days for review and notification to the State. If approved, DWD would modify the WIA State Plan, and, where appropriate, negotiate new state and local goals for performance measures, issue new policies and approve modified WIA local plans.

The waiver plan for each regulatory waiver request must address the following elements and include documentation to substantiate the State's position:

- Actions that the State or local area, as appropriate, have undertaken to remove State or local statutory or regulatory barriers;
- Describe the goals of the waiver and the expected programmatic outcomes if granted;
- Description of the individual(s) Impacted by the waiver;
- Description of the process used to monitor the progress in implementing such a waiver; and
- Description of the process used to provide notice to any Local Board affected by the waiver, Local Board's opportunity to comment on the request, and meaningful public comment by business, organized labor, public officials, community-based organizations and other stakeholders, and the actual comments along with how the State substantively responded to these comments.

### **Waiver #1: Common Measures Reporting**

This waiver would allow the State to use DOL's Common Measures issued Feb. 2006 for reporting WIA Title I performance and negotiating goals for each measure. The common measures are:

- a. For Adults and Dislocated Worker: Entered Employment Rate, Employment Retention Rate, and Average Earnings.
- b. For Youth: Placement in Employment or Education, Attainment of a Degree or Certificate, and Literacy and Numeracy Gains.

#### Rationale for Waiver

This waiver would enable Wisconsin to have a single and uniform set of performance criteria across WIA, Wagner-Peyser, Veterans Employment Services and Trade Adjustment Assistance. It will improve the statewide workforce investment system through alignment of performance measures. The waiver will also improve the ability of DWD to compare the workforce system's outcomes in multiple DWD programs. Conflicting and confusing data collection requirements and performance directives have been impediments to the development of a complimentary accountability system. The waiver will reduce the current duplicative, overlapping and, at times, contradictory performance reporting requirements. The waiver will allow us to improve coordination, collaboration and effectiveness of cross-program workforce development initiatives. Barriers to a comprehensive and integrated case management system among multiple programs will also be removed.

#### How this Waiver Supports the Governor's Grow and Workforce Initiatives

Common measures will facilitate alignment of on-going workforce system program integration and facilitate coordination with major economic development and education initiatives. It will reduce the inter-agency barriers to share clients because of "credit," for outcome will be measured the same across multiple programs. The common measures will aid in the alignment of the various workforce programs and improve cooperation among programs. In addition, this waiver compliments the CWI previous recommendations for system reform. Specific recommendations related to the performance measures included: "co-program coordination... [to] include "consistent performance measures" and to "Begin with the Governor directing the DWDs' program administrators to negotiate common waiver requests to their federally funded agencies for the purpose of program efficacy within a fluid, coordinated One-Stop system."

#### Additional Points to Consider

- Transition to common measures has no fiscal cost to the State. In anticipation of WIA reauthorization, DWD modified the data collection systems in 2005 to meet DOL's required reporting of the common measures even though we were not required to meet them.
- Accountability across programs will increase. The complexity and narrowly-focused seventeen WIA Title I performance measures created impediments to cross-program coordination. This will help reshape definitions across programs which will ultimately create efficiencies in planning, negotiating and reporting processes.
- Common measures will apply to: WIA, Wagner-Peyser Act, Veteran's Employment and Training Service, and the Trade Adjustment Assistance programs.
- It will align performance data with the two Workforce Innovation Regional Economic Development (WIRED) regions. WIRED grants are required by USDOL to use common measures as part of the WIRED regional metrics reporting requirements.
- The common measures will facilitate implementation of incumbent worker, MSSC, RISE and future initiatives. The DOL definition of a certificate/credential is a barrier to providing training for these initiatives as well as the traditional on-the-job and customized training. Because the DOL definition of credential is so narrow, WDBs are reluctant to provide training and embrace

these initiatives if they are unable to count the outcomes for DOL's required definition to meet their currently required performance measures.

- It will allow for cross state comparison of outcomes. Thirty states have the common measures waivers. Wisconsin needs to be on a competitive level for federal incentive funds with the other thirty states that have the waiver.

### **Waiver # 2: Allow Locals the Flexibility to Transfer Funding Between Dislocated Worker and Adult Programs**

This waiver request would increase the current 30% ceiling to unlimited ability to transfer funds between WIA Title I Adult and Dislocated Worker funds within the WDBs allocation formula funds.

#### Rationale for Waiver

This waiver would give local boards the ability to respond to on-going changes within their local areas without a cap on transferring funds between the two adult programs. This would significantly increase the WDBs' flexibility and local control over program delivery to best address the specific geographic, demographic and industry needs that change from community to community. WDBs have exercised their option under the law to transfer funds on a limited basis due to the current constraints. For example, in the last program year, three WDBs took advantage of this limited provision to meet their local needs:

- Northwest WI transferred \$48,000 from Dislocated Worker [total allocation \$490,615] to Adult [total allocation \$822,576];
- Milwaukee Area transferred \$225,000 from Adult [total allocation \$2,497,832] to Dislocated Worker [total allocation \$2,252,032]; and
- Bay Area transferred \$50,000 from Adult [total allocation \$834,589] to Dislocated Worker [total allocation \$1,226,918].

#### How this Waiver Supports the Governor's *Grow and Workforce Initiatives*

The waiver includes the outcome of eliminating barriers in order to maximize program effectiveness. This will enable local boards to optimally use the funds available for improved service delivery. The CWI previously recommended to "streamline the funding process;" and, "increase participation for job seekers and employers in a sustainable, comprehensive, training and employment system with streamlined administrative roles at the state and local levels". This waiver supports these goals.

#### Additional Points to Consider

- Enhances the flexibility of the WDBs to respond to workforce and economic conditions within their local areas to meet customer needs as well as improving targeted assistance efforts.
- Increases collaboration between industry needs and worker training will improve with the expanded ability of WDBs to plan and respond accordingly.
- Performance outcomes will be improved through better targeting of funding.

### **Waiver #3: Provide Funding Flexibility to use Local Youth, Adult and Dislocated Worker Funding to Provide Incumbent Worker Training**

This waiver would expand the flexibility of the local workforce boards to address the skill upgrade needs of employers and job seekers.

#### Rationale for Waiver

Under current WIA law, only the Governor's "Statewide Activities" funds may be used to pay for incumbent worker training and certain other activities, such as WIA investments in Manufacturing Skills Standards Certification. Current WIA law restricts local boards from using their area's Youth,

Adult, and Dislocated Worker formula funds to conduct incumbent worker training and other Governor's 10% set-aside activities.

This waiver would allow DWD to help ensure that Wisconsin's workforce system is demand-driven and that WDBs are given maximum flexibility in tailoring service delivery and making strategic investments in workforce development activities to meet the needs of state and local economies and labor markets. Allowing WDBs the authority to use a limited portion (up to 10%) of their allocated funds for incumbent worker training programs permits them to develop a full continuum of training services that address the needs of the existing workforce, unemployed, underemployed, and new entrants to the labor force.

#### How this Waiver Supports the Governor's Grow and Workforce Initiatives

The Governor's *Grow Wisconsin - The Next Steps* includes priorities for "worker training," "advancing industry-led training initiatives" and "emerging industry skills partnerships," all of which support innovative incumbent worker training activities. Furthermore, this waiver supports the CWI's recommendations to "improve the participation of private sector employers for training, job placement and retention..."

#### Additional Points to Consider

- Positively affects business by reducing the risk of layoff or closure because workers have not kept current with new skills and technologies.
- Enables the workforce system to have access to jobs that are vacated by incumbent workers advancing because of their increased skill.
- Supports the career pathways model, life-long learning, meeting emerging industry needs, and addressing current labor shortages.
- Shifts WDB training to OJT, customized, and other more employer-directed innovative and short-term training programs, that will ensure appropriate skill-set attainment to match employer job needs.

#### **Waiver # 4: Waiver of Competitive Procurement Requirements**

This waiver request would simplify procurement requirements for youth services where there are few providers to compete, as is the case in many rural Wisconsin communities.

#### Rationale for the Waiver:

In order to provide programs and services to youth, WIA law mandates that a competitive procurement process be used. Wisconsin wishes to waive this requirement.

There are three notable problems associated with the existing competitive model:

- Over the years there has been progressively less competition and an increasingly limited pool of willing sub-recipients;
- Sub-recipients provide some of the required ten elements well, but not all; and,
- The cost to provide services in this manner is administratively burdensome and expensive.

The existing model has resulted in a delivery system that serves a very low number of youth and one that relies on a network of service providers who are not equipped to deliver all ten youth program elements in a comprehensive and efficient manner.

It is the intent of this waiver request that when these services can be provided by existing staff and/or through existing or prospective partner arrangements, then the option should exist for the local boards to use these services. If services cannot be provided by existing program staff or partner agencies, there would be a competitive procurement in compliance with Section 123 of the regulations so that all ten program elements would always be available to eligible youth.

How this Waiver Supports the Governor's Grow and Workforce Initiatives

This waiver will contribute to the Governor's effort to reform Wisconsin's job centers by allowing better service delivery for youth. The waiver would also allow WDBs to provide some service to youth through the Virtual Job Center.

Additional Points to Consider

- Local workforce boards will be better positioned to manage performance;
- Enables WDBs to create points of collaboration for all youth service providers (public and non-public) affording seamless services to youth;
- Establishes an easy-to-navigate, coherent case management system for youth that requires minimal movement among service providers;
- Creates partnerships to serve youth similar to the partnerships that currently exist by memoranda of understanding to serve Adults in the One-Stop Centers;
- Increases access to youth services under WIA by better utilizing Youth Centers in the existing One-Stop Career Centers, and creating appropriate satellite centers and website;
- Creates opportunity for local boards to use current program staff and partner agreements to provide required services and seek competitive procurement of outside services when needed. This is critical and necessary given the current state of resources and limited number of providers in some parts of State, and results in the maximum investment of available resources to directly serve youth.
- Allows Wisconsin Job Centers to build on existing model of collaborative partnerships.

**Waiver # 5: Use of Unspent WDB funds**

This waiver would reallocate WDBs' WIA Title I unspent carry-over allocation formula funds to other WDAs or state set-aside discretionary activities.

Rationale for Waiver

The waiver would encourage WDBs to spend their allocations more quickly. While historically Wisconsin has consistently ranked among the top five states for expending obligated funds within the allotted three-year funding cycle, this waiver could spur local areas that do not readily disburse funds for participant and employer needs. It would redirect funds to statewide activities that help promote the Governor's employment and training priorities or could be redirected toward other WDA who needs additional resources.

How this Waiver Supports the Governor's Grow and Workforce Initiatives

This waiver would provide additional discretionary funds to assist with the implementation of the initiatives in the Governor's *Grow Wisconsin* and other Governor's initiatives. Additional funding could be directed to reward areas who have high obligations to training.

Additional Points to Consider

- Some resources could be allocated to areas of high need around the state if necessary.
- Geographically balances funds distribution based on short-term and long-term goals rather than by a prescribed formula.