

**Evaluation of Waivers Granted  
Under WIA: Profiles of 12 Sites**

Final Interim Report

September 2012

Samina Sattar  
Gretchen Rowe  
Brittany English  
Ji-Hyeun Kwon-Min  
Rachel Machta  
Cassandra Pickens-Jewell  
Miriam Rosenau  
Chelsea Swete  
Jessica Ziegler



**MATHEMATICA**  
Policy Research

**This page has been left blank for double-sided copying.**

Task Order: DOLU101A21599  
BPA Number: DOLQ091A20941  
Mathematica Reference Number:  
06851.402

Submitted to:  
U.S. Department of Labor  
Employment & Training Administration  
200 Constitution Ave., NW  
Washington, DC 20210  
Project Officer: Savi Swick

Submitted by:  
Mathematica Policy Research  
1100 1st Street, NE  
12th Floor  
Washington, DC 20002-4221  
Telephone: (202) 484-9220  
Facsimile: (202) 863-1763  
Project Director: Gretchen Rowe

## **Evaluation of Waivers Granted Under WIA: Profiles of 12 Sites**

Final Interim Report

September 2012

Samina Sattar  
Gretchen Rowe  
Brittany English  
Ji-Hyeun Kwon-Min  
Rachel Machta  
Cassandra Pickens-Jewell  
Miriam Rosenau  
Chelsea Swete  
Jessica Ziegler

**MATHEMATICA**  
**Policy Research**

**This page has been left blank for double-sided copying.**

This project has been funded, either wholly or in part, with Federal funds from the U.S. Department of Labor, Employment and Training Administration under Contract Number [DOLU101A21599]. The contents of this publication do not necessarily reflect the views or policies of the Department of Labor, nor does mention of trade names, commercial products, or organizations imply endorsement of same by the U.S. Government.

**This page has been left blank for double-sided copying.**

## **ACKNOWLEDGMENTS**

The study team would like to thank the many individuals who contributed to the development of this report. Most importantly, this study would not have been possible without the patience and generosity of the administrators, staff members, employers, and training providers who participated in the study's site visits to local areas.

A number of staff at the U.S. Department of Labor, Employment and Training Administration provided valuable input and guidance throughout the duration of this study. We especially appreciate the support offered by Savi Swick, the evaluation project officer.

At Mathematica, Karen Needels provided helpful feedback as the Quality Assurance Reviewer. Jill Berk reviewed notes from site visits and provided valuable comments. Daryl Hall, John Kennedy and Leah Hackleman-Good provided editorial assistance, and Jane Nelson and LaTia Downing contributed secretarial support to the study. Special thanks to Robin Dion who directed the study during the first phase of data collection.

**This page has been left blank for double-sided copying.**



## **ABSTRACT**

The Workforce Investment Act of 1998 (WIA), administered by the U.S. Department of Labor (DOL), is the largest source of federally funded employment and training services. The program services, provided by state and local WIA agencies, involve many statutory and regulatory requirements applied uniformly across the country. Due to state and local area differences, DOL allows states to apply for waivers of WIA regulations, providing greater flexibility in serving the specific needs of local populations. These waivers may affect how resources are allocated or the types of employment and training services available to various groups.

Between program years (PYs) 2008 and 2010, DOL approved hundreds of state-requested waivers of WIA regulations. To learn more about the implementation and possible effects of waivers, the Employment and Training Administration (ETA) at DOL contracted with Mathematica to conduct an evaluation of eight select waivers approved in PYs 2009 and 2010 (PY 2008 is studied as a point of comparison). Mathematica first conducted telephone interviews with state and local-level administrators in 20 selected states to better understand the waiver process and waiver use across the state. The study team then selected one local area in each of 12 states to conduct a site visit to learn more about waiver use. Mathematica staff interviewed several respondents during the visits, including local administrators, providers, and employers. This report presents profiles for each of the 12 areas selected for in-depth site visits, incorporating information from both state calls and local interviews.

**This page has been left blank for double-sided copying.**

## CONTENTS

EXECUTIVE SUMMARY.....	xiii
I INTRODUCTION.....	1
A. Study Background .....	2
B. Purpose of the Study and this Report.....	4
C. Waivers of Interest.....	5
1. Flexibility in Funds Allocated to Adult and Dislocated Worker Programs.....	6
2. Waivers Related to Services for Youth.....	8
3. Other Flexibility.....	9
D. Roadmap for the Report .....	10
II METHODOLOGY .....	11
A. Site Selection.....	11
1. Phase One Site Selection.....	11
2. Phase Two Site Selection.....	12
B. Data Collection .....	13
1. Phase One Data Collection .....	13
2. Phase Two Data Collection .....	15
III SITE PROFILES .....	17
A. Format of the Profiles.....	17
1. Local Spotlight Box.....	17
2. Background and Details on the Waiver Process .....	17
3. Waivers of Interest .....	18
4. Local Perspectives on Waivers .....	18
5. Locations Visited and Date of Visit.....	18
B. Factors to Consider When Reading the Profiles.....	18
C. Common Themes Across Profiled Sites .....	19
D. Profiles of 12 States and Their Local Areas Visited .....	22
ALASKA CASE STUDY PROFILE .....	23
CALIFORNIA CASE STUDY PROFILE.....	31

GEORGIA CASE STUDY PROFILE .....	40
KANSAS CASE STUDY PROFILE.....	49
KENTUCKY CASE STUDY PROFILE.....	57
MICHIGAN CASE STUDY PROFILE .....	65
MISSISSIPPI CASE STUDY PROFILE.....	75
NEW MEXICO CASE STUDY PROFILE.....	83
OHIO CASE STUDY PROFILE.....	91
PENNSYLVANIA CASE STUDY PROFILE.....	99
SOUTH CAROLINA CASE STUDY PROFILE .....	107
WEST VIRGINIA CASE STUDY PROFILE .....	115
REFERENCES.....	123

## TABLES

1	Sites Selected for In-Depth Site Visits.....	xvi
II.1	Characteristics of Phase One Study States .....	12
II.2	Characteristics of Local Areas for Phase Two Site Selection .....	14

**This page has been left blank for double-sided copying.**

## EXECUTIVE SUMMARY

The Workforce Investment Act of 1998 (WIA), administered by the U.S. Department of Labor (DOL), is the largest source of federally funded employment and training services. In program year (PY) 2011, DOL provided states with more than \$2.5 billion to fund WIA services administered to three populations: low-income adults, dislocated workers (workers who lost their jobs due to a layoff), and youth ages 14 to 21 years. Each group receives a separate stream of funding. In PY 2011, DOL provided states with \$769 million for adults, \$1.06 billion for dislocated workers, and \$811 million for youth.

The amount of funds each state and local area receives is determined through a complex formula directing funding to states and local areas that have high concentrations of disadvantaged individuals and unemployed workers. However, because the demand for WIA services fluctuates as local labor markets respond to economic conditions, there can be a mismatch between funding allocations and demand for services by group. Areas may also feel a need to change service delivery strategies, such as providing greater incentives to businesses to train and hire workers or increasing the available training options for youth.

To accommodate the needs of states and local areas, states may apply for waivers of WIA regulations, providing greater flexibility in serving the specific needs of local populations. These waivers can affect the allocation of resources, the administration of programs, or the types of employment and training services available to various groups.

To learn more about the implementation and possible effects of waiver implementation, the Employment and Training Administration (ETA) of DOL has contracted with Mathematica Policy Research to conduct an evaluation of eight specific waivers approved in PYs 2009 and 2010 (PY 2008 is studied as a point of comparison). The study examines the reasons for waiver requests and which and how waivers were implemented at state and local levels. It also explores how waiver implementation might have affected the workforce system and the services delivered, including both anticipated and unanticipated effects. The study is not focused on determining the effectiveness of various training strategies or participant outcomes under the waivers, but instead on the waivers' effectiveness in meeting the perceived needs of states and local areas.

The study includes two phases of research: (1) a broad analysis of waiver use in 20 selected states through a review of federal and state documentation and telephone interviews with state- and local-level administrators and (2) an in-depth look at waiver implementation in 12 local areas through site visits. Findings from the first phase were presented in an earlier interim report, the *Evaluation of Waivers Granted Under WIA: Findings from Interviews with 20 States, Final Interim Report* (Rowe et al. 2012). This report describes the findings from the second phase of the study and presents profiles for each of the 12 local areas visited describing their individual experiences with implementing waivers. The third and final report for this study will present a cross-site analysis of the information collected during both phases of the study.

## A. Waivers of Interest

For this study, DOL is interested in learning about the effects of eight specific waivers. Five of these eight provide flexibility in spending WIA formula funds allocated to adults and dislocated workers. Two are related to youth programs. The final waiver, a Workforce Flexibility Plan (work-flex), is not technically a waiver but rather a broad granting of authority to states to waive WIA regulations for local areas.<sup>1</sup> The waivers include the following:

- **Adult-Dislocated Worker Transfer (A-DWT waiver).** This waiver allows local areas to transfer up to 50 percent of funds between the Adult and Dislocated Workers funding streams, which is higher than the 30 percent transfer permitted without the waiver.<sup>2</sup> This higher transfer rate enables local areas to better respond to changes in demand for WIA services.
- **Local Funds for Incumbent-Worker Training as a Statewide Activity (IWT waiver).** This waiver allows local areas to use funds from local Adult and Dislocated Workers formula funding streams to avert layoffs by training incumbent workers, an activity typically supported through statewide discretionary funds. With the waiver, local areas may use up to 20 percent of Dislocated Workers funds or up to 10 percent of Dislocated Worker funds and 10 percent of Adult funds for this type of training.
- **Rapid Response Funds for Incumbent-Worker Training as a Statewide Activity (IWTS waiver).** This waiver allows states to use funds allocated to their Rapid Response programs to train incumbent workers in order to avert layoffs. Normally, Rapid Response funds are used to respond to layoffs or for management and oversight of incumbent worker training (IWT), not for the training itself. Under the waiver, states can use up to 20 percent of the funds allocated to the Rapid Response program for IWT.
- **Employer Contribution for Customized Training (CT waiver).** This waiver allows local areas to subsidize customized training (CT) that teaches new skills to adults or dislocated workers at a higher rate than is allowed under WIA. The rate is determined by the size of the business and is meant to incentivize small and medium-sized businesses (fewer than 250 employees) to participate in CT.
- **Employer Reimbursement for On-the-Job Training (OJT waiver).** This waiver allows local areas to reimburse employers that participate in on-the-job training (OJT) for WIA customers at a higher rate than is allowed under WIA. The rate is determined by the size of the business and is meant to incentivize small and medium-sized businesses to provide OJT.

---

<sup>1</sup> Although work-flex is not technically a waiver, we reference it as one of the eight waivers of interest or waivers of interest throughout the report.

<sup>2</sup> WIA regulations allow local areas to transfer 20 percent of funds between the Adult and Dislocated Workers funding streams; a provision in the Fiscal Year 2009 Omnibus Appropriations Act permits an additional 10 percent for the life of the funds for a total transfer of up to 30 percent, as described in TEGL 14-08, Change 1 (U.S. Department of Labor 2009).



- **Competitive Procurement for Youth Elements (CPYE waiver).** This waiver allows local areas to maintain the continuity of youth services by contracting with American Job Centers (AJC)<sup>3</sup> or partner programs to provide 3 of the 10 required youth services without going through a competitive bidding process. These three services are paid and unpaid work experience, support services, and 12-month follow-up services.
- **Youth Individual Training Accounts (ITA waiver).** This waiver allows local areas to offer individual training accounts (ITA), which are essentially vouchers, to older and out-of-school youth for the purchase of employment-related skills training. Without the waiver, only youth who are also enrolled in the Adult or Dislocated Workers programs can receive an ITA.
- **Work-flex.** Although not technically a waiver, states apply to DOL to receive waiver authority through work-flex. It provides a state governor with blanket authority to waive certain provisions of federal WIA policy for local areas as needed without applying to DOL for individual waivers. A state could choose to allow local areas to implement any of the waivers available to other states through the DOL waiver request process, or any other provisions of WIA that have not been explicitly excluded from work-flex authority.

## B. Study Methodology

The profiles presented in this report are based on the two phases of data collection conducted for the study, which required site selection for each phase. In the first phase of the study, we selected 20 states for broad analysis of waivers. In general, we selected the 20 states approved for the most waivers or that had interesting patterns of waiver approvals over the three-year period. Therefore, the primary selection criteria were the number of waivers approved and the pattern of use. Additional criteria—such as the state percentage of national formula allocation, the number of WIA local areas in the state, the state percentage of national WIA participants, and the DOL region of the country—also were included in the state selection. The 20 states selected represented variation across the number and timing of waivers and the additional criteria. For each of the 20 states, we conducted a document review that gathered background information for each state from federal and state sources for PYs 2008 through 2010. After the document review was complete, telephone interviews were conducted with officials in each state and one local area identified in each state.

In the second phase of data collection, we used the information collected in phase one to select 12 local areas that implemented the most waivers of interest or implemented them in interesting ways. The number and types of waivers implemented in each local area were the primary factors in selecting sites, though we also considered other factors, such as the region of the country, the number of AJCs, and the approximate number of clients served by the local area. We conducted visits to these sites to collect in-depth information on the waiver process, implementation, and outcomes.

---

<sup>3</sup> One-Stop Career Centers are now known as American Job Centers.

Table 1 contains the final list of 12 local areas selected for site visits.

**Table 1. Sites Selected for In-Depth Site Visits**

State	Local Area
Alaska	One Statewide Local Area
California	Riverside
Georgia	Heart of Georgia
Kansas	Area 4, South Central Kansas
Kentucky	Lake Cumberland
Michigan	South Central Michigan Works!
Mississippi	Central Mississippi
New Mexico	Central Area
Ohio	Lorain County
Pennsylvania	Philadelphia
South Carolina	WorkLink
West Virginia	Region 2, Southwest

### C. Format of the Profiles

As explained earlier, this report presents profiles for each of the 12 local areas. Each profile represents the experience of one site in the study. A site refers to information collected from both the state through telephone calls and the local area through calls and the site visit. The profiles combine data collected from state officials about the waiver process with information collected on site during discussions with local area staff, employers, and training providers. The information in the profiles predominantly focuses on data collected during the site visits; however, the first phase data are used to provide context for the profiles, as well as information on state and local motivations for using waivers.

The profiles are organized into several distinct sections:

- The local spotlight box highlights background information and waiver use in each local area.
- The overview of state and local context discusses the context in which each state and local area operates WIA.
- The overview of waivers approved for the state and implemented locally explains the process involved in requesting waivers from DOL as it relates to the involvement of local areas, as well as how local areas request to use waivers from the state.
- The motivations for selecting waivers describe both the states' motivations for requesting waivers from DOL and those of the local area in implementing the waivers it selected.
- The process for implementing waivers describes how the local area visited put in place the waivers it selected to implement and the planning process involved.

- The waiver reporting discusses the states' requirements for local areas to track both participant-level data generally and data on waivers specifically.
- The waivers of interest describe what is known about how services were funded under the waivers implemented in the local area, how service delivery was affected, how many participants or employers were served, and how the waivers met the goals of the local area.
- The successes and lessons learned of waiver implementation provide a summary of what staff and other respondents in the local area viewed as the successes of waiver implementation.
- The challenges of waiver implementation list the challenges that local areas encountered in implementing or attempting to implement waivers.
- The observations on the waiver process provide staff thoughts on how the waiver process or the waivers themselves could be enhanced to help the local areas utilize them more effectively.
- The locations visited and date of visit lists the organizations involved in the site visit and whose staff provided input for the study. It also mentions the dates that the study team was on site in the local area.

When considering the findings in the profiles, it is important to keep a few issues in perspective. First, each profile describes the experiences and observations of a single local area in each state and should not be interpreted to represent all local areas in the state or in the nation. Second, in some instances site visitors discovered while on site that a local area did not actually implement a waiver it indicated that it had during phase one data collection. This appeared to be due to some confusion among local area staff regarding the distinction between what constitutes use of a waiver and standard WIA policy. Third, states and local areas were also using American Recovery and Reinvestment Act of 2009 (ARRA) funding during the study period. Although most reported that waiver use was not affected by ARRA, the availability of additional funding through ARRA did reduce the need to rely on certain waivers in some local areas. Finally, although *waivers* are referenced throughout the report and the profiles, the actual term and what it represented was not familiar to all the respondents interviewed, particularly employers and WIA providers. Therefore, site visitors discussed with these respondents *changes* they saw in policy versus asking them about waivers and their understanding of them.

#### D. Common Themes Across Profiled Sites

Although each profile in this interim report focuses on the extent to which waivers played a role in helping one local area and state respond to the needs of its workforce area, several themes emerged from discussions with the 12 sites:

- **Most sites used a similar framework for the waiver request and approval process.** All but one of the sites reported a collaborative process between state and local officials in determining which waivers should be requested from DOL. Most sites reported that, after waivers had been approved, local areas were free to use whichever waivers they felt would benefit their local areas without having to request permission from the state to implement the waivers. Most state administrators reported that they did not track waiver use in local areas systematically, though many

knew of waiver use for all or some local areas based on communication with local areas.

- **Employers are generally positive about the benefits afforded to them by waivers.** Aside from saving employers valuable financial resources, the provision of services under the waivers enabled many employers to stay competitive, expand in size, or explore new ventures. The OJT and CT waivers also alleviated the burden of training new employees, in addition to lowering the risk to the employer of hiring an individual who lacks certain skills.
- **Excessive paperwork deters potential employers from working with the local areas.** Most local areas expressed concern about the amount and various types of paperwork involved with some of the training-related waivers, including lengthy contracts, documentation of eligibility for employees, timesheet tracking, and reimbursement requests. They felt this put a burden on employers and discouraged some from participating in local workforce services that could benefit them. A few sites have devised strategies to help alleviate some of the burden of paperwork for employers, although in many cases the local area staff take on more of the work.
- **The requirement for layoff aversion makes it difficult to utilize the IWT and IWTS waivers extensively.** Staff noted that employers are often unwilling to announce publicly that they are considering laying off workers; when the local area learns of potential layoffs, there is rarely enough time to conduct employee training that will save jobs or prevent a business from closing.
- **Budget constraints limit the strategic use of waivers.** Local areas have found that they either do not have enough overall funding to utilize waivers to the extent needed or their budgets do not allow for the marketing of programs funded through waivers.
- **Local staff would appreciate more information and guidance on waivers and their potential uses.** Staff indicated that they would benefit from more information about how waivers have been used in other local areas across the country, as well as more communication from DOL and state administrators on what waivers are available and how they can be implemented in their local area.

## E. Final Report

The common themes discussed in this interim report are only a subset of the findings that will be presented under this study. The third and final report to be delivered for this study will present a broader cross-site analysis of all data collected during both phases of the study. The finding will discuss the nature and extent of waiver implementation across all study sites and the lessons learned from waiver implementation.

## I. INTRODUCTION

The Workforce Investment Act of 1998 (WIA), administered by the U.S. Department of Labor (DOL), is the largest source of federally funded employment and training services. It provides funding for a variety of services to unemployed adults, adults at risk of layoffs, and youth. States receive funding from the federal government and distribute it to local areas across the state that provide services to these clients. The program's statutory and regulatory requirements are determined at the federal level and are applied uniformly across the country. Due to state and local area differences, WIA allows states to apply for waivers of WIA regulations, providing greater flexibility in serving the specific needs of local populations.<sup>4</sup> These waivers may affect the allocation of resources, the administration of programs, or the types of employment and training services available to various groups.

Between PY 2008 and 2010, DOL approved hundreds of state-requested waivers of WIA regulations. These waivers provide state and local areas with flexibility to better administer the WIA program and serve clients, including reallocating funds to areas in the most need, providing employers with more generous incentives to stimulate training and hiring in the community, and addressing unexpected events such as natural disasters and regional economic downturns. Although these waivers are widely available, it is not clear how or to what extent waivers play a role in helping states and local areas respond to their employment needs. There has been little research to date on how they affect the workforce system, particularly at the local level. For example, the frequency of waiver take-up at the local level, the process by which local areas seek approvals for them, and the ways local areas combine various waivers to achieve specific goals are not well understood.

Researching these questions can be challenging due to limited data availability at the federal and state levels. The degree to which states track implementation of waivers at the local level varies, as monitoring and reporting requirements are limited for certain waivers. How local areas receive approval to implement waivers also varies—some states require each local area to apply to the state WIA agency for them, whereas others extend the approval to all local areas without requiring an application. It should be noted that even if a local area applies for and receives approval, it might not actually implement the waiver.<sup>5</sup> The state agency thus might have limited information about implementation, requiring additional research to gain insights about experiences with the waiver of each local area in the state.

To learn more about the implementation and possible effects of waiver implementation, the Employment and Training Administration (ETA) at DOL has contracted with Mathematica Policy Research to conduct an evaluation of select waivers approved in program years (PYs) 2009 and 2010 (PY 2008 was studied as a point of comparison). The study examines the reasons for waiver requests and which and how waivers were implemented at state and local levels. It

---

<sup>4</sup> Throughout the report, we use the term state to refer to the 50 states, the District of Columbia, and U.S. territories.

<sup>5</sup> For the purposes of this report, implementation means that the local area has taken the action prescribed by the waiver (for example, funds were transferred or expanded, sliding scales were used for the OJT program).

also explores how waiver implementation may have affected the workforce system and the services delivered, including both anticipated and unanticipated effects. The study includes two phases of research: (1) review of federal and state documentation related to waiver use for 20 selected states, and telephone interviews with state and local-level administrators in those states; and (2) site visits to 12 local areas using waivers. Findings from the first phase of data collection are presented in *The Evaluation of Waivers Granted Under WIA: Findings from Interviews with 20 States Final Interim Report* (Rowe et al. 2012). Data collected in phase two are the primary source of information for this report; however, data from the first phase of research also are included for additional background and context. Most of this report focuses on profiles of each of the 12 local areas visited for in-depth interviews. The profiles describe each site's individual experience with implementing waivers.

## A. Study Background

The federal government provided states with three separate WIA funding streams, one each for WIA's Adult, Dislocated Worker (DW), and Youth programs. Funding allocated to these individual funding streams must be used for services related to the clients specified in each group. The Workforce Investment Act of 1998 (PL 105-220) defined these groups as the following:

- **Adults.** An individual must be at least 18 years of age to be eligible for WIA adult funding. Low-income customers receive priority for adult intensive and training services.
- **Dislocated workers.** An individual must be either terminated or laid off without cause, working at a business in which the employer has announced a facility closure within 180 days, or be previously self-employed but currently unemployed.
- **Youth.** An individual must be between the ages of 14 and 21 and face at least one of six defined barriers to employment: (1) have a basic skills deficiency; (2) be a high school dropout; (3) be homeless, a runaway, or a foster child; (4) be pregnant or a parent; (5) have committed a criminal offense; or (6) require additional assistance to complete an educational program or secure and maintain employment. WIA funds can be used to serve both in-school and out-of-school youth, but at least 30 percent of funds must be spent on out-of-school youth. Youth ages 18 to 21 may be co-enrolled in programs serving adults and dislocated workers. Often this is so that youth can receive training available only to adults or DWs, such as individual training accounts (ITA), which customers use to access training through an eligible training provider.

There are three successive levels of services provided to these groups: core, intensive, and training (U.S. Department of Labor, Employment and Training Administration n.d.[a]). Core services are available to all job seekers and include labor market information and general assistance in searching for jobs. Intensive services include more comprehensive assessments of customers' individual qualifications and needs, and can involve counseling and assistance with career planning. When core and intensive services are not sufficient to fulfill a customer's needs, they can be linked to training programs in occupational or basic skills to connect them to suitable job opportunities.

Funds for each stream are allocated to states using a formula based on the state's proportion of economically disadvantaged and unemployed individuals. Each state then distributes funds to

the local areas based on a similar formula. States are held accountable for the use of WIA funds through a set of performance measures. DOL tracks performance on these measures through data in DOL's Workforce Investment Act Standardized Record Data (WIASRD) system, which tracks participant-level data for all participants in WIA programs. States and local areas negotiate their individual goals for these measures based on prior performance and what is reasonable given the types of customers they serve and other factors that could affect state and local outcomes. States are subject to sanctions or incentives depending on their performance on these measures.

In PY 2011, DOL provided states with more than \$2.5 billion to fund WIA services. States received \$769 million in Adult program funds, with individual states receiving between \$2 million and \$114 million. Funding for the DW program nationwide was approximately \$1.06 billion, with states receiving between \$500,000 and \$170 million. Total funding for the Youth program was slightly more than \$811 million, with states receiving between \$2 million and \$118 million for youth, as described in Training and Employment Guidance Letter (TEGL) 26-10 (U.S. Department of Labor, Employment and Training Administration 2011b).<sup>6</sup>

Until PY 2011, states retained up to 15 percent of funds from each funding stream for statewide activities. As of PY 2011, states can retain only up to 5 percent of WIA funds for statewide activities, as described in TEGLs 26-10 and 9-11 (U.S. Department of Labor, Employment and Training Administration 2011b, 2011a). They also retain up to 25 percent of DW program funds for the state's Rapid Response activities, as described later in this report (U.S. Government Accountability Office 2003).

The formula allocations are based on historic patterns and should reflect the needs of the states and local areas; however, these patterns might not perfectly predict current needs due to fluctuations in the population or economic events that affect the demand for WIA services by different groups of workers. For instance, the funding allocated to Adults and DWs could be appropriate based on historic data, but if a major employer in the area closes, the number of dislocated workers could significantly increase, requiring additional funding. Alternatively, as more and more workers lose their jobs in a downturned economy, a local area might have less need for the DW funds and need more Adult funds to serve the growing unemployed population. Also, there is a lag in the data used to determine the allocations, so generally the funding is at least a year behind current conditions. When the economy is stable, there are fewer issues with the allocations; however, in more volatile economies, these issues are amplified. To alleviate these funding problems, some states have applied for waivers, which provide them and local areas the flexibility to deal with changing circumstances and choose an approach to service delivery that will maximize their ability to meet performance outcomes.

---

<sup>6</sup> WIA funding figures cited represent only what is provided to states and do not include funding for outlying areas, Native Americans, or the National Reserve.



DOL and the states have shown increased interest in and approval of waivers in the past several years. States and local areas have determined which aspects of WIA and its regulations hinder their implementation of WIA and have requested waivers accordingly. Thus, local and state needs have driven the types of waivers requested from DOL. Waivers provide state and local areas with flexibility generally, but the 26 types of waivers currently approved can be grouped roughly into the following six categories:

1. Provide flexibility in allocation of funds across funding streams
2. Permit adjustments to performance or performance measures
3. Allow changes in the provision of services for youth using funds not related to the American Recovery and Reinvestment Act of 2009 (ARRA)
4. Relate to state and local governance
5. Relate to youth services funded through ARRA
6. Provide for other flexibility

Most states have requested and been approved for some type of waiver over the years; however, the extent to which these waivers are implemented is not known. Most waivers are implemented at the local level and generally local administrators have discretion to implement and actively use them. Because there is little publicly available information on which local areas might have implemented waivers or how the request and approval process works at the local level, this study explores how waivers are used generally across a sample of 20 states and local areas, with in-depth analysis of waiver use in one local area in each of 12 states. The study focuses on eight specific waivers (described in the following section) approved in PYs 2009 and 2010. PY 2008 is used as a point of comparison because of policy changes to certain waivers that were implemented in PY 2009.

## **B. Purpose of the Study and this Report**

The purpose of this study is to examine how waiver implementation has affected the workforce system and the services delivered. The main focus of the study is to provide a descriptive analysis of the effects of waivers, such as shifts in resource allocation; frequency of take-up at local levels; access to and provision of various employment and training strategies; and other direct effects on the workforce system, such as workforce-system monitoring and program participation. The study also looks at specific topics tailored to the implementation of each waiver of interest, such as the participation of businesses in worker training programs, and the extent to which layoffs might have been averted as a result of the training programs under the waivers. The study is not focused on determining the effectiveness of various training strategies or participant outcomes under the waivers, but instead on the waivers' effectiveness in meeting the perceived needs of states and local areas.

In this second interim report, we provide findings primarily from the second phase of data collection for this study. The report focuses on profiles of the 12 local areas visited to provide DOL with descriptive information about waiver use in the local areas studied. These profiles provide details about which waivers each local area chose to implement, why they implemented those waivers and not others available to them, and how those waivers work in practice. Staff discussed what was successful and challenging about working with waivers, as well as some



observations about how waivers could be improved. The profiles include some information collected during the telephone interviews in phase one from the state respondents.

The report does not provide extensive cross-site analysis of the study sites which will be presented in the final report. The final report will build on the findings of the two interim reports and present analysis of the data collected during both phases of the study.

### C. Waivers of Interest

The process for applying for waivers is the same across states. The state may submit a waiver request to DOL as part of its annual state plan or as a separate request at any time. Approved waivers are considered active for the timeframe specified in DOL's waiver approval letter, but not longer than the expiration date of the state's current WIA state plan.<sup>7</sup> All requests must come from the state, so any local area interested in requesting a waiver must coordinate with the state agency. At a minimum, the waiver requests must describe the following elements:

- Statutory and/or regulatory requirements to be waived
- Actions undertaken to remove state or local barriers
- Goals and expected programmatic outcomes of the waiver (and how the waiver will achieve these)
- Individuals affected by the waiver
- Process for monitoring progress in implementation
- How local boards will be notified of the waiver request
- How the public was notified of the waiver request and allowed to comment

For each waiver requested, the state must provide notice to any local WIA board affected by the waiver and the general public, including business and organized labor. The local WIA boards and the public must also be given an opportunity to comment on the notice. After the comment period, the waiver request and any comments received are submitted to DOL for review. DOL then makes a decision within 90 days of receipt.

For this study, DOL is interested in learning about the effects of eight specific waivers for which states have applied. Five of these eight provide flexibility in spending WIA formula funds allocated to adults and DWs. Two are related to youth training programs. The final waiver, a Workforce Flexibility Plan (work-flex), is not technically a waiver but rather a broad granting of authority to states to waive WIA regulations for local areas.<sup>8</sup>

---

<sup>7</sup> A PY runs from July 1 to June 30.

<sup>8</sup> Although work-flex is not technically a waiver, we reference it as one of *the eight waivers of interest* or *waivers of interest* throughout the report.

## 1. Flexibility in Funds Allocated to Adult and Dislocated Worker Programs

**Adult-dislocated worker transfer (A-DWT waiver).** This waiver allows local areas to transfer up to 50 percent of funds from the Adult funding stream to the DW funding stream and vice versa. Without the waiver, local areas are authorized to transfer up to 30 percent of each PY's funding stream between the Adult and DW programs, with the approval of the state's governor.<sup>9</sup> The waiver's higher transfer rate enables local areas to better respond to the particular needs of their customers and labor markets, while enabling states to accommodate regional differences in the need for Adult and DW services. Note that in PY 2008, the waiver allowed local areas to transfer 100 percent of funds between programs; in PY 2009, DOL capped the transfer amount at 50 percent.

**Local funds for incumbent-worker training as a statewide activity (IWT waiver).** The IWT waiver allows local areas to use funds from local Adult and DW formula funding streams to avert layoffs by training incumbent workers. Layoff aversion at the local level is an activity typically supported through statewide discretionary funds. The waiver enables states and local areas to preemptively address the circumstances that create layoffs and help businesses cultivate existing employees, rather than finding employment for DWs after they have been laid off. Without the waiver, local areas are prohibited from using Adult and DW funding for this purpose, and it is difficult for them to finance incumbent worker training (IWT) because of additional requirements the workers must meet, such as eligibility criteria related to being in a low-income household. With the waiver, local areas may use up to 20 percent of DW funds or up to 10 percent of DW funds and 10 percent of Adult funds for IWT.

Several new conditions for using this waiver and the waiver to use Rapid Response funds for IWT (described next) were added in PY 2009, and maintained in PY 2010. First, Adult funds must be used for lower-income adults. Second, funds may be used only to train incumbent workers as part of a documented strategy to avert layoffs, and training must focus on skill attainment. Training must also benefit the worker directly by enhancing his or her qualifications and/or building skills related to new product lines or processes. Third, local areas must continue to conduct their required employment and training activities for adult and dislocated workers. Finally, states are required to report performance outcomes for incumbent workers served under the waiver in DOL's WIASRD.<sup>10</sup>

**Rapid Response funds for incumbent-worker training as a statewide activity (IWTS waiver).** This waiver allows states to use funds allocated to their Rapid Response programs to train incumbent workers to avert layoffs. Rapid Response programs are designed to respond to layoffs and plant closings by quickly coordinating services and providing immediate aid to companies and their affected workers. Rapid Response staff work with employers to maximize public and private resources quickly to minimize disruptions associated with job loss. Normally,

---

<sup>9</sup> WIA allows local areas to transfer 20 percent of funds between the Adult and Dislocated Workers funding streams; a provision in the Fiscal Year 2009 Omnibus Appropriations Act permits an additional 10 percent for the life of the funds for a total transfer of up to 30 percent, as described in TEGL 14-08, Change 1 (U.S. Department of Labor 2009).

<sup>10</sup> The requirement to report outcomes for IWT waiver participants was clarified with the introduction of a new WIASRD layout beginning in PY 2010; data before this time might be ambiguous or inconsistent.

Rapid Response funds are used to respond to layoffs or for management and oversight of IWT, not for the training itself. The waiver enables states to design training strategies as well as fund IWT as part of their broader response to potential dislocations. Under the waiver, states can use up to 20 percent of the funds allocated to the Rapid Response program to train incumbent workers. States that use Rapid Response funds for other statewide activities under the waiver must demonstrate a very narrow focus for the funds, targeted at serving DWs. Funds spent on IWT should be used as part of a documented strategy to avert layoffs, with training focused on enhancing workers' qualifications or building their skills. States are required to report performance outcomes in WIASRD for any incumbent worker served under the waiver.

**Employer contribution for customized training (CT waiver).** This waiver enables local areas to incentivize small and medium-sized businesses to implement customized training (CT) programs that teach new skills to adults or DWs. Without this waiver, employers of all sizes are required to pay for at least 50 percent of the costs of CT, which can be especially burdensome for smaller businesses. The waiver addresses this issue by allowing local areas to use a sliding scale to determine how much of the employers' contribution to training costs can be subsidized by the local area, as follows:

- Up to 90 percent for employers with 50 or fewer employees
- Up to 75 percent for employers with 51 to 250 employees
- Up to 50 percent (the statutory requirement without the waiver) for employers with more than 250 employees

CT is designed to meet the special requirements of an employer or group of employers, and the employers commit to hire (or continue to employ) participants who successfully complete the training. Unemployed individuals who complete the training program are expected to gain new skills and new jobs, whereas incumbent workers are expected to gain new skills and continued employment.

**Employer reimbursement for on-the-job training (OJT waiver).** This waiver enables local areas to increase reimbursement to employers who train workers through on-the-job training (OJT). The amount of reimbursement is based on a sliding scale that is, like the CT waiver, more generous for small and medium-sized businesses.

Local areas often find OJT to be particularly useful for individuals with significant barriers to employment—such as public welfare recipients or individuals with low basic skills—whom businesses might be reluctant to hire. OJT provides training under a contract with an employer in either the public or private sectors. Through the contract, employers provide training to individuals while they earn a wage in exchange for a reimbursement of a portion of the wage rate to compensate for the employer's extra costs sustained in providing the training. These costs include supervision and the temporary lower productivity of OJT participants compared with other employees.

Without the OJT waiver, employers of any size can be reimbursed for up to 50 percent of wages paid to participants in OJT. The waiver allows the use of a sliding scale, permitting local areas to increase the reimbursement provided to employers based on employer size, as shown for the following categories:

- Up to 90 percent for employers with 50 or fewer employees
- Up to 75 percent for employers with 51 to 250 employees
- Up to 50 percent (the statutory requirement without the waiver) for employers with more than 250 employees

## 2. Waivers Related to Services for Youth

**Competitive procurement for youth elements (CPYE waiver).** Rather than providing flexibility in WIA formula funding, this waiver allows local areas to maintain the continuity of youth services by contracting with AJCs or partner programs for certain activities without a competitive bid. WIA requires local areas to award contracts for youth services on a competitive basis. The competitive selection process requires the local areas to select youth service providers who can best serve local youth needs, after considering recommendations from local youth councils. The contracts with youth service providers can last for up to five years but include a clause stating that the contract can be canceled based on performance and/or funding availability. The waiver allows local areas to procure and provide 3 of the 10 required youth services without going through a competitive bidding process.<sup>11</sup> These three services are:

- Paid and unpaid work experience
- Support services
- 12-month follow-up services

Local areas can contract with the local AJC operator or its partners. Use of the waiver is restricted to these three services to ensure regular competition for other youth services and encourage high quality providers to enter and stay in a local area. The waiver applies only to regular WIA youth funds (not ARRA funds).<sup>12</sup>

**Youth individual training accounts (ITA waiver).** The ITA waiver allows local areas to offer individual training accounts (ITA) to older and out-of-school youth for the purchase of employment-related skills training. It waives the prohibition on the use of ITAs for youth, letting local areas determine the most appropriate training services (including ITA) for youth, based on their individual needs assessments.

---

<sup>11</sup> The 10 services are (1) tutoring, study skills, training, and dropout prevention strategies; (2) alternative secondary school; (3) summer employment opportunities; (4) paid and unpaid work experience, including job shadowing; (5) occupation and skills training; (6) leadership development opportunities, such as community service; (7) supportive services; (8) adult mentoring for at least 12 months; (9) follow-up services for at least 12 months; and (10) comprehensive counseling, including referrals for drug and alcohol abuse.

<sup>12</sup> Different waivers were approved for summer youth employment activities funded by ARRA in the summer of 2009. For those funds, states could request a waiver to extend existing contracts with providers by a specific percentage or a waiver that would allow them to procure services through a limited competitive bid between selected providers. The waivers were not extended for ARRA funds used in the summer of 2010.

ITAs are essentially vouchers that WIA participants use to purchase skills training for employment. Participants are given guidance and support by case workers in the AJC system to help them decide which eligible training provider to choose for their training program. Higher education institutions and other providers apply to their local area to be certified to receive ITA funds. The state compiles a list of all providers and institutions certified by local areas across the state into the eligible training-provider list (ETPL). ITAs provide access to providers on the ETPL, which can include programs better suited to certain youth in terms of content, availability, and scheduling than what may be available through the WIA Youth program. Without the waiver, youth must be co-enrolled in the WIA Adult or DWs program to be eligible for an ITA, which means that they must be at least age 18 and meet the Adult and DWs program criteria. The waiver frees local areas from duplicating effort in co-enrolling youth and allows them to use the same caseworkers to provide youth who are older or out-of-school with training as part of a comprehensive, youth-centered strategy. States are required to track the funds used for the ITA waiver. Case workers also must document use of an ITA in each youth's individual service strategy, which contains the goals and objectives for the youth's participation in WIA as well as the service plan selected for him or her.

### 3. Other Flexibility

**Work-flex.** Although not technically a waiver, states apply to DOL to receive waiver authority through work-flex. It provides a state governor with blanket authority to waive certain provisions of federal WIA policy for local areas as needed without applying to DOL for individual waivers. A state could choose to allow local areas to implement any of the waivers available to other states through the DOL waiver request process, or any other provisions of WIA that have not been explicitly excluded from work-flex authority. For instance, if a local area had a large influx of DWs due to a plant closing, using work-flex, the state governor could immediately allow the local area to transfer up to 50 percent of its Adult funds to the DWs program without having the A-DWT waiver. Work-flex provides states with more flexibility to manage the workforce system as problems arise and without the delay of the waiver application process.

Some states have sought work-flex when facing a special situation, such as a natural disaster or failing economy. To apply for work-flex, a state must submit a plan describing its strategy for improving employment and training outcomes. There is a lifetime limit of five years on the work-flex authority and an increased focus on accountability regarding states that receive it, as described in TEGL 26-09 (U.S. Department of Labor, Employment and Training Administration 2010).

According to WIA Section 192, the governor of a state with work-flex can waive provisions for local areas except for “requirements relating to the basic purposes of this title, wage and labor standards, grievance procedures and judicial review, nondiscrimination, eligibility of participants, allocation of funds to local areas, establishment and functions of local areas and local boards, review and approval of local plans, and worker rights, participation, and protection” (U.S. Department of Labor, Employment and Training Administration n.d.[b]).<sup>13</sup>

#### **D. Roadmap for the Report**

This report outlines the methodology for selecting the states and local areas, the methods used for collecting the data, the format of the profiles, and common themes identified across sites. The final chapter of the report includes one profile for each state and local area pair visited.

---

<sup>13</sup> Work-flex also applies to provisions of the Wagner-Peyser Act and the Older Americans Act that are not specifically excluded from the authority, as described in TEGL 26-09 (U.S. Department of Labor, Employment and Training Administration 2010).

## II. METHODOLOGY

The study included two phases of data collection for selected states and local areas. In the first phase, we selected 20 states for a broad analysis. We reviewed available documents on the state's WIA program and waiver use, then conducted telephone calls with state and local staff in each state. In the second phase of the study, we selected 12 of the 20 sites for in-depth analysis. We conducted a site visit to each of the sites to collect information on the waiver process, implementation, and outcomes.

### A. Site Selection

The study included two rounds of site selection. In phase one, 20 states were selected for broad analysis of waiver policies and implementation. Although most of the waivers of interest are administered at the local level, data on waiver implementation was extremely limited in public documents. In addition, DOL requires that state agencies apply for waivers, so even a locally motivated waiver ultimately comes from the state. Thus, state-level data provided the best approximation of waiver use available and all of the selection criteria were at the state level.

In phase two, we used the data collected in phase one from the 20 states and local areas as criteria for determining which 12 of those sites to include for in-depth site visits. Although some state-level factors were included in determining the sites, most of the criteria used were based on local-level data.

#### 1. Phase One Site Selection

Site selection in phase one was primarily based on the number of waivers approved in each state. We began by reviewing the approved waivers of interest for all 50 states, the District of Columbia, and the territories. Most received approval for multiple waivers of interest between PYs 2008 and 2010. In PY 2010, 31 states and territories were approved for at least four of the eight waivers of interest, with 2 states (Massachusetts and Ohio) receiving approval for all seven waivers (not including work-flex). Because most states had obtained numerous approved waivers, it was important to select those with a range of waivers to understand why some states chose not to apply for them. Selecting states approved for one or more waivers for the first time during 2008–2010 was also important in understanding what new circumstances prompted the request and approval of the additional waivers. In addition, states that had waivers in one year and discontinued them in subsequent years could provide information about the sustainability of these waivers.

Although important, the number and timing of waivers were not the only criteria used for selection. The state percentage of national formula allocation, the number of WIA local areas in the state, the state percentage of national WIA participants, and the DOL region of the country also were included as criteria. The final selections ensured representation of a mix of states across each of these criteria. Table II.1 identifies the 20 selected states with the criteria used for selection.

**Table II.1. Characteristics of Phase One Study States**

	Number of Waivers in Place				Work-Flex in 2008, 2009, or 2010	Range Designation <sup>a</sup>			Region
	2008	2009	2010	In All Years		State Percentage of National Formula Allocation	Number of WIA Local Areas	State Percentage of National WIA Participants	
Alaska	4	4	4	4		Low	Low	Low	6
California	4	4	6	4		High	High	High	6
Florida	4	6	6	4		High	High	Medium	3
Georgia	2	4	5	2		High	High	Low	3
Hawaii	2	3	5	2		Low	Medium	Low	6
Kansas	6	6	6	6		Medium	Medium	Medium	5
Kentucky	5	6	6	5		Medium	Medium	High	3
Louisiana	7	7	5	5	✓	Medium	High	High	4
Maryland	3	4	4	2		Medium	Medium	Medium	2
Massachusetts	5	6	7	5		Medium	High	Low	1
Michigan	2	1	6	1	✓	High	High	High	5
Minnesota	5	6	6	5		Medium	High	Low	5
Mississippi	6	4	4	4	✓	Medium	Medium	Medium	3
New Mexico	3	3	4	3		Medium	Medium	Medium	4
North Carolina	3	3	4	3		High	High	Medium	3
Ohio	6	6	7	6		High	High	High	5
Pennsylvania	6	6	6	6		High	High	Medium	2
South Carolina	5	4	6	3		Medium	Medium	Medium	3
Virgin Islands	5	6	6	5		Low	Low	Low	1
West Virginia	2	4	4	2		Medium	Medium	Low	2

<sup>a</sup> The ranges are based on the quartiles for each distribution (rounding was used for cleaner breaks).

Note. Formula Allocation Low: 0.0-0.29%, Medium, 0.3–2.0%, High: more than 2.0%.

Local Area Low: 1-2, Medium: 3-15, High: more than 15.

WIA Participants Low: 0.0-0.34%, Medium: 0.35–2.5%, High: more than 2.5%.

WIA = Workforce Investment Act.

## 2. Phase Two Site Selection

For site selection in phase two, we used the information collected during telephone interviews with the 20 states and local areas to determine the 12 most promising local areas for in-depth site visits. We summarized the data from the calls and identified specific factors that could be compared across sites. These data were included in a table. As with the site selection in phase one, the number and type of waivers implemented in each local area was the primary factor in selecting sites. However, additional criteria were used to account for variation in the types of local areas selected. Data included the region of the country, the number of AJCs, and the approximate number of clients served by the local area. Some nonquantifiable information about sites was included as notes to provide additional context. These notes contained information such as the extent and interesting aspects of waiver use.



Table II.2 displays a comparison of local areas along various factors used to determine site selection. In general, there was a natural ranking that appeared when we reviewed the table. The local areas using the most waivers over the past three years were identified first. It was rare that the local areas implemented all of the waivers available to them, but 5 of the 20 sites had actively used only one waiver of interest during the period. We did not feel those sites would provide enough additional information on waiver use to warrant a site visit. Of the remaining 15 sites, 10 local areas implemented at least three of the eight waivers at some point. These 10 provided a good mix of the various waivers of interest and some—such as Lake Cumberland, Kentucky—implemented several waivers but discontinued use, which would provide the study with additional information about why local areas used waivers and chose to discontinue them. We also wanted to ensure that we included sites that had used work-flex in the past and were implementing the CT waiver (for which few states were approved). For the additional two sites, we targeted local areas that implemented at least two waivers and were very actively using those waivers. The Heart of Georgia, Georgia, represents the largest geographic area in the state and it reported tripling the number of OJT contracts in the local area after it implemented the OJT waiver. Central Mississippi was also included because it reported heavily using the ITA waiver to target out-of-school youth.

Most of the 12 selected local areas served smaller more rural populations; however, some larger urban areas were represented: Philadelphia, Pennsylvania, and Riverside, California. The sites generally represented all regions with the exception of region 1 where potential local sites were not generalizable nationally. Instead, we selected West Virginia for the study, which was very actively using and promoting the OJT waiver.

## **B. Data Collection**

The profiles presented in this report are based on data collected from both phases of the study. The three main sources of data were (1) a review of WIA documentation related to waivers, (2) telephone interviews with state and local officials, and (3) site visits to local areas. The information in the profiles predominantly focuses on the third source of data from the visits; however, the first two sources of data are used to provide contextual data for the profiles, including WIA enrollment numbers, state and local unemployment rates, and the basic structure of WIA in each state. The first two sources also provide information on state and local motivations for using waivers and the extent of waiver use in each state and local area. The telephone interviews provided valuable information on the structure of service delivery and relationships with other partners that informed the discussion of how states and local areas used waivers.

### **1. Phase One Data Collection**

During the first phase of the study, data were collected from two sources, a document review and telephone interviews. The document review gathered background information for each state from federal and state sources for PYs 2008 through 2010. Some of the documents were publicly available, others were obtained from DOL or states directly. Documents reviewed for each state included state plans and plan modifications, waiver request and approval letters, and state annual reports.

**Table II.2. Characteristics of Local Areas for Phase Two Site Selection**

State	Name of Local Area	State- Approved Waivers 2010	Local Waivers Implemented 2010	Waivers Implemented <sup>a</sup>							DOL Region	No. of AJCs	Program Size PY 2010 (i) (ii)		
				A- DWT	IWT	IWTS	OJT	CT	ITA	CPYE			Adults	Dislocated Workers	Youth
Alaska	1 Statewide Local Area	4	2 (a)	(b)			X		X		6	24	636	409	932
California	Riverside	6	3				X		X		6	10	15,000	15,000	800
Florida	Region 14/15	6	1		X						3	9	4,200	4,200	1,460
Georgia	Heart of Georgia	4	2	X			X				3	17	485	485	314
Hawaii	Oahu WorkLinks	5	1							X	6	3	300	300	400
Kansas	Area 4	6	3 (a)	X	X				X	(b)	5	4	32,121	1,633	n.a.
Kentucky	Lake Cumberland	6	1 (a)	X	(b)		(b)				3	4	350	350	325
Louisiana	LWIA #60	5	2	X						X	4	6	100	100	n.a.
Maryland	Western Maryland	4	1						X		2	3	183	267	323
Massachusetts	Hampden	7	1						X		1	2	551	676	626
Michigan	South Central Michigan Works!	6	3	X	X	X					5	3	1,199	888	360
Minnesota	South Central WSA	6	1						X		5	3	200*	780*	217*
Mississippi	Central Mississippi	4	2	X					X		3	10	7,030	4,925	1,947
New Mexico	NM Central	4	3	X			X		X		4	4	500	600	600
North Carolina	Lumber River	4	2			X	X				3	4	535	209	591
Ohio	Lorain County	7	3		X				X	X	5	1	350	350	150
Pennsylvania	Philadelphia	6	3 (a)	X	X	(b)		X			2	5	3,250*	4,982*	1,409*
South Carolina	WorkLink	6	3 (a)	X	(b)		X		X		3	3	2,010	1154	268
Virgin Islands	1 Statewide Local Area	6	6	X	X	X	X	X	X		1	2	2,351	300	292
West Virginia	Region 2, Southwest	4	2	X			X				2	7	69	116	109
Number of Sites Using Waiver				12	6	3	8	2	11	3					

Note: Highlighted rows are sites selected for visits. Waivers implemented may differ from profiles in the text because of additional information received after site visits.

<sup>a</sup> No states were approved for work-flex in PY 2010.

✓ = Waiver was implemented in PY 2010.

(a) = Area implemented additional waivers in PY 2008 and/or PY 2009.

(b) = Area implemented waiver in PY 2008 and/or PY 2009.

(i) = Some data are approximations.

(ii) = Data from PY 2009 noted with an asterisk (\*).

A-DWT = adult-dislocated worker transfer waiver; CPEY = competitive procurement for youth elements waiver; CT = customized training waiver; DOL = U.S. Department of Labor; ITA = youth individual training account waiver; IWT = local funds for incumbent-worker training as a statewide activity waiver; IWTS = Rapid Response funds for incumbent-worker training as a statewide activity waiver; LWIA = local workforce investment area; OJT = on-the-job training waiver; AJC = American Job Center; PY = program year; WSA = Workforce Service Area; n.a. = not applicable.

After the document review was complete, we conducted telephone interviews with officials in each state and one local area identified in each state. The purpose of the calls to state officials was to confirm information from the document review, gather additional data on state-level waiver strategies, and obtain contacts in local areas utilizing the waivers of interest. When a local area had been selected based on input from the state call, local workforce directors in each local area were contacted to collect information on waiver implementation and potential effects, and to explore the feasibility of in-depth site visits by the study team.

## 2. Phase Two Data Collection

In phase two of the study, we collected data for the 12 local areas through in-person site visits. Site visitors spent two days on site in each local area meeting with local area staff, employers, and training providers. The purpose of the site visits was to investigate how and why local areas implemented waivers, to discuss the successes and challenges of using the waivers of interest, and to gather multiple perspectives on the usefulness of waivers. The 12 site visits were conducted during February and March 2012.

Two members of the study team conducted each visit. They met with multiple types of respondents at each site to ensure the study represented different perspectives on how waivers affected the workforce system. Similar topics were discussed across respondent types, although the focus of the discussion varied by respondent type because of the unique roles of each in the waiver process and the workforce system. The specific respondents interviewed in each local area also varied depending on which waivers the local area implemented. Respondents and discussion topics included the following:

1. **Director and policy staff of the Workforce Investment Board (WIB) or operating agency.** Site visitors interviewed the head of the agency responsible for overseeing policy and implementation for WIA in each local area to understand the economic situation in the region and what motivated the local area to use waivers. Directors and policy staff provided insight into the process for requesting or choosing to implement waivers, how waivers fit into the local area's overall workforce development approach, and their strategies for individual waivers.
2. **WIA program managers and staff.** Local area staff responsible for overseeing the Adult, DW, and Youth programs were able to provide information on how the implementation of waivers affected the operation of these programs and how changes ultimately affected the provision of WIA services and relationships with workforce partners. These staff were also often involved in the planning that resulted from decisions to implement waivers in the local area and could discuss this process in detail.
3. **AJC managers and front-line staff.** When the local area implemented waivers that affected service provision through the AJCs, staff and supervisors in the AJCs were able to describe their experience with the changes caused by waivers and how it affected both their day-to-day operations and how they worked with customers, employers, and other workforce partners. The study team typically spoke with staff at one or two AJCs in the area.

4. **WIA fiscal and management information system (MIS) staff.** The study sought to understand whether and how states and local areas tracked data on the use of waivers. Fiscal staff were able to discuss how waivers affected WIA funding, particularly the A-DWT waiver. Site visitors also discussed data tracking and reporting for WIA and WIA waivers with MIS staff in each local area.
5. **Employers.** Employers of WIA customers enrolled under the OJT, CT, IWT, and IWTS waivers provided their perspectives on how waivers affect the customers and businesses that participate in training under the waivers, the perceived benefits of those waivers, and how waivers can better serve the needs of employers. The study team spoke with one or two employers selected by the local area.
6. **Training providers.** Discussions with training providers focused on how waivers affect providers' work and provided insight into how training providers perceive changes in customer participation in training that might be attributed to waivers. The study team typically spoke with one training provider identified by the local area.

We asked all respondents to identify what they considered to be the achievements or challenges of waivers and any lessons they learned from participating in the waiver process. In all cases, we tailored questions to the waivers implemented in the local area, with some discussion of why certain waivers approved for use at the state level were not implemented locally.

### III. SITE PROFILES

The local areas visited for this study varied across multiple dimensions, not least of which is the combination of waivers they chose to implement. The focus of this report is to present detailed information by site in a systematic and comparable way. To this end, we have developed site-level profiles that summarize key aspects of how waivers were utilized, the motivations for using waivers at the state and local levels, and the successes and challenges faced in implementing waivers.

#### A. Format of the Profiles

Each of the 12 profiles at the end of this chapter represents the experience of one site in the study. A *site* refers to information collected from both the state through telephone calls and the local area through calls and the site visit. The profiles combine data collected from state officials about the waiver process with information collected on site during discussions with local area staff, employers, and training providers. State-level information is integrated with the discussion of information from the local area in the first half of each profile to illustrate how states and local areas work together to take advantage of waivers. The second half of each profile focuses exclusively on how the local area executed the waivers and the perspective of local area staff and employers on the advantages and disadvantages of waivers.

##### 1. Local Spotlight Box

Each profile includes a spotlight box for each local area and several sections describing aspects of the WIA waivers process. The spotlight boxes highlight key details from the local area visited by the study team. The boxes are intended to give a glimpse or snapshot of the local area by pointing out key factors of the economic context that the local area operates in and drawing attention to their use of the waivers of interest to DOL.

##### 2. Background and Details on the Waiver Process

**Overview of state and local contexts.** The first section of the profile discusses the context in which each state and local area operates WIA. This includes the administrative structure of the WIB and key agencies and subcontractors, the state of the local economy, and common barriers to employment faced by WIA customers served in the local area.

**Overview of waivers approved for the state and implemented locally.** The next section explains the process involved in requesting waivers from DOL as it relates to the involvement of local areas, as well as how local areas request to use waivers from the state.

**Motivations for selecting waivers.** This section covers all waivers that the state was approved for across the time period. It describes both the states' motivations for requesting waivers from DOL and the motivations of the local areas visited in implementing the waivers they selected. It also discusses why local areas chose not to implement waivers available for their state, or why they discontinued using waivers they implemented in only some years.

**Process for implementing waivers.** This section of the profile describes how the local area visited put in place the waivers it selected to implement and the planning process involved.

**Waiver reporting.** Each profile describes the state's requirements for local areas to track both participant-level data generally and data on waivers specifically. Also discussed is information tracked at the local level that is not required by the state, and how all of this information is used in evaluating waivers or for other purposes.

### 3. Waivers of Interest

This section of each profile discusses only those waivers which were implemented in the local area. It describes in detail how implementation of each waiver was realized in the local area. The section discusses what is known about how services were funded under the waivers, how service delivery was affected, how many participants or employers were served, and how the waivers met the goals of the local area. Only the waivers that were actually implemented in the local area are discussed in this section. Waivers that the local area intended to use but did not ultimately implement are not discussed here. The IWTS waiver is unique in that states varied as to whether they gave local areas Rapid Response funds to use for implementing IWT as needed or if the state used the funds to provide training. The profiles discuss the IWTS waiver in this section only when the local area received Rapid Response funds to conduct IWT.

### 4. Local Perspectives on Waivers

**Successes and lessons learned of waiver implementation.** This section provides a summary of what staff and other respondents in the local area viewed as the successes of waiver implementation. It discusses how the waivers positively benefited the local area and the lessons learned from using waivers.

**Challenges of waiver implementation.** The next section lists the challenges that local areas encountered in implementing or attempting to implement waivers. Some challenges were explained as being inherent to the waivers' design or regulation by DOL; some others were due to local factors that made implementation difficult.

**Observations on the waiver process.** Staff in all local areas shared their thoughts on how the waiver process or the waivers themselves could be enhanced to help the local areas utilize them more effectively.

### 5. Locations Visited and Date of Visit

The last section in each profile lists the organizations involved in the site visit and whose staff provided input for the study. It also mentions the dates that the study team was on site in the local area.

## B. Factors to Consider When Reading the Profiles

**Sites are not representative of all local areas.** Each profile describes the experiences and observations of a single local area in each state and should not be interpreted to represent all local areas in the state or in the nation. The local areas selected are not representative of waiver use across all areas of the state, as the areas selected for the study were often those implementing the most waivers available in the state or implementing them in an interesting way. Similarly, the observations made by local staff on how the waivers could better serve their needs are strictly the opinions of the staff interviewed for the study. Their opinions do not represent the

perspectives of other local areas, nor do they necessarily reflect the opinions of state representatives with regard to waivers. The 12 local areas visited in the course of this study are only a small share of the hundreds of local workforce investment areas across the country that might have had different experiences with waiver use.

**Inconsistency in reporting implementation.** There were a few instances in which site visitors discovered while on site that a local area did not actually implement a waiver it indicated that it had during phase one data collection. This appeared to be due to some confusion among local area staff regarding the distinction between what constitutes use of a waiver and standard WIA policy. This occurred most often with the A-DWT waiver. Without the waiver, local areas can transfer up to 30 percent of their Adult or DW funds to the other program, whereas under the waiver they currently can transfer up to 50 percent of funds between programs. A few local areas reported using the A-DWT waiver, but were actually transferring only up to the allowable 30 percent limit. This was clarified when site visitors verified actual percentages of funds transferred in each year while on site. Thus, the table in each profile that presents the waivers approved for the state and locally implemented is based on the study team's determination of whether the local area actually conducted activities that required the use of a waiver. The data in these tables might vary slightly from the table displaying the criteria used to select local areas to visit (Table II.2), because more details emerged after the site visits.

**Impact of ARRA on waiver use.** During the study period (PYs 2008–2010), states and local areas were also involved in activities related to ARRA. ARRA provided additional funds for adults, DWs, and youth. Although states and local areas generally reported that ARRA did not affect their decisions to use waivers in the study years, there were some instances in which ARRA did affect waiver use. For example, in the years when additional funding was available through ARRA for adults and DWs, local areas might have felt less need to use the A-DWT waiver. As ARRA ends and states and local areas have fewer funds and less flexibility, their waiver choices could change.

**Varying use of the term waiver in interviews.** Although *waivers* are referenced throughout the report and the profiles, the actual term and what it represented was not familiar to all the respondents interviewed during the in-depth site visits to local areas. Employers are typically unaware that their services are provided under a waiver. Even within the administration of WIA, some staff are unaware of the existence of waivers or their impact on the workforce system. Compared with WIB and WIA management staff, AJC staff generally are more removed from the policy discussions surrounding the selection and implementation of waivers, and less likely to be familiar with waivers. To account for this variable familiarity with waivers, site visitors approached interviews with employers and some other respondents from the perspective of the changes that occurred due to waivers without referencing the waivers themselves. This was the most effective way to determine how some respondents felt about waivers when they were unaware of the terminology normally used to refer to them.

### C. Common Themes Across Profiled Sites

Although each profile in this interim report focuses on the extent to which waivers played a role in helping one local area and state respond to the needs of its workforce area, several themes emerged from discussions with the 12 sites. We discuss those common themes and their implications for the administration of WIA next. The final report for this evaluation will delve

into these themes in more detail, as well as other themes that emerged from analysis of all of the data collected for the study.

**Most sites used a similar framework for the waiver request and approval process.** All but one of the sites reported a collaborative process between state and local officials in determining which waivers to request from DOL for use in the state's local areas. The one exception is Alaska, whose state WIB functions as a local WIB for the entire state; thus, the state chooses which waivers to request and to implement upon approval. In all other states in this sample, state officials reported seeking the input of local WIBs and operating agencies on the waivers that would best suit the needs of local areas and which should be requested from DOL. Some states met monthly with representatives of local areas to discuss policy issues, including waivers. Others met quarterly with local areas or communicated with local areas at other intervals through telephone and email.

After DOL had approved waivers for use within the state, local areas again reported similar processes for implementing waivers. Of the 11 sites in which local and state decisions were separate (all states except Alaska), 9 reported that local areas were free to use whichever waivers they felt would benefit their local areas without having to request permission from the state to implement the waivers. Two states—South Carolina and Michigan—did require local areas to apply to the state to implement any available waivers.

Of the nine states that did not have a formal process for waivers in general, all had the A-DWT waiver available for local use, but only six of these states asked local areas to notify them if they planned to transfer any funds between the Adult and DW funding streams. Six of the nine states were approved for the IWTS waiver, and three of these asked local areas to request permission to use the IWTS waiver. One of the six states, Kansas, did not provide local areas with Rapid Response funds to conduct IWT. Georgia was also unique in asking local areas to request permission to use the IWT waiver to ensure local funds were used to avert layoffs. Georgia did not request the IWTS waiver from DOL.

State administrators did not report tracking waiver use in local areas in a systematic way, except for one state which required waiver requests from local areas for any implementation of waivers. For the most part, states discuss waivers with local areas during period monitoring visits, collect data on some waivers in state MIS systems, or ask local areas to describe plans to use waivers in their annual local area plans.

**Employers were generally positive about the benefits afforded to them by waivers.** Local area staff and employers interviewed for the study in all sites overwhelmingly spoke of the benefits that the OJT, CT, IWT, and IWTS waivers provided to employers. Aside from saving employers valuable financial resources, the provision of services under the waivers enabled many employers to stay competitive, expand the size of their businesses, or enter new business areas with help from the local area. The OJT and CT waivers also alleviated the burden of training new employees, in addition to lowering the risk to the employer of hiring an individual who lacked certain skills. Employers valued the local area's assistance in identifying potential candidates and designing suitable training for existing employees.

**Excessive paperwork deters potential employers from working with the local area.** Most of the local areas visited expressed a concern about the paperwork needed to satisfy the requirements of training-related programs, including lengthy contracts, documentation of



eligibility for employees, timesheet tracking, and reimbursement requests. Staff felt that this discouraged employers (and in one case youth) from participating in local workforce services that could benefit them. In 10 of the 12 areas visited, staff noted that employers tended to lose interest when they discovered the amount of paperwork required to become involved with OJT, CT, or IWT waivers. One local area also mentioned that it could not find enough eligible applicants to fully utilize the ITA waiver because youth were unwilling to go through the arduous process of applying for an individual training account. Although the paperwork is a requirement of the training programs and not specifically of the waivers, these requirements do make recruiting employers and customers more difficult under the waivers.

A few sites have devised strategies to help alleviate some of the burden of paperwork for employers, although in many cases the local area staff take on more of the work. Staff in Alaska developed templates for standard training contracts to help staff work with employers more efficiently and navigate the red tape around waivers. Other local areas have dedicated staff exclusively to supporting employers with completing paperwork or helping their employees provide the necessary documentation to participate in training.

**The requirement for layoff aversion makes it difficult to utilize the IWT and IWTS waivers extensively.** Five of six local areas that reported using the IWT or IWTS waivers felt that the layoff aversion requirement made it more difficult to conduct IWT. Several local areas reported that the number of employers who participated in IWT dropped sharply or fell to zero after the policy became effective in PY 2009. Staff noted that employers are often unwilling to announce publicly that they are considering laying off workers and when the local area learns of potential layoffs there is rarely enough time to conduct employee training that will save jobs or a business from closing.

Local areas expressed that because of the difficulty in identifying employers eligible for IWT, they do not use the IWT waiver as much as they would like. They note that there are certainly employers in their local areas that would benefit from training to upgrade the skills of current employees and to use existing employees to fill the gaps in their workforce when they cannot afford to hire new workers. Local areas mentioned that using funds for skill upgrades often creates entry-level positions that can be filled with other WIA customers.

**Budget constraints limit the strategic use of waivers.** A number of sites reported that budget constraints hindered their ability to maximize the benefits of waivers. Staff in three local areas expressed this challenge with funding for the ITA waiver and staff in another local area noted this was a barrier to conducting incumbent worker training. Two local areas mentioned that youth funding was too limited to allow the local area to provide ITAs to youth, although they felt that they would provide valuable training opportunities for their youth. A third area felt that in order to utilize the ITA waiver fully, it had to market the program to area youth but could not use available funding for that purpose.

One local area expressed a desire to spend more than 20 percent of its Adult and DW formula allocation on IWT, and noted that the need for training in its local area far exceeded the level of funding it could allocate for that purpose according to the waiver guidelines.

**Local staff would appreciate more information and guidance on waivers and their potential uses.** Local area staff in at least four sites indicated that they would benefit from more information about how other local areas across the country have used waivers, as well as more

communication from DOL and state administrators on what waivers are available and how they can be implemented in their local areas. Local staff in two sites expressed a desire to know how waivers have been successfully (or unsuccessfully) utilized in local areas with challenges similar to theirs to guide their decisions on which waivers to use and how to implement them most effectively. Staff in two additional sites mentioned that they often felt that the information communicated to them from federal and state authorities could be more comprehensive and frequent. This would ensure that local staff are aware of the rules that govern waivers and can make educated decisions about their use.

#### **D. Profiles of 12 States and Their Local Areas Visited**

This section includes profiles for each of the 12 sites in the study selected for in-person site visits. The profiles present a comprehensive picture of how waivers affected different parts of the workforce system in states and local areas. As discussed earlier, the profiles represent the perspectives of both state officials and local area staff about implementation of the waivers of interest and the waiver process in general. The profiles also incorporate the views of employers who benefited from activities conducted under waivers and training providers involved in waiver implementation.

## ALASKA CASE STUDY PROFILE

### Overview of State and Local Context

Until PY 2010, Alaska administratively functioned and reported performance as two local areas—Anchorage/Mat-Su and Balance of the State. Alaska then applied for and received a waiver to allow the state-level Alaska Workforce Investment Board (AWIB) to carry out the functions of local workforce investment boards and set local policy for the entire state. However, the state continues to report WIA performance to DOL for two separate local areas.

The Alaska Department of Labor & Workforce Development (ADLWD), together with AWIB, oversees all WIA activities across the state. Within ADLWD, the Division of Business Partnerships (DBP) provides day-to-day fiscal and administrative oversight for the WIA Adult, Dislocated Worker (DW), and Youth programs. DBP contracts with ADLWD's Employment Security Division (ESD) to operate the state's four comprehensive American Job Centers (AJCs), to provide WIA core services at some of the state's 22 affiliate centers, and to implement the WIA Youth program at one AJC. DBP also contracts with a number of other service providers to provide core services at other affiliate centers and provides WIA Youth services around the state.

Alaska is a geographically diverse area from the biggest city, Anchorage, which has about 300,000 people, to extremely rural and isolated villages. The major industries tend to be seasonal, focused on fishing and oil and gas; therefore, many Alaskans work during the warm spring and summer months but are unemployed throughout the winter. In general, the economy tends to run countercyclical to that of the lower 48 states; when the lower 48 states experience a recession, Alaska's economy usually remains strong and vice versa. As a result, aside from a slight decline in tourism, Alaska has yet to experience the deep and damaging recession the rest of the country is currently experiencing. At the time of the visit, the unemployment rate was about 7.7 percent statewide.

In addition to seasonal unemployment, many Alaskans face a host of barriers to retaining employment. They must contend with the state's geography; many people live in remote villages that offer few job opportunities and can be difficult to travel to and from, particularly on snow-covered roads during the winter. Also, many youth from these areas enroll in training and education programs in other parts of the state, only to quickly return home to their families and tight-knit village communities as a result of homesickness and difficulty adjusting to their new,

#### **Local Area Spotlight:** *Alaska*

***Geographic Area Served:*** Primarily rural, with an urban center in Anchorage; serving state of Alaska

***Customers Served in 2010:***

- 636 adults
- 409 dislocated workers
- 932 youth

***Major Industries and Employers:***

Seasonal: construction, gas/oil, fishing, tourism; nonseasonal: health and government

***Waiver Highlights:***

- **A-DWT:** transferred 33 percent in PY 2010 from the Dislocated Worker program to the Adult program
- **OJT:** served 47 customers in PY 2010
- **ITA:** 27 youth were trained using individual training accounts in PY 2010

larger towns. Additionally, although 66 percent of youth graduate from high school, employers lament that these graduates have poor math and reading skills and that they frequently have to search for and hire better skilled workers from the lower 48.

## Overview of Waivers Approved and Implemented

ADLWD and DBP officials work closely with Alaska’s Federal Project Officer (FPO) to determine which waivers to apply for and to craft the actual applications. The AWIB reviews and assesses each application and releases them for public comment before ultimately deciding for which waivers the state will apply. As noted in the following table, Alaska was approved for four waivers between PYs 2008 and 2010—A-DWT, CT, OJT, and ITA—and has implemented all but CT.

**Table 1. State-Approved and -Implemented Waivers of Interest from PY 2008 to PY 2010**

Waivers	2008		2009		2010	
	Approved	Implemented	Approved	Implemented	Approved	Implemented
A-DWT	✓		✓		✓	✓
IWT						
IWTS						
CT			✓		✓	
OJT			✓		✓	✓
CPYE						
ITA	✓	✓	✓	✓	✓	✓
Work-flex						

## Motivations for Selecting Waivers

Staff noted that Alaska—including its geography, weather, and population (that is, rural village communities)—is unique compared with the rest of the United States; therefore, the workforce regulations that benefit the lower 48 might not necessarily be appropriate for Alaska. The waivers give Alaska the flexibility to tailor WIA services to account for these differences. In addition to this broad goal, ADLWD and DBP noted some specific reasons for requesting individual waivers:

- **A-DWT.** Because of high rates of seasonal unemployment, Alaska typically receives more funding for DWs than it actually needs throughout the year; this has been the case since about 2001. Therefore, the state requested the A-DWT waiver to transfer excess DW program funds to the Adult program when necessary.
- **CT.** Alaska applied for the CT waiver in anticipation of needing it for so-called megaprojects, including a large gas pipeline. With the help of the waiver, AJCs could work with the pipeline project employers to develop trainings targeted at their very specific needs and the skills required to do the pipeline work, thus encouraging them to hire and contract locally. Unfortunately, the gas pipeline project did not move as quickly as ADLWD staff anticipated, so they have not had occasion to use the waiver.

They are, however, working with a large telecommunications company to determine if customized training could benefit its business and help area job seekers.

- **OJT.** Although Alaska has some large and medium-sized employers, many employers are small “mom-and-pop” businesses. These employers rarely have the resources (financial and other) to invest in training new staff; however, these businesses are more willing to hire new staff if the lost productivity time (for example, experienced staff stopping to help new staff and new staff producing at lower rates during the learning period) is offset by wages reimbursed at the rates afforded under the waiver. Additionally, many Alaska employers are involved in DOL’s Registered Apprenticeship (RA) program.<sup>14</sup> These employers might be hesitant to hire job seekers with little to no work experience in their industry, but they might be willing to test them out first via an OJT arrangement before committing to the longer-term, higher paying apprenticeship.
- **ITA.** ADLWD’s Youth program serves many out-of-school youth. Many of these youth are ages 16 and 17 and are therefore not eligible for the Adult program. ITAs help Alaska connect these youth, many of whom have a general equivalency diploma (GED), to occupational skills training with some of the state’s strongest training providers, including Alaska’s Institute of Technology. Few of these youth have stable living situations or have ever had a job; earning a certificate, degree, or credential through ITA-funded training dramatically helps improve their employment and earnings prospects.

## Process for Implementing Waivers

DBP communicates waiver information to its AJCs, affiliates, and providers in a number of ways. Immediately after a waiver is approved, DBP sends an email blast (internally called a tech alert) to all of its AJCs, affiliates, and providers, notifying them of the waiver approval and providing them with some initial implementation guidance. Soon after sending this alert, DBP distributes a formal Workforce Advisory to providers that contains more detailed implementation guidance. In addition to providing written guidance in these ways, DBP also discusses waiver implementation with providers during regular telephone calls and semi-regular in-person meetings. These discussions are less formal and typically occur in the context of larger discussions of WIA services; they are also an opportunity for staff to ask any questions related to waiver usage.

With the exception of the OJT waiver, ADLWD and DBP did not have to make any major changes to WIA program implementation guidelines as a result of the waivers or provide much implementation guidance to staff. However, before obtaining the waiver, few of Alaska’s Adults or DWs participated in OJT; as the site put it, “It was not part of their AJC culture” that favored

---

<sup>14</sup> The Registered Apprenticeship program, administered by the DOL’s Office of Apprenticeship “helps mobilize America’s workforce with structured, on-the-job learning in traditional industries such as construction and manufacturing, as well as new emerging industries such as health care, information technology, energy, telecommunications and more.... From day one, apprentices receive a paycheck that is guaranteed to increase as their training progresses. Apprentices also complete a combination of industry-specific classroom education and hands-on career training leading to nationally recognized certifications.” Available at [<http://www.doleta.gov/oa/>].

connecting job seekers with longer-term RA. After DOL approved the state's OJT waiver request, DBP had to retrain front-line staff on how to develop and execute OJT contracts. It also had to develop an internal system for tracking data related to OJTs (such as contract amounts, and so on) and train staff on the proper use of this system.

## **Waiver Reporting**

Alaska tracks OJT and ITA data in its MIS system, including data on these activities under the waivers. For all customers, the state documents (1) demographic information; (2) pre- and post-program wages; (3) services receipt; and (4) funding information (for example, which sources—Adult funds, Dislocated Worker funds, state discretionary funds—funded a customer's activities) in the MIS. Front-line staff also complete detailed case notes in the MIS after any interactions with customers. The state also collects OJT-specific data with which it creates an annual OJT report, including OJT enrollment numbers and completion rates. Through a similar annual report, the state reports youth ITA data that it records in the MIS, such as the ITA's related industry, occupation, and training provider.

## **Waivers of Interest**

### **Adult-Dislocated Worker Transfer**

ADLWD staff pointed out that WIA funding in any given year is based on Adult and DW program spending from two years earlier (specifically, rates of unemployment from two years earlier). This, in addition to the fact that "Alaska's economy tends to run a little bit counter cyclical to the lower 48 states," creates a situation in which "[WIA] funding is often out of sync with the current [economic] climate." Alaska has experienced 21 years of continuous economic growth, and on the whole the "economy has been outstanding." Although the state has experienced some "dislocation events," they have not been nearly as bad as those other states have experienced since 2008 as a result of the recession. The large numbers of DWs in many states have created a situation in which the DW program is a major funding priority. As described earlier, this is not necessarily the case in Alaska and therefore it is important for the state to be able to transfer excess DW program funds to the Adult program as the state did in PY 2010. Alaska also transferred funds from the DW to the Adult program in PYs 2008 and 2009, but funds were below the 30 percent threshold permitted under regular WIA at 19 and 14.7 percent, respectively.<sup>15</sup>

### **Employer Reimbursement for On-the-Job Training**

Before the waiver, OJTs were not a major part of WIA services in Alaska. Instead, ADLWD's leadership has emphasized RA as the best way to connect job seekers with both occupational skills and OJT targeted to the needs of a specific employer. Although ADLWD staff herald RA as an excellent program and noted that they encourage many of the job seekers to pursue it, they also noted that it is not available to all industries, occupations, or employers

---

<sup>15</sup> Only those waivers implemented by the local area are discussed in detail. The IWTS waiver will be discussed here only if the local area used state funds to conduct incumbent worker training locally.

(including many small businesses). The state is now using the OJT waiver to encourage AJC and other provider staff to use OJT as a tool to help these employers train and hire new workers.

Since PY 2010, the state has leveraged WIA Adult and Dislocated Worker program funds together with National Emergency Grant (NEG) and State Training and Employment Program (STEP)<sup>16</sup> funds to implement a robust OJT program. With these funds, they were able to serve 47 participants with training in PY 2010, compared with the approximately 60 total participants that the state had in the two years before obtaining the waiver. With these funds and the flexibility provided under the waiver, ADLWD encourages staff to reach out to the state's many small- and medium-sized businesses to encourage their participation. In addition to targeting employers based on size, ADLWD staff also target employers from AWIB priority industries, such as gas/oil, fishing, tourism, and health. Provider staff noted that word-of-mouth (usually from job seekers to potential employers) and local radio ads are two very effective ways of getting the word out to employers. Most employers receive wage reimbursement based on their size, as suggested by DOL. However, because ADLWD caps all OJTs at \$10,000, higher reimbursement rates often result in shorter OJTs than previously offered.

Two small employers, a salon owner and local fire department, lamented that there were no training providers in the Fairbanks, Alaska, area that adequately prepared job seekers for their industries. In recent years, both employers hired trained employees from other parts of Alaska, and even from the lower 48 states on occasion, rather than from their own community. Both employers were eager to participate in OJT. The salon owner explained that hairdressing requires many months of training, more than is available through OJT; however, she worked with the AJC to leverage resources from both OJT and RA and to develop a long-term training program for new hires that included a clear career pathway with incremental wage increases. At the same time, this provided a low risk to her business in terms of the costs associated with training new staff. The fire department reported that OJT enabled it to grow from one full-time employee to nine, substantially increasing the department's preparedness and effectiveness. It also provides a career track for participants to enter the fire service, which is extremely competitive and requires experience as a full-time firefighter.

### **Youth Individual Training Accounts**

ITAs have been an integral part of Alaska's WIA Youth services for many years. Before the ITA waiver, youth had limited financial aid options available to them. Often, youth failed to finish a training program because they needed as little as \$500.00 to complete their coursework. ITAs help fill these frequent and formerly detrimental funding shortages and thus ensure successful completion of training for many youth. ITAs also help youth pay for services that other financial aid resources cannot help with, such as child care and transportation, both of which are often fundamental to program completion.

Youth provider staff typically target youth who already have a GED or high school diploma for ITAs. These are often youth age 16 or 17 who are ready for training but do not qualify for

---

<sup>16</sup> These are state funds for employment and training services for both employed and unemployed Alaskans who "need training to improve their prospects for obtaining or retaining employment." Available at [<http://dol.alaska.gov/bp/step.htm>].



the Adult program because of their age. Alaska served 49 youth participants through ITAs in PY 2009 and 27 in PY 2010. The youth received training in a variety of industries, but most commonly in health care and construction.

## Successes and Lessons Learned of Waiver Implementation

Staff from across Alaska reported that the waivers helped them achieve performance outcomes and helped more participants become employed and independent. An employer pointed out that OJTs benefit people on multiple fronts: participants earn a wage, the employer is reimbursed, and the government recoups some of the investment through taxes. In the experience of one AJC manager, the OJT waiver increases the chances of employment after training, from 50 to 60 percent following an education program to 75 to 80 percent following participation in an OJT (the implication is that OJTs, as opposed to classroom-based training that does not include an on-the-job component, can make a candidate more attractive to an employer).

Staff also reported that Youth ITAs were successful because they forced youth into a “no excuses” situation; if the training or education program is fully funded, the youth has no excuse for not completing the program. In general, staff at all levels agreed that youth who completed training with an ITA were better prepared for the job market and far less likely to need further public assistance. ITAs also helped Alaska meet performance standards, especially the standards around credentials.

## Challenges of Waiver Implementation

Overall, staff reported far more successes in using the waivers than challenges; in fact, the only challenge reported was related to implementing a new program. As mentioned earlier, Alaska did not frequently use OJTs before receiving the waiver, and staff had to learn how to develop and execute OJT contracts. Many staff suggested that this was a time-consuming process that required a lot of paperwork for them and employers. The AJC front-line staff who establish trainings mitigate this issue by keeping records of standard training plans and forms to use as templates when setting up OJTs at new employers or for new participants.

## Observations on the Waiver Process

Although staff were generally positive about the waiver, they offered a few observations on how the waivers could better serve their local area or their state:

- **Streamline and simplify OJT paperwork.** AJC case managers suggested that OJT paperwork was cumbersome and time consuming for them and employers, which made it difficult for them to utilize the OJT waiver to a greater extent. Some employers lost interest in the program when they learned about the extent of the paperwork required. One provider pointed out that OJTs ask employers to take a chance on an otherwise undesirable employee, even convicted felons, so the easier the process is for the employer, the more likely the employer will be willing to take that risk.
- **More information on waivers from DOL.** Administrative-level staff asked that DOL more clearly communicate available waivers to states. They noted that without their knowledgeable, active, and involved FPO, ADLWD would not know whether a



waiver helped any states or local areas with similar economic or demographic contexts and thus might help tsphem.

### Locations and Dates of Visits

The study team visited Alaska from February 1 to 2, 2012, and conducted interviews with staff from the organizations listed in the following table.

**Table 2. Site Visit Locations**

Organization	Location
State/Local Area	
Division of Business Partners	Anchorage
Workforce Investment Board	Anchorage
Nine Star	Anchorage
AJC	Fairbanks
OJT Employer 1 (Service Industry)	Fairbanks
OJT Employer 2 (Nonprofit Public Service)	Fairbanks

**This page has been left blank for double-sided copying.**

## CALIFORNIA CASE STUDY PROFILE

### Overview of State and Local Context

The California Workforce Investment Board (WIB), in conjunction with the State Employment Development Department (EDD), determines policies for the WIA Adult, Dislocated Worker, and Youth programs in California's 49 workforce investment areas. The local areas provide oversight of the local American Job Centers (AJC), which are the hubs of statewide service delivery.

The study team visited Riverside County to gain a more comprehensive understanding of WIA waiver implementation in California. Riverside County Workforce Development is a division of the Riverside County Economic Development Agency (EDA). EDA serves as the fiscal and administrative agency for WIA funds, which are in turn directed to the AJCs where programs are administered. Riverside has four AJCs for adults and dislocated workers (DW), six Youth Opportunity Centers (YOCs), and one mobile AJC that travels throughout the local area.

Riverside County is the fourth largest county in California, geographically speaking, and is home to 2.2 million residents. It is a mix of suburban and rural communities, but it is predominately rural. Many of Riverside's residents commute to jobs outside of the county in nearby San Diego and Los Angeles counties. Riverside was one of 12 "Learning Labs" in California, piloted in 2007 to encourage greater service integration between WIA and other funding streams (for example, Wagner-Peyser, Trade Adjustment Assistance, Unemployment Insurance, and Veterans Affairs). This pilot, in addition to the recession, resulted in a large influx of WIA participants and caused some restructuring of WIA administration in the local area.

Riverside County saw rapid growth in the past 10 years in both residential and commercial construction but was hit hard by the recession and has been slow to recover. The unemployment rate went from 4 percent to more than 15 percent at its highest. In 2010, it was 12 percent.

The barriers to employment and types of customers that have been served have changed dramatically in recent years. Historically, the most common barriers to employment in Riverside are mental health and drug issues or lack of work experience. However, after the recession, the lack of jobs became a major barrier. Many of the current Riverside WIA customers have past

#### **Local Area Spotlight: Riverside**

***Geographic Area Served:*** Mix of suburban and rural; largest city is Riverside; serving Riverside County

***Customers Served in 2010:***

- 3,560 adults
- 3,698 dislocated workers
- 1,222 youth

***Major Industries and Employers:***

Construction, manufacturing, logistics, service industry, and green industry

***Waiver Highlights:***

- **A-DWT:** transferred 100 percent in PY 2008
- **OJT:** 14 participants in PY 2009 and 57 participants in PY 2010
- **ITA:** served a total of 22 youth participants from PY 2009 to PY 2010

work experience; some even have management experience and are well educated, but they are unemployed and need help transitioning to new careers. Because these customers had been employed for so long, they are not familiar with how to look for a job in today's market and they tend to be less familiar with social media and networking. Riverside also has a growing parole population that faces considerable barriers to employment.

### Overview of Waivers Approved for the State and Implemented in Riverside

In PYs 2008 and 2009, California was approved for four of the waivers of interest: A-DWT, IWT, CT, and ITA. In PY 2010, the state was approved for two additional waivers: IWTS and OJT. Riverside County implemented three of the available waivers: A-DWT, OJT, and ITA.

The state WIB is responsible for submitting waiver requests to DOL on behalf of the state but relies on feedback from multiple groups to understand the specific needs of the local areas. A state-level work group, the Issues and Policies committee, drafts waiver requests. This work group has representation from EDD and local boards. The WIB also relies on the California Workforce Association (CWA), which represents local boards, AJCs, and other workforce partners, to understand local needs. All local areas are members of CWA and the group meets quarterly to discuss items of interest. Local areas are also asked to provide input to and comment on all drafts of waiver policies from the state before they are released.

Local areas need state approval in order to make A-DWT transfers but are otherwise allowed to use any of the other waivers for which the state has been approved without notifying the state. In their local plans submitted to the state, the local areas do, however, discuss which waivers they have used or plan to use.

**Table 1. Approved for State and Implemented in Riverside: Waivers of Interest from PY 2008 to PY 2010**

Waivers	2008		2009		2010	
	State Approved	Riverside Implemented	State Approved	Riverside Implemented	State Approved	Riverside Implemented
A-DWT	✓	✓	✓	✓	✓	✓
IWT	✓		✓		✓	
IWTS					✓	
CT	✓		✓		✓	
OJT					✓	✓
CPYE						
ITA	✓	✓	✓	✓	✓	✓
Work-flex						

### Motivations for Selecting Waivers

California is a big state with diverse needs, and waivers are one mechanism the WIB can provide local areas with autonomy to implement those programs that are appropriate for their local area. Waivers fit into their strategic planning process with the overall purpose of improving performance outcomes for the local areas. According to Riverside, additional options tend to support positive outcomes. Waivers provide greater flexibility and enable areas to

leverage resources more quickly for better outcomes. The following describes the state and local areas' specific purposes for applying for each individual waiver:

- **A-DWT.** From the state's perspective, the transfer is designed to break down silos that exist in the provision of services at the AJCs. California has 14 mandated programs run through the AJCs, and each has its own staff and set of eligibility requirements. Waivers are designed to make the funds more homogenous so that in theory an AJC can serve a common customer in a common way. About 20 percent of local areas take advantage of this transfer. The waiver was used more frequently in the Learning Labs areas to help deal with the increase in the number of participants served.

Riverside believes the A-DWT waiver enables the AJCs to efficiently serve whoever walks in the door, without worrying about how many dollars are left in different funding streams. Keeping track of multiple streams of money is inefficient and can cause breaks in services. Also, it can be difficult to secure the proper administrative paperwork to demonstrate that someone is a dislocated worker.

- **IWT/IWTS.** California believed that IWT might be useful in cases in which businesses have to update their processes or face closure and employees need training in new skills to keep their jobs. California decentralizes its Rapid Response funding. It allocates the funds to all 49 local areas to do that work on behalf of the state.

Riverside did not implement the IWT or IWTS waiver because it believed that the local system was currently so strained keeping up with growing enrollments (because of Learning Labs and ARRA) that adding one more service would be too burdensome. In particular, it was concerned that the already stretched staff would not be able to deal with the added paperwork and resources needed for a new program.

- **CT.** California has requested the CT waiver since 2006 to incentivize small and medium-sized businesses to implement training programs that teach new skills to adults or dislocated workers.

Although Riverside uses CT with some employers, the site did not implement the CT waiver because it has not felt the need to change contribution levels for employers. In addition, the state already has an Employment and Training Fund (ETF) that is paid for with a statewide tax on employers. These funds are used primarily for the customized training of employed workers but can also be used for unemployed workers.

- **OJT.** California requested this waiver to allow local areas to work with more small businesses and to encourage businesses to hire in the slow economy. The waiver is also used to help build relationships between the AJCs and employers while finding placements for less-skilled workers.

Riverside implemented the OJT waiver because staff thought it would encourage employers to hire workers in difficult times. Although the economy has begun to rebound, employers are still reluctant to hire workers because they are worried they will be forced to lay off people again. Riverside is composed of so many small businesses that employees are like family members: employers do not want to hire if they risk laying off people.

- **ITA.** California applied for the Youth ITA waiver as part of its strategy to place youth in longer-term training.

Riverside implemented the ITA waiver because it wanted to provide training opportunities to youth without co-enrolling them in the adult program. Staff found co-enrolling youth as adults to be difficult for youth because of the physical separation of youth and adult centers.

## Process for Implementing Waivers

The state submits directives telling local areas what waivers are available when they are approved by DOL. In their local plans, local areas indicate to the state which waivers they are utilizing or plan to utilize. Local areas only have to notify the state regarding the transfer amount for an A-DWT waiver, and even this, the state reported, is virtually always approved.

In Riverside, a management team meets and makes recommendations to its director about which waivers to implement. In their yearly plans, team members indicate to the state which waivers they are actively using but note that they might use other waivers if the right situation arises. Depending on the policy and how complicated it might be to implement, the local area might establish a work group to develop processes or policies. The resulting documents are posted on the intranet's knowledge management system. This system includes flowcharts on how to implement waivers, including processes and policies and a Technical Assistance Guide that explains how waivers should be used. When new waivers become available, they become an agenda item and are dealt with by an appropriate team (the Workforce Development division in Riverside is a team-based organization). Most waivers are dealt with by the center's operation alignment team. It develops the implementation process and monitors the sites after rollout to determine if changes are needed.

Although the business community is an important partner, it is not made explicitly aware of how waiver decisions might affect its members. The local area director believes that businesses do not want to be and should not be "in the weeds" during discussions regarding waiver details.

Implementation of the ITA waiver occurs at the YOCs. Youth policy staff from the Workforce Development division in Riverside work with each YOC to let it know how much was allocated to each center for training and how those training dollars could be used. Staff at EDA set up a new process for YOC case managers to establish an individual training account and have it approved by the YOC liaisons at EDA.

## Waiver Reporting

The state does not require data reporting for waivers specifically, except for the A-DWT waiver, for which local areas must report the amount of the transfer. The state has very little information on how waivers are used at the local level. Staff believe that it would be a massive undertaking to determine, and they already track a lot of program data, not necessarily specific to waivers. However, any data collected by the local areas are entered into the state system, which state staff can access in real time.

Riverside does internally collect additional information beyond what the state system requires. It tracks the number of on-the-job trainings that fall under the waiver. In addition, it tracks youth participants served under the ITA waivers, including details on training completion

and post-training status (employed, advanced training, medical leave, voluntary exit). It also tracks in- and out-of-school status, total enrollments and exits, and performance for each YOC.

## Waivers of Interest

### Adult-Dislocated Worker Transfer

The A-DWT waiver and additional funding from the Learning Lab demonstration in Riverside have eased the burden of a growing number of customers during the recession. Enrollment grew from 1,000 customers before the 2004 implementation of the Learning Lab to close to 10,000 customers in 2009, and staff found it much more efficient to serve the bulk of their customers as adults than to try to place individuals into the appropriate funding stream. The waiver facilitated this, enabling them to transfer 100 percent of their DW funds to their Adult stream in PY 2008.<sup>17</sup> In Riverside's experience, all customers who would be eligible for the DW program are also eligible for the Adult program and all could be served using those funds. Riverside did not use the transfer in PY 2009 because with ARRA it had adequate funding in both funding streams. Riverside transferred 50 percent of the DW funds to the Adult stream in PY 2010.<sup>18</sup>

Before using the waiver, Riverside reviewed enrollment monthly; if one funding stream was running short, staff members would halt enrollment. That process became too cumbersome and inefficient, so they moved from monthly assessments to quarterly assessments. According to EDA staff, it can be a financial headache to allocate funds appropriately between the two funding streams and try to anticipate future allocations.

In addition, Riverside found it to be challenging to enroll a customer as a DW. Establishing eligibility as a DW requires extensive documentation. For example, to enroll someone as a DW, he or she must have an unemployment insurance payment stub. It might take individuals several weeks after they are laid off to receive their first unemployment payment, which means that the local area cannot enroll them right away. To assist customers quickly, it is often easier to enroll them as adults.

### Employer Reimbursement for On-the-Job Training

Riverside first implemented the OJT waiver in PY 2009. Staff believe their area benefits from the waiver because it has so many small businesses and higher reimbursement is particularly attractive for these employers. Riverside used the sliding scale under the waiver provided by DOL and many OJT employers received the 90 percent reimbursement rate for their employees. Riverside has increased both its use of OJTs and the sliding scale in the past two years (see table) as well as its promotion of the program and outreach to employers.

---

<sup>17</sup> In PY 2008, DOL allowed a higher transfer rate (100 percent) than was allowed in PYs 2009 or 2010 (50 percent).

<sup>18</sup> Only those waivers implemented by the local area are discussed in detail. The IWTS waiver will be discussed here only if the local area used state funds to conduct incumbent worker training locally.

In general, Riverside has found that when the economy is weak, employers are interested in participating in workforce programs. Years ago some employers distrusted government programs, but over time that attitude has faded. Local area staff believed that they have had so much interest in the program in the past few years because, in the current economy, employers will do anything to help their bottom line. The OJT waiver is typically used by small businesses, with renewable energy companies using it most.

To participate, employers have to submit a job description and a salary to the local area. The local area then prescreens applicants and resumes and passes information along to employers to select candidates. The employers make the final decisions about whom to hire. The only challenge mentioned by employers is receiving reimbursement on time. There is often a lag in being reimbursed for wages from the local area, sometimes up to two months after the work has begun.

**Table 2. Number of On-the-Job Training Participants<sup>19</sup>**

Funding Stream	PY 2009	PY 2010	PY 2011
Adult	13	22	24
Dislocated Worker	1	35	12

### Youth Individual Training Accounts

Youth ITAs are administered through the YOCs; these are separate from the AJCs and therefore their processes are a bit different. Each YOC was given an additional \$20,000 to \$30,000 to distribute through ITAs under the waiver. The YOC staff assessed the appropriateness of ITAs for youth who were eligible, based on their individual service plans. They targeted the program to youth who demonstrated a strong interest and commitment to receiving training. One YOC has five specific requirements:

1. The training must be in an in-demand field.
2. The training provider must be on an eligible training provider list.
3. The youth must demonstrate a strong interest and ability to make the commitment.
4. The youth must be able to complete the needed paperwork.
5. The training costs must fall within a certain limit.

In addition, potential participants were older and out-of-school youth and were not co-enrolled in the Adult program. After a match was made, the YOC made the arrangements and sent the paperwork to the WIA program coordinators for approval. This was mostly a formality and the coordinators did not weigh in on the YOC decision. The YOC provided case notes and some discussion of progress.

<sup>19</sup> Riverside also conducted OJT through ARRA in PY 2009 (29 participants) and PY 2010 (37 participants).



Riverside has served 22 youth participants through the ITA waiver over a two-year period. In PY 2009, four of the five YOCs that received ITA funding served youth through ITAs. In PY 2010, three of the five had enrollments under the waiver. In one YOC, most accounts have been used for training for pharmacy technicians. Trainings usually involve a license or certificate upon completion. Many of the trainings under the waiver in YOC occurred through the local community college. Typical training programs last six months.

The YOC staff played a very active role throughout the ITA waiver process. YOC staff requested curricula from training providers and held workshops or provided one-on-one mentoring for students struggling with their training programs. Staff also worked with the youth to ensure they had transportation, child care, or other resources they might need to be successful in the training program.

Riverside would like to serve more youth through ITAs, but it has been constrained by its budget. Trainings are relatively expensive, averaging about \$6,500 to \$7,000 per student in the youth program. Each YOC received \$20,000 last year for ITAs for youth. The local area decided it could not fund the ITAs in the current year because of budget cuts.

### **Successes of Waiver Implementation**

Staff and employers from across the site unanimously agreed that the waivers created better services. The waivers enabled them to serve more individuals more efficiently. In general, they saw waivers as another tool to help support the broader mission to get more customers employed and help businesses and the local economy.

The flexibility offered by the transfer waiver increased the efficiency with which AJC staff could enroll and serve customers. Local staff reported that the waiver eased the burden of determining eligibility so that caseworkers could focus on the barriers to employment that clients faced and how to overcome them. EDA staff believed that having the waiver enabled them to spend less time monitoring each individual funding stream.

Local staff also shared that the OJT waiver enabled them to work more closely with small employers, who are the predominate share of the local economy. During the period when the waiver was used, the number of OJT participants increased and the number of employers participating in OJT increased. Employers also reported appreciation for the services that the local area provided to its business and the broader community through subsidized training. Similarly, the ITA waiver enabled youth in the Riverside local area to take advantage of training opportunities that could advance their careers and connect them to meaningful employment. Local policy and YOC staff felt strongly that youth benefited from the waiver, and they hope to be able to provide the same services in the future.

### **Challenges of Waiver Implementation**

Despite the many successes of the waivers cited by staff, they did report challenges in implementing the waivers. One challenge they faced was lower retention of OJT participants placed with employers receiving very high reimbursement rates. Staff hypothesized that employers who did not invest heavily in their own OJT participants were less inclined to hire them after training ended. Although staff reported that most employers value the benefits of

OJT, staff believed that the waiver is most effective when the employer is asked to contribute at least 20 or 25 percent of the employee's wages.

YOC staff noted the need for youth to be dedicated and serious about a career path in order to benefit from an individual training account. Staff reported that it was a challenge to recruit and maintain youth who had the maturity to make the long-term commitment needed for training under an ITA. The YOCs sought to overcome this challenge by having a careful selection process and providing additional support for youth enrolled in training programs under the ITA waiver. They provided supplemental tutoring at the YOC and assisted youth with any training-related paperwork (for example, submitting a state application for a technical license) to ensure their success.

### Observations on the Waiver Process

Staff and local partners from across the area had many positive things to report about the waivers and their implementation. They also offered two key observations about how the waivers might better serve their local area:

- **Transferring up to 100 percent of Adult and DW funding.** Staff in the local area explained that particularly when funding is tight or there is a large influx in enrollment, it is cumbersome to manage allocations among multiple funding streams. Past demand does not always accurately predict future demand, and halting enrollment because a funding stream is low does not provide good service. The local area felt that an ability to transfer up to 100 percent of Adult and DW funding would offer the best opportunity to provide continuous services and would enable local areas the flexibility and autonomy they need to meet local needs.
- **Flexible income guidelines.** Staff felt that although the income guidelines for participants are useful, allowing the local area to apply different income guidelines for different industries might enable it to serve more individuals and businesses. The local area noted in particular an interest in waiving the requirement to spend Adult funds for IWT on low-income adults. This requirement makes it difficult to identify incumbent workers who would be eligible to receive training under the waiver, especially in industries that employ workers with advanced qualifications who might earn higher wages.

### Locations and Dates of Visits

The study team visited Riverside County on February 8 and 9, 2012, and conducted interviews with staff from the organizations listed in the following table. Before the visit, the study team also conducted telephone calls with staff from the state WIB and EDD in order to better understand the state-level experience with waivers.

**Table 3. Site Visit Locations**

Organization	Location
<b>State</b>	
California Workforce Investment Board	Sacramento
California Employment Development Department (EDD)	Sacramento
<b>Local Area</b>	
Workforce Development, Riverside County Economic Development Agency (EDA)	Riverside
Riverside Workforce Development Center	Riverside
Hemet Youth Opportunity Center	Hemet
OJT Employer 1 (Distribution)	Riverside
OJT Employer 2 (Manufacturing)	Fontana

**This page has been left blank for double-sided copying.**

## GEORGIA CASE STUDY PROFILE

### Overview of State and Local Context

The Georgia Department of Labor (GA DOL) oversees WIA activities in Georgia's 20 local workforce investment areas. Heart of Georgia is a 17-county rural area in southeast Georgia. Geographically speaking, it is the largest local area in the state, serving almost 300,000 people over nearly 7,000 square miles. Job Training Unlimited (JTU), a family-owned and -operated business, is the administrative and fiscal agent for the Heart of Georgia Altamaha Regional Commission (the Workforce Investment Board) as well as the service provider in half of the local area's counties. JTU contracts with Regional Educational Services Agency (RESA) to operate its WIA programs in the remainder of the area. JTU and RESA pride themselves on their strong relationships with the region's business community. Staff note that this is due in large part to having an American Job Center (AJC) in each of the 17 counties, which helps Heart of Georgia's WIA staff integrate themselves into every one of the area's communities.

During the recession, many of Heart of Georgia's large employers downsized or closed altogether. The region's unemployment rate of 11 to 12 percent is higher than the state's overall rate of about 9 percent. As a result of the large business closures, small businesses have emerged as the area's primary employers. Competition for jobs in the region is fierce: recently, a company that advertised 400 job openings received 4,000 applications.

Basic skills deficiency and low education levels are major barriers to employment for Heart of Georgia's jobseekers. Staff noted that the illiteracy rate is very high (one AJC manager estimates that as many as 30 percent of his center's adults and dislocated workers (DWs) cannot read). Additionally, many customers were recently laid off from manufacturing jobs as that industry has declined; few of these jobs had required new employees to have a high school diploma. Transportation is also an issue for jobseekers who have to travel for jobs; the region does not have a public transportation system, which is particularly problematic given that it is rural.

### Overview of Waivers Approved for the State and Implemented in Heart of Georgia

Most commonly, GA DOL informally requests local area feedback on potential waiver requests during regularly scheduled meetings as well as via email solicitations. Last year, GA

#### **Local Area Spotlight: Heart of Georgia Altamaha Regional Commission**

**Geographic Area Served:** Primarily rural; largest city is Dublin; serving counties of Appling, Bleckley, Candler, Dodge, Emanuel, Claxton-Evans, Jeff Davis, Johnson, Laurens, Montgomery, Tattnall, Telfair, Toombs, Treutlen, Wayne, Wheeler, and Wilcox

#### **Customers Served in 2010:**

- 400 adults
- 423 dislocated workers
- 586 youth

**Major Industries and Employers:** Manufacturing, health care, retail, service, and agriculture

#### **Waiver Highlights:**

- **OJT:** served 104 customers in PY 2010

DOL formally polled its local areas to more systematically ascertain which waivers the local areas were interested in requesting and using. Some state waiver requests originate locally. Both the OJT and IWT waiver requests were initiated by local areas, and for the state's OJT waiver application, the state used text from the local request for its submission to U.S. DOL. Despite the state being approved for two waivers of interest in PY 2008, three in PY 2009, and four in PY 2010, Heart of Georgia has implemented only one waiver (see Table 1), OJT.

GA DOL requires local areas only to apply to use the A-DWT and IWT waivers. The A-DWT applications help GA DOL ensure that local areas do not underserve customers in one program as a result of transferring funds to another program. Similarly, local areas must apply to use the IWT waiver so that GA DOL can confirm that the training will in fact avert layoffs. Although GA DOL allows local areas to use the other waivers without permission, it does require them to submit notifications that they are using a waiver. GA DOL representatives then monitor whether local waiver implementation aligns with the state's waiver goals as outlined in the state's annual plan.

**Table 1. Approved for the State and Implemented in Heart of Georgia: Waivers of Interest from PY 2008 to PY 2010**

Waivers	2008		2009		2010	
	State Approved	Heart of Georgia Implemented	State Approved	Heart of Georgia Implemented	State Approved	Heart of Georgia Implemented
A-DWT	✓		✓		✓	
IWT			✓		✓	
IWTS						
CT						
OJT					✓	✓
CPYE						
ITA	✓		✓		✓	
Work-flex						

### Motivations for Selecting Waivers

GA DOL requested the waivers as part of a broad statewide commitment to providing its local areas with the flexibility to tailor WIA services to their areas' unique employer and job seeker needs. To that end, it requested particular waivers to promote this broad goal in the following ways:

- **A-DWT.** GA DOL requested the A-DWT waiver in response to the most recent economic recession. The state anticipated having to serve many more dislocated workers than adults as a result of mass layoffs and therefore wanted local areas to have the flexibility to transfer a large amount of funds from the Adult to DW program. The availability of ARRA funds, however, mitigated the need to make the anticipated transfers.

During early conversations with the research team, Heart of Georgia staff indicated that the local area had used the A-DWT waiver to transfer funds in PYs 2008, 2009, and 2010; however, on-site data collection revealed that transfers in these three years did not exceed the 30 percent allowed under regular WIA. Although the local area did not actually use the waiver, staff were very enthusiastic about its usefulness; specifically, staff noted that they have served more dislocated workers than anticipated in recent PYs and that the waiver provides them with peace of mind that they could transfer funds from the Adult to DW program to account for this demand if necessary.

- **IWT.** Georgia applied for the IWT waiver after receiving a request from a local area to do so. Although the state noted that some local areas have had success using the waiver to avert layoffs, staff indicated that one of their primary motives for requesting the waiver was to provide local areas with another tool for working with employers.

The staff of Heart of Georgia did not think that incumbent worker training would be a very useful layoff aversion strategy in their region; if a business is about to lay off workers, there is usually little hope that training will avert the shutdown. Instead, JТУ leadership said that it would be more likely to search for incumbent worker training opportunities to “upgrade and backfill.” This “upgrade and backfill” strategy would require that employers (1) train existing workers for career and pay advancement and (2) commit to hiring entry-level replacements for the positions that are vacated by this advancement.

- **OJT.** GA DOL noticed that participation in on-the-job training had declined steadily across its local areas since PY 2006, so when a local area submitted a formal request for the state to apply for the waiver, GA DOL hoped it would help reverse this decline.

Although small businesses have always made up a major part of Heart of Georgia’s economy, their importance has grown as many of the area’s largest businesses have closed in recent years, including many manufacturing companies. Staff believed that the OJT waiver was an excellent way to engage these small businesses in WIA services while simultaneously getting people back to work.

- **ITA.** Before PY 2003, the first year that GA DOL applied for this waiver, Georgia’s local areas habitually underspent their WIA Youth program funds. The state views the ITA waiver as a way not only to spend its Youth program funds but also to spend those funds wisely on older youth who need assistance transitioning from secondary to postsecondary education. Youth ITAs have been integrated into the state service strategy.

Heart of Georgia does not use the youth ITA waiver because of limited Youth program funding; it serves older youth as adults and focuses on work readiness and summer employment for younger youth.

## Process for Implementing Waivers

After receiving waiver approval, GA DOL sends written notification and implementation guidance to the local areas. The level of detail in the guidance depends on the waiver. Heart of Georgia’s program administrators in turn develop new policy materials that are subject to WIB

approval. They notify front-line staff about the waiver approval and train them on related program changes as needed. When the OJT waiver was approved, for example, JIU administrators held a training for front-line staff that focused on helping them understand the sliding scale and taught them how to effectively use program promotional materials to reach out to prospective employer participants.

## Waiver Reporting

Heart of Georgia uses Georgia Works System (GWS) to track data on participant characteristics and service receipt. It is a centralized data entry system in which the AJCs fax case notes to a designated member of the policy staff responsible for inputting and validating data into the WIASARD system. GWS includes some data entry fields related to OJT, including which participants are in OJT, at which employers, and for how long. In addition to this information, Heart of Georgia also tracks on-the-job activity (including OJT done under the waiver) in Excel spreadsheets that record data such as OJT amounts and reimbursement rates. GA DOL can access all local areas' GWS data in real time and can instantaneously run a number of different reports related to service receipt and program outcomes within and across local areas.

## Waivers of Interest

### Employer Reimbursement for On-the-Job Training

Although Heart of Georgia has used OJTs for many years, the local WIB traditionally placed a much stronger emphasis on the use of ITAs for adults and DWs. However, with the closing of many larger businesses in the past few years and the availability of the OJT waiver that benefited small business, the WIB revised its mission statement to include an emphasis on OJTs. Since then, the number of participants in OJTs has increased substantially; in PY 2008, there were 74 participants, and by PY 2010 there were 104.<sup>20</sup>

JIU launched an intensive employer outreach campaign to kick-start implementation of the OJT waiver. JIU administrators required case managers to personally visit every employer in their county, and to provide each with a folder of WIA and OJT promotional materials. Staff noted that explaining the program and overcoming employer skepticism about “getting something for [almost] nothing” and participating in a federally funded program sometimes required multiple visits to employers. Staff from all levels also promoted OJTs at local business association and economic development meetings and at Rotary clubs and chambers of commerce; they even held cookouts for employers to spread the word.

Heart of Georgia uses the sliding scale under the waiver approved by DOL to reimburse training based on the size of the employer. The duration of the training depends on the gap between the participant's existing skills and those that he or she needs to acquire during training; the industry; and the specific vocational preparation level. The local area uses a guide suggesting training durations; the maximum length is 960 hours. Heart of Georgia leverages funds from its

---

<sup>20</sup> Only those waivers implemented by the local area are discussed in detail. The IWTS waiver will be discussed here only if the local area used state funds to conduct incumbent worker training locally.



Adult and Dislocated Worker programs and from a National Emergency Grant (NEG) and state agriculture industry program to fund on-the-job trainings. Because staff members have yet to encounter a situation in which an OJT is too expensive, they do not limit the amount of money that can be spent on training; if it becomes an issue, they are open to imposing a limit in the future.

Staff prescreen employer and job seeker participants to ensure that each OJT will be mutually beneficial. Employer prescreening includes ensuring that employers comply with and participate in programs such as workers compensation and unemployment insurance and that they have state and federal business IDs. If an employer is missing any of these requirements, AJC staff will direct that employer to the appropriate place to obtain it. Staff also ensure that the employer has not recently laid off anyone. To approve job seekers for the program, staff review their employment and education histories; give them the Test of Adult Basic Education, a test of basic reading, math, and language skills; and assess their career prospects using a career decision-making test. If job seekers are deficient in any of these areas, staff work with them to remediate the issue so that they can participate in the program in the future. During the OJT, staff members visit employers at least once every two weeks when they drop off program reimbursements; meetings can be more frequent if there are issues with the participant. The site also sometimes enrolls participants in an OJT and an ITA so they can work during the day and go to school in the evenings in order to acquire technical training, while receiving more specialized training within the company.

The most notable effect of the waiver thus far is not just the overall increase in OJTs in the region but the increase in the number of small and medium-sized employers who participate in the program. Employers usually have from one to three participants receiving training at a time and often ask Heart of Georgia for more participants after the initial ones conclude.

When recounting his experience with OJTs, one employer (the owner of a small agricultural engineering company) said he initially thought “what’s the gotcha” because “there’s no free puppies”; when he understood the program, however, it was a “no-brainer” to participate. The challenge his business faces is transitioning from sales to marketing. There is only so much capital available, and he needs research and development to “stay ahead of the competition” and marketing to expand his business, so funds are not available for training. Additionally, his company is trying to expand its business into new areas, specifically into new technology for powering irrigation systems. Another employer said that the local area was instrumental in helping her find good employees for skilled and supervisory positions on short notice. Local area staff members also relayed anecdotes of small-business employers who wanted to expand their businesses but could not afford to train new employees until the OJT waiver was available. They felt the waiver directly stimulated job creation. In addition, policy staff estimated that more than 90 percent of OJTs result in permanent hires.

### **Successes of Waiver Implementation**

Feedback for the OJT waiver was overwhelmingly positive at all levels of implementation. All staff members indicated interest in continuing to apply for and use the OJT waiver in the future; both employers that were interviewed have already started the process of hiring more participants. The local area director said that “OJT is the most wonderful and helpful waiver [she’s] seen in 30 years.” Staff added that the program works well because it helps small businesses, which they believe are emerging as the cornerstone of the region’s economy,

especially given the closures of many of the area's larger businesses during the recession. The waiver has definitely improved the ability of Heart of Georgia to meet WIA performance outcomes; one local director said, "Serve your people and the outcomes will follow."

### Challenges of Waiver Implementation

JTU has been able to meet the challenges that arose with OJT waiver implementation—most notably, convincing employers to participate. Employers are busy and sometimes skeptical of "government programs." Staff were able to convince employers to participate by persistently visiting them until they had time to discuss the program in more detail. WIB members were also involved in this outreach, advertising the program around their communities at social and professional gatherings. One employer learned about the program from a WIB member who attends the same church, but he added that the WIB member had to tell him about the program three times before he was convinced to set up an OJT. Another challenge was ensuring that all of the prospective OJT employers had their federal and state paperwork and registrations in order. Staff recalled employers were sometimes apprehensive of the purported paperwork requirements of federally funded programs. To address this, AJC staff asked each employer to identify an administrative employee they can work with to obtain the information necessary to set up the program. Case managers then completed most of the paperwork, removing any burden from the employer. Also, being small businesses without human resources departments, some were not familiar with requirements such as the federal e-Verify system or workers compensation policies. Staff worked closely with each of these employers to rectify any of the issues that arose as a result of this.

### Observations from the Waiver Process

The staff at Heart of Georgia thought that the OJT waiver was instrumental in helping them accomplish the mission of getting people back to work and helping employers in their area. They thought the sliding scale for OJTs was well suited to their area's needs; if the reimbursement were up to 100 percent, they believed employers would not be adequately invested in their employees. The site had two main recommendations for successful implementation of on-the-job training under the waiver:

- **Visit employers in person.** The director of one provider agency noted, "WIA will never work from sitting in your office. You have to go out and make WIA work." Staff at all levels emphasized the importance of face-to-face interaction with employers. Staff members made themselves available at flexible hours to accommodate businesses' schedules and did not hesitate to market OJTs on their personal time, whether in restaurants, at parties, or in church. There were many examples of employers who did not respond to telephone calls but were persuaded to participate when staff met with them in person. Staff members also visit in person to give the employers the reimbursement checks for OJTs and ITAs to facilitate communication when the training starts.
- **Take the burden off the employers.** Heart of Georgia administrators believed that their policy of completing most of the paperwork for employers made it more likely that they would participate in the program. They also assisted the employers in meeting federal business requirements, when needed, which could have been a stumbling block for engaging many of the small-business employers.

## Locations and Dates of Visits

The study team visited Heart of Georgia on March 20 and 21, 2012, and conducted interviews with staff from the organizations listed in the following table. Before the visit, the study team also conducted telephone calls with staff from GA DOL in order to better understand the state-level experience with waivers.

**Table 2. Site Visit Locations**

Organization	Location
<b>State</b>	
Georgia Department of Labor	Atlanta
<b>Local Area</b>	
Job Training Unlimited	Claxton
Claxton-Evans County AJC	Claxton
OJT Employer 1 (Manufacturing)	Lyons
OJT Employer 2 (Manufacturing)	Hazlehurst

**This page has been left blank for double-sided copying.**

## KANSAS CASE STUDY PROFILE

### Overview of State and Local Context

The Workforce Services Division (WSD) within the Kansas Department of Commerce oversees WIA activities in the state through the KANSASWORKS system. There are five local workforce investment areas (local areas) that operate the network of KANSASWORKS American Job Centers (AJCs).

To gain a more detailed understanding of WIA waiver implementation in Kansas, the study team visited Local Area 4, South Central Kansas. Area 4 includes Wichita, the largest city in Kansas, and the surrounding rural areas. The Workforce Alliance of South Central Kansas (WASCK) is the local WIB's administrative and fiscal agent in Area 4. WASCK manages the four AJCs in the region (located in Wichita, Butler, Winfield, and Wellington) where it provides WIA Adult, Dislocated Worker (DW), and Youth services.

Although the unemployment rate varies across the state, Kansas has had a lower unemployment rate than the national average over the past few years of the recession. The state unemployment rate in 2010 was 7.2 percent, whereas the national average was 9.6 percent. However, Area 4's unemployment situation is closer to the national average. Since 2008, roughly 18,000 people in the region have been laid off.

#### **Local Area Spotlight:** *Area 4, South Central Kansas*

**Geographic Area Served:** Primarily rural, with an urban center in Wichita; serving Butler, Cowley, Harper, Kingman, Sedgwick, and Sumner counties

#### **Customers Served in 2010:**

- 2,509 Adults
- 1,157 Dislocated Workers
- 124 Youth

#### **Major Industries and Employers:**

Commercial and military aviation, health care, and manufacturing

#### **Waiver Highlights:**

- **A-DWT:** Transferred 48 percent from Dislocated Workers to Adults in PY 2010
- **IWT:** Local funds used for six employers from PYs 2008 to 2010

Many people in the area are now struggling to transfer their skills to new jobs. They worked in relatively high-paying jobs before being laid off, typically in aviation manufacturing, but joined these jobs directly out of high school and have not had to look for work until now. These job seekers often have no experience with the job application process and are unfamiliar with online applications. They are frequently hesitant about returning to school and lack math skills, but without further education they cannot find jobs with high-paying wages. Those who have finished training programs have trouble finding jobs because companies in the area have closed down or slowed hiring. Employers state that applicants' lack of soft skills, such as personal presentation, is an additional employment barrier.

Commercial and military aviation, manufacturing, and health care are the area's biggest industries. Entry-level jobs in aviation now require certifications, and WASCK is working with a local technical college to develop career pathways in aviation. Health care is a particular priority for WASCK because of the aging population. There are established career paths in this

field, and WASCK is working with training providers to place WIA clients into programs that will lead to careers. Because of technological changes, even entry-level jobs in this field increasingly require training.

WASCK has a good, active relationship with employers, but staff wish that the relationship between workforce agencies and the employers was better. Staff stated that WASCK could always work more closely with more employers but that improving the reputation of WASCK is a top priority because many employers are skeptical of the quality of WASCK's customers. Though some employers come to WASCK for assistance, WASCK has an active business services team reaching out to employers.

### Overview of Waivers Approved for the State and Implemented in Area 4

Between PYs 2008 and 2010, the state was approved for six of the eight waivers of interest—A-DWT, IWT, IWTS, OJT, CPYE, and ITA. WSD requests waivers from the federal government based on the needs and requests of local areas. Although the local area administrators have a conference call with state officials each month, WASCK administrators indicated that they frequently feel “out of the loop” when it comes to information about waivers and other statewide activities. Aside from IWTS, the local areas are free to use the approved waivers without notifying or requesting permission from the state. WSD, rather than WASCK, organizes IWTS waiver activities.

WASCK used four of the six waivers of interest that the state has approval to use—A-DWT, IWT, IWTS, and CPYE. In PY 2010, the local area also began using the ITA waiver.

**Table 1. Approved for State and Implemented in Area 4: Waivers of Interest from PY 2008 to PY 2010**

Waivers	2008		2009		2010	
	State Approved	Area 4 Implemented	State Approved	Area 4 Implemented	State Approved	Area 4 Implemented
A-DWT	✓		✓		✓	✓
IWT	✓	✓	✓	✓	✓	✓
IWTS	✓	✓	✓		✓	
CT						
OJT	✓		✓		✓	
CPYE	✓	✓	✓	✓	✓	✓
ITA <sup>a</sup>	✓		✓		✓	
Work-Flex						

<sup>a</sup>Area 4 implemented the ITA waiver in PY 2011.

### Motivations for Selecting Waivers

The state's goal for waivers is to provide the local areas with more flexibility in spending WIA funds. State-level requests for waivers from DOL are largely driven by the needs and demands of the local areas. Local areas communicate directly with the state on their unique

needs for waivers, and WSD meets monthly with local workforce boards to discuss policy issues such as waivers.

WASCK expressed to the state a need for certain waivers in response to specific roadblocks that the region encountered and as a part of its broader strategy to improve services for job seekers and employers.

- **A-DWT.** WASCK used the A-DWT waiver in PY 2010 to meet its existing demand for services, which differed from the allocation for that year. In PYs 2008 and 2009, the demand for services more closely matched the allocations, so WASCK did not have to use the waiver. However, staff report they would use the waiver again if the demand for Adult or DW services significantly exceeded the allocation for either group. Adult and DW funding allocations are determined by data from two years before the program year, and might not reflect current demands on the workforce system. The waiver also eliminated the need to create a waiting list for adult services.
- **IWT and IWTS.** WASCK uses local funds for IWT to better meet the needs of employers by providing subsidized training to companies' employees. WASCK considers both job seekers and employers its customers. Additionally, both the state and WASCK hope that employees trained under IWT are promoted and that employers will hire new entry-level workers from among WIA customers.

There has recently been a change in how the state conducts training under the IWTS waiver. In the past, the state allocated the Rapid Response funds to local areas, but now the state plans and implements training on its own with these funds. WASCK indirectly participated in only one training under IWTS. The company had employees across the state, but some of the training was located in the South Central region.

- **CPYE.** The local area decided to bypass competitive procurement for certain WIA services because it struggles to find good youth services providers in all parts of the region, including the urban area of Wichita. When the area releases requests for proposals for youth services, "it's like crickets chirping" because few or no providers compete for contracts. Potential providers are particularly discouraged from going through the bid process because even if they win the bid, they are not guaranteed a certain number of participants or funding, both of which depend on variable client needs.
- **OJT.** Though the state has approval for the OJT waiver, WASCK has not implemented it and does not plan to do so. Few employers in the area are hiring, making the demand for OJTs very low. Additionally, many of the job seekers in the area have skills and work experience and so would not be well suited to OJTs. WASCK believes that if employers in the area were hiring, they would hire the people they need and be able to bring employees' skills up to par without using OJTs because of the skilled workforce.
- **ITA.** WASCK planned to use the youth ITA waiver in PY 2010 as a way to offer youth more training options. However, because the state requires the waiver to be used only for youth who are *both* out of school and older, WASCK was unable to find any eligible customers in that year. In PY 2011, however, it was able to identify two eligible youth who have received an ITA under the waiver.



## Process for Implementing Waivers

The local areas learn about the waivers that have been approved during their monthly conference calls with the state or WSD's website, on which WSD posts a list of waivers for which it has received approval from DOL. WSD does not provide any implementation guidance but would do so if the local area requested it. Local areas can implement any of the approved waivers without notifying or requesting approval from the state, though local areas do have to submit requests to the state to transfer funds between the Adult and DW funding streams, regardless of whether the transfer occurs under the waiver. Local areas are also required to outline waiver implementation in their annual plans.

The amount of planning needed to implement the waivers depends on the waiver, but the implementation process is the same as it is for any policy change. Small policy changes are implemented quickly because they are discussed at the weekly all-staff trainings and presented at the monthly executive committee board meetings. Larger changes, such as finding new providers and getting contracts in place, require an extensive amount of planning and time. The AJC employee handbook is updated annually with any new information about the waivers, and all new employees are trained on the handbook.

## Waiver Reporting

WASCK tracks Adult and DW program participation for each client in the KANSASWORKS database system. KANSASWORKS is WSD's database system in which each local area inputs participant-level information, including eligibility, demographics, program participation, case management notes, and funding. The local areas do not report anything about their use of the waivers in KANSASWORKS. Upon request, WSD would be able to determine which local areas had transferred funds under the waiver because all transfers between the Adult and DW funding streams must be approved by the state, regardless of whether they are transferred under the waiver. WASCK could presumably use the information in KANSASWORKS to determine how many people were served by the waivers. For example, WASCK created a field in KANSASWORKS to track participants in IWT. However, the data cannot provide information on whether training averted layoffs. Additionally, ITA waiver data for youth are not tracked in KANSASWORKS due to limitations of the KANSASWORKS system.

## Waivers of Interest

### Adult-Dislocated Worker Transfer

According to data provided by the local area, from PYs 2008 to 2010, the LWIA transferred between 5 and 48 percent of its DW funds each year to the Adult program. The local area used the waiver to transfer more than 30 percent of funds in PY 2010 but did not transfer more than 30 percent in PYs 2008 or 2009. Typically, the area will transfer some DW funding to the Adult program to cover deficiencies and maintain the Board's direction to maintain a balance between the two programs.. A National Emergency Grant (NEG) also provided funding for DWs, freeing additional funds to be transferred to adults.<sup>21</sup>

---

<sup>21</sup> Only those waivers implemented by the local area are discussed in detail. The IWTs waiver will be discussed here only if the local area used state funds to conduct incumbent worker training locally.



## **Local Funds for Incumbent-Worker Training as a Statewide Activity**

Between PYs 2008 and 2010, the region conducted six trainings for incumbent workers with WIA funds under the waiver. The region has not used IWT since the requirement for layoff aversion was added because it is difficult to get employers to publicly acknowledge that they are planning layoffs. Three IWTs in the region were conducted during PY 2009, none of which were designed to avert layoffs. WASCK funds IWT with equal amounts of Adult and DW funds. WASCK has also used a Workforce Innovations in Regional Economic Development (WIRED) grant and a Preparation for Advanced Careers Employment Systems (PACES) grant to conduct IWT. More businesses are interested in IWT than WASCK has funds to provide.

The form, content, and cost of IWT conducted in the local area vary greatly. Internal trainers conduct some trainings through a train-the-trainer model, whereas external trainers conduct others. Most trainings have been in manufacturing, automotive repair, and construction, which are high-skill, high-demand occupations. One employer reported that employees did not receive any financial incentives for participating, though those who were under consideration for promotion were promoted as a result of their performance during the trainings.

According to data provided by WASCK, the total cost (the employer costs plus WIA funding) of IWT conducted ranged from \$22,000 to \$676,000 per employer. For these trainings, the WIA funding per participant ranged from \$276 (training in utility construction) to \$16,070 (training as an automotive technician). The automotive technician training program was by far the most expensive because it was a year-long, company-certified program for two individuals. All employers are required to submit invoices to the local area that contain details of the trainings, including the names of the employees trained, hours of training, and participant characteristics. Two employers reported that an extensive amount of work was involved in getting the contract into place.

## **Competitive Procurement for Youth Elements**

The CPYE waiver enabled WASCK to provide higher quality youth services more efficiently. Both the rural and urban areas in South Central Kansas have few providers, so the competitive process is not typically competitive. Additionally, the burden of the bid process discourages potential providers from bidding, particularly because winning a contract does not guarantee a minimum number of participants. With the waiver, case managers had the flexibility to match youth with individual providers who best fit their needs, developing contracts with these providers as needed. In PY 2008, the waiver allowed WASCK to contract all of its youth services as needed without a competitive bid process. As of PY 2009, only three youth services can be sourced without a competitive process. Even with the more limited waiver, WASCK was able to provide more youth with more services through implementation of the waiver.

## **Successes of Waiver Implementation**

Overall, the waivers have been useful for WASCK staff, job seekers, and employers. The waivers enhanced the number of tools available to the business services team to market to employers and enabled the WASCK staff to serve more customers.

The ability to transfer funds between funding streams is useful to the site, and staff members plan to use the A-DWT waiver in the future when the need arises. This flexibility helps them

meet their current demand for services and allows the local area to avoid creating a waiting list for adult services. The increase in funding to provide services to low-income adults also had the unexpected outcome of changing the types of employers interested in hiring WASCK's job seekers; staff typically target different employers for the adult population compared with dislocated workers.

IWT is viewed by both WASCK staff and employers as an effective workforce development strategy. WASCK staff believe it helps companies train and promote their workers, potentially opening positions for new employees. Employers reported the trainings under the IWT waiver were positive experiences that helped make their businesses more efficient. Both employers indicated that IWT, even without the layoff-aversion requirement, can avert layoffs in some situations. Though the trainings conducted in this area were not specifically designed to avert layoffs, one employer said that training averted the layoff of at least one employee who was originally hired for a seasonal position; the training provided him with skills the company needed year-round.

Similarly, the CPYE waiver was very helpful, and WASCK would like to be able to use it again. The waiver enabled the area to provide higher quality youth services more efficiently. WASCK staff had the flexibility to match each youth with a program that fit his or her unique needs, which sometimes included encouraging providers to develop programs specifically for a client.

### Challenges of Waiver Implementation

WASCK explained that there is sometimes poor communication about waivers among the state, the local areas, the regional office, and DOL. The main communication challenge has to do with the availability of the waivers; the local area is not always aware of what is available. When the state receives approval for a waiver, the local area can communicate questions for DOL only through the state, but often it is not clear to WASCK what is conveyed by DOL and what implementation and policy guidance the local area should have received. A local area staff person said that "there are a lot of places for misinterpretation." WASCK has worked to improve its communication with the state by requesting more frequent meetings with WSD staff.

Both employers and training providers spoke of the administrative burden associated with the IWT waiver. One employer that participated in IWT said that it would be unlikely to participate again because of the time-consuming invoicing requirements. Another employer that participated in IWT said the paperwork would have been challenging if he had not had experience as an accountant.

WASCK staff find it difficult to implement the IWT waiver with the layoff-aversion provision because companies are reluctant to officially declare that they are considering layoffs. Companies believe that this is likely to hurt their reputation and further hurt their business. A WSD staff person said that finding the perfect opportunity for using the IWT waiver is challenging. By the time a company indicates that it needs help preventing layoffs, there is not enough time to save a company or jobs through employee training.

WASCK had intended to use the ITA waiver in PY 2010 but could not find eligible youth for the program because of a state requirement that participants be both out of school and older (ages 18 to 21). Youth who enter the program as in-school youth and then leave school or

graduate are also ineligible because they keep their in-school youth designation. These guidelines made it difficult for WASCK to implement the waiver in PY 2010, but it has been able to enroll youth in ITAs in PY 2011 and hopes to continue using the waiver.

## Observations on the Waiver Process

WASCK appreciates the waivers and has found them easy to implement. WASCK staff and the employers we met offered observations on how the waivers could be more helpful to WASCK and its customers.

- **Streamlining communication to ease the waiver application and implementation processes.** Both the state and WASCK noted the importance of communication at various levels of the waiver process. The state appreciated receiving an advanced list of waivers that DOL would consider granting. This list enabled WSD to use its time efficiently to write the waiver requests DOL would consider approving. WASCK would like the ability to communicate directly with DOL and its regional offices, including the ability to apply for waivers at the local area, rather than state, level. One employer suggested that WASCK could improve communication by providing more guidance to employers on the information needed for successful reimbursement requests. The employer spent considerable time providing additional information that might have not been necessary because it did not know what was required.
- **Relaxing restrictions on providing incumbent-worker training.** WASCK would like to be able to fund IWT without the waiver, spend more than 10 percent of local funds on such training, and not require layoff aversion. The local area said that many job seekers veer off their training paths because they are focused on earning money with their current skill set rather than furthering their education. If more funds were available or the IWT waiver was more flexible, these customers could receive education or training while they continue to work.

## Locations and Dates of Visits

The team visited Area 4, South Central Kansas, from March 29 to 30, 2012, and interviewed staff from the organizations listed in the following table. Before the visit, the study team conducted telephone interviews with staff from the Kansas Workforce Services Division within the Kansas Department of Commerce in order to better understand the state-level experience with waivers.

**Table 2. Site Visit Locations**

Organization	Location
<b>State</b>	
Kansas Department of Commerce	Topeka
<b>Local Area</b>	
Workforce Alliance of South Central Kansas	Wichita
IWT Employer 1 (Construction)	Wichita
IWT Employer 2 (Construction)	Wichita
Training Provider	Wichita

**This page has been left blank for double-sided copying.**

## KENTUCKY CASE STUDY PROFILE

### Overview of State and Local Context

The Kentucky Office of Employment and Training (OET) sets WIA Adult, Dislocated Worker (DW), and Youth program policies for the state of Kentucky and monitors program implementation across the state's 10 local workforce investment areas. The Lake Cumberland Area Development District (LCADD) is the administrative and fiscal entity for the Cumberlands Workforce Investment Board. LCADD staff provide WIA Adult and DW services via four comprehensive American Job Centers (AJCs) and nine affiliate centers across the region. LCADD staff work closely with (and often share space with) staff from OET, who help manage AJC operations and administer the unemployment insurance (UI) program. LCADD contracts with several service providers to provide WIA services to area youth.

Many businesses in the Cumberlands region, like those across Kentucky, closed during the recent recession. Although the recession affected businesses large and small across a number of different industries, LCADD all staff commented that the declines in manufacturing were the most severe. The area's once large and thriving houseboat manufacturing industry is now almost defunct. Despite its notable decline, manufacturing remains one of the area's largest industries, along with health care (particularly health care for the elderly), retail, and customer service.

Like many customers of the other sites in the study, Cumberlands' job seekers tend to lack the requisite skills and education for many of the area's available jobs. Although WIA can help these job seekers identify and pay for the appropriate training, few schools and training providers are located in the large rural area, and others outside the area are extremely difficult for customers to reach. AJC front-line staff also noted that most available jobs pay wages lower than the UI benefits that many of their current customers receive because they worked in high-paying jobs before the recession. Front-line staff voiced frustration that these relatively high UI payments remove a sense of urgency from their customers' employment searches.

#### **Local Area Spotlight:** ***Lake Cumberland***

***Geographic Area Served:*** Primarily rural; largest cities are Campbellsville and Somerset; serving counties of Adair, Casey, Clinton, Cumberland, Green, Laurel, McCreary, Pulaski, Rockcastle, Russell, Taylor, Wayne, and Whitley

#### ***Customers Served Annually:***

- 241 adults
- 393 dislocated workers
- 306 youth

#### ***Major Industries and Employers:***

Health care, manufacturing, retail, and customer service

#### ***Waiver Highlights***

- **A-DWT:** Transferred 31 percent and 37 percent of Adult funds to Dislocated Worker program in PYs 2009 and 2010
- **IWT/IWTS:** Leveraged funds from three sources (local WIA, state Rapid Response, and State Energy Sector Partnership funds) to provide IWT to 42 customers in PYs 2008 through 2010

## Overview of Waivers Approved for the State and Implemented in Lake Cumberland

Nearly all of OET's waiver requests to DOL are the result of one or more local areas expressing interest in using a particular service and suggesting that OET procure a waiver so they are able to do so. Local area administrators make these requests during their monthly meetings with OET. With the areas' interests in mind, OET investigates the availability of waivers and drafts their waiver requests to DOL. OET then sends these drafts to the local areas for their review and solicits feedback during subsequent monthly meetings. More recently, OET has asked local areas to describe their waiver use in their local plans. Doing so not only helps OET track areas using specific waivers, it also gives local areas an opportunity to show OET how different waivers assist their customers, thus indicating that OET should apply for the waiver again. Although the state and local WIBs may also comment on waiver requests, OET staff and local administrators are the primary waiver decision makers in Kentucky.

OET requested and was approved for all but three of the study waivers of interest, including A-DWT, IWT, IWTS, CT, OJT, and ITA in PYs 2009 and 2010, and was approved for all of these except the OJT waiver in PY 2008. As noted in Table 1, LCADD implemented the A-DWT waiver in PYs 2009 and 2010, the IWT waiver in all of three years, and the IWTS waiver in PY 2010. State officials could not provide exact figures regarding which other local areas used particular waivers, though they noted that the A-DWT waiver is extremely popular.

**Table 1. Approved for the State and Implemented in Lake Cumberland: Waivers of Interest from PY 2008 to PY 2010**

Waivers	2008		2009		2010	
	State Approved	LCADD Implemented	State Approved	LCADD Implemented	State Approved	LCADD Implemented
A-DWT	✓		✓	✓	✓	✓
IWT	✓	✓	✓	✓	✓	✓
IWTS	✓		✓		✓	✓
CT	✓		✓		✓	
OJT			✓		✓	
CPYE						
ITA	✓		✓		✓	
Work-flex						

## Motivations for Selecting Waivers

With the exception of the A-DWT waiver, OET applied for each of its approved waivers in response to a request from one or more local areas to do so. Next, we describe the reasons for the A-DWT and other waiver requests:

- **A-DWT.** OET staff reported that they have had the A-DWT waiver for at least 10 years. They stated that it provides the flexibility for local areas to respond to sudden changes in local economic conditions. For example, in recent years many local areas

have used the waiver to transfer money from their Adult to DW programs in response to mass layoffs.

LCADD reported using the waiver in PYs 2009 and 2010 for this very reason, in response to increased DW program demand resulting from large declines in manufacturing. Area administrators explained that in the years immediately preceding the recession, they were able to serve some DWs using Trade Adjustment Assistance (TAA) funds. However, many customers were laid off in PYs 2009 and 2010 for reasons other than trade and were not eligible for the TAA program, so they needed help from the WIA DW program.

- **IWT and IWTS.** Local areas asked OET to request the IWT and IWTS waivers. OET staff noted that despite their initial interest in doing so, few local areas seem to be conducting training for incumbent workers with either WIA formula or Rapid Response funds.

LCADD's director explained that it is important not only to help unemployed job seekers find work during difficult economic times, it also critical to ensure that the area's employed workforce stays that way. He said, "In the economy that we are in, we need to train people to *keep* their jobs; this is just as important as finding people a job." To that end, LCADD implemented the IWT and IWTS waivers (in PYs 2008 through 2010 and in PY 2010, respectively) in an effort to prevent additional layoffs during the economic downturn.

- **CT and OJT.** As it did for the IWT and IWTS waivers, OET requested the CT and OJT waivers in response to the urging of one of its local areas. Additionally, OET had heard that other states had requested the OJT waiver and that their local areas had had some success using it. That said, OET did not think that many of its local areas had actually used these waivers.

Although LCADD frequently serves customers with OJTs, the site is not doing so under the waiver. According to the executive director, it is important for all businesses in the Lake Cumberland region to receive the same, consistent benefits. Although he sees the benefits of using the sliding scale to encourage small and medium-sized businesses to participate in the program, his area compensates participating employers equally. He did not comment on why his region has not used the CT waiver, though his commitment to ensuring that all businesses are treated equally might be the reason the site has not offered CT using the sliding scale.

- **ITA.** Many of Kentucky's local areas are committed to creating well-defined career pathways for youth, along which they earn credentials and gain experience clearly linked to job advancement and wage increases. According to OET, these local areas indicated that being able to provide youth with an ITA would further this mission.

Unlike some of their counterparts around the state, LCADD is not using the ITA waiver with its youth. According to the local area's Youth Council, LCADD's WIA Youth program focuses primarily on in-school rather than out-of-school youth. In accordance with this policy, the area reserves only a small portion of its WIA Youth funding for older youth. By definition, in-school youth are already engaged in an education activity; therefore, they are not in need of additional training.



## Process for Implementing Waivers

OET forwards DOL's waiver approval letter, along with an implementation guidance memo, to its local areas immediately after receiving waiver approval. Because local areas are very involved in the state's decision to apply for waivers, they are well versed in the rules and purpose of each by the time OET receives notice from DOL. Therefore, these guidance memos are typically brief and include such elements as the forms that local areas must use when requesting a funds transfer under A-DWT or when asking to implement IWT with state Rapid Response funds. In these IWTs waiver requests, local areas must outline a training plan and demonstrate that the funding will be used for layoff aversion. Aside from having to formally request A-DWT transfer and the use of the IWTs waiver, OET does not require local areas to apply to use any of the waivers; they are free to do so without explicitly requesting permission.

According to LCADD's executive director, waiver implementation at the local level is relatively quick, essentially instantaneous upon receipt of state approval notification. For example, upon learning that the IWT waiver had been approved, the executive director instructed staff to focus on using IWT to avert layoffs and drafted an IWT contract for staff to use with participating employers that was quickly approved by the WIB. Additionally, LCADD's leadership notified AJC staff about the availability of IWT and asked that they communicate the programming change to the pertinent partners (such as UI and VA program staff), notifying them that co-enrolled customers could receive this additional service.

## Waiver Reporting

OET tracks the implementation of some WIA waivers, but not all of them. Because the state approves all Adult and DW fund transfers, as well as the use of Rapid Response funds for IWT, OET knows which local areas are implementing those waivers and to what extent. OET does not, however, track how many customers are served as a result of each of these waivers. Also, until recently, OET has not systematically tracked the implementation of any of the other WIA waivers at the local level. As noted earlier, OET now asks local areas to discuss waiver implementation in their local plans to help the state ascertain which waivers are particularly useful and if they should apply for them again in the future. Although OET does not necessarily track OJT or ITA participation under the waivers, it does track these activities as a part of regular WIA monitoring in its state management information system, Employ Kentucky Operating System (EKOS).

In addition to its EKOS reporting, LCADD also tracks some services using Excel spreadsheets, including employers who participate in IWT, the funding source used to conduct the training, the number of employees who are trained, and the cost of the program.



## Waivers of Interest

### Adult-Dislocated Worker Transfer

Before the recession, LCADD commonly transferred funds from the DW to the Adult program because many of the area's DWs were eligible for training and employment-related services through the TAA program. However, since the recession, the region has been transferring funds from the Adult program to the DW program, as it did in PYs 2009 and 2010, because many workers are now dislocated for reasons unrelated to trade. As a rule, LCADD transfers money to the program that needs the money; in other words, they transfer money to the program with the higher demand relative to its available funds. LCADD's executive director explained it closely tracks how many customers it is serving in each program and regularly projects how many it will serve over the next six months; doing so helps it identify transfer needs soon and also ensures that it is not transferring funds to one group at another's expense. The site transferred 31 percent of its Adult funds to the DW program in PY 2009, and 37 percent in PY 2010.<sup>22</sup>

### State and Local Funds for Incumbent-Worker Training

During PYs 2008, 2009, and 2010, LCADD leveraged local WIA Adult program funds together with state Rapid Response funds and money from a State Energy Sector Partnership (SESP) grant to implement IWT. Because each funding stream had slightly different rules and restrictions (notably, the WIA waiver's layoff-aversion requirement and the SESP grant's exclusive focus on green jobs), staff developed IWT plans with employers and then worked with LCADD staff to determine the appropriate funding stream for program implementation. In total, the site provided training to 10 incumbent workers with WIA Adult funds, 23 with state Rapid Response funds, and 9 with SESP monies across the three program years. These trainings occurred across a range of industries and cost from \$1,000 to \$5,000 per customer, with a cap of \$20,000 per employer.

LCADD's IWT policy, last updated in PY 2007, indicates that training should result in "a significant upgrade in employee skills or a significant layoff aversion strategy." Rather than rewriting this policy, LCADD's executive director instructed the area's business services unit to focus on layoff aversion rather than skill upgrades when they identify employers for the program. He recalled how training under the IWT waiver might have kept at least one area business from closing its doors. A local cabinet manufacturing and installation company was adversely affected by the decline in homebuilding during the recession. To avoid going out of business, the company wanted to switch from custom-making to mass-producing cabinets (for large distributors such as Lowe's and Home Depot), but its current employees did not have the skills required for large-scale production. The local area requested and received state Rapid Response funding to use IWT for the company's employees, which successfully averted layoffs. Despite success stories such as these, LCADD has not offered IWT since PY 2010 because of a lack of funds with which to do so.

---

<sup>22</sup> Only those waivers implemented by the local area are discussed in detail. The IWTS waiver will be discussed here only if the local area used state funds to conduct incumbent-worker training locally.

## Successes of Waiver Implementation

LCADD leadership and AJC staff unanimously agreed that the area's implementation of the A-DWT, IWT, and IWTS waivers was a success. The A-DWT waiver ensured that funds were available to meet customer demands, regardless of program (for example, dislocated workers in PYs 2009 and 2010). Additionally, the IWT waiver successfully averted layoffs at those employers that implemented the program with WIA Adult or state Rapid Response funds.

## Challenges of Waiver Implementation

The site reported few challenges in implementing the IWT and IWTS waivers, and none in implementing the A-DWT. LCADD's business services team had to help employers overcome their skepticism about participating in a federally funded program and fear of supposed associated paperwork requirements. These businesses' employees were also sometimes hesitant to participate in the program. To address their concerns, AJC staff provided in-depth information about IWT and all other WIA services and assured the employees that any personal information that they provide on forms would be kept safe and confidential.

## Observations on the Waiver Process

Overall, LCADD staff at all levels of program implementation were satisfied with the A-DWT, IWT, and IWTS waivers in their current forms. They made only one suggestion for how the IWT waiver might better serve their needs:

- **Using WIA formula funds to implement IWT.** LCADD's leadership explained that it would do more with IWT if it had the funds with which to do so, which would be possible if it could use more than 10 percent of DW funds and 10 percent of Adult funds on the program. Leadership reported that many more employers in the region could capitalize on IWT to avert layoffs if the local area could use more of its WIA money to help them.

## Locations and Dates of Visits

The research team visited the Lake Cumberland area, Kentucky, on March 8 and 9, 2012, and conducted interviews with staff from the organizations listed in the following table. Before the visit, the study team also conducted telephone calls with staff from the Kentucky OET in order to better understand the state-level experience with waivers.

**Table 2. Site Visit Locations**

Organization	Location
State	
Office of Employment and Training	Frankfurt
Local Area	
Lake Cumberland Area Development District	Russell Springs, Somerset, Campbellsville
Office of Employment and Training	Somerset
IWT Employer 1 (Public Utilities)	Somerset
IWT Employer 2 (Public Administration)	Campbellsville
Training Provider (Community College)	Somerset

**This page has been left blank for double-sided copying.**

## MICHIGAN CASE STUDY PROFILE

### Overview of State and Local Context

The Michigan Workforce Development Agency (WDA), formerly the Department of Energy, Labor, and Economic Growth, oversees the administration of the WIA Adult, Dislocated Worker (DW), and Youth programs in Michigan's 25 local workforce investment areas known as Michigan Works! In this capacity, WDA submits state plans and waiver applications to DOL, oversees all WIA funding, sets policy agendas, allocates funds, and provides technical assistance to local areas.

To further understand waiver implementation in Michigan, the study team visited South Central Michigan Works! (SCMW). SCMW designs and administers WIA in Jackson, Hillsdale, and Lenawee counties. The president of SCMW coordinates with the local WIB to develop local WIA policies. The chief operating officer develops the local area plan and waiver requests and oversees the area's three comprehensive AJCs, one in each county. The local area contracts with two providers to operate the AJCs: a community college provides employment services and training, and the other partner provides career management. The providers operate as one entity within the AJCs. In addition to its comprehensive AJCs, the local area also operates a mobile center.

SCMW is a largely rural area but also includes urban areas such as Jackson. Consequently, Jackson County fared slightly better than Hillsdale and Lenawee Counties during the recession. Jackson County also started to recover from the recession earlier than did the rural counties. However, South Central Michigan as a whole faced and continues to face higher unemployment rates than does the state of Michigan, with 9.9 percent of workers unemployed. During the recession, many manufacturers closed, contributing to the area's high unemployment rate. Despite the closures, manufacturing continues to account for 25 percent of the local area's economy. Other major industries and employers include health care, transportation, agriculture, finance, and information technology (IT). Following the recession, the manufacturing industry recovered more quickly than did other sectors of the local economy.

SCMW's population faces many barriers to work. Adults and dislocated workers often lack adequate and up-to-date skills and expect unrealistic wages or work schedules. Dislocated auto workers, in particular, tend to expect high wages and accommodating work schedules because of their previous long-term employment in the auto industry. For adults, dislocated workers, and

#### **Local Area Spotlight:** ***South Central Michigan Works!***

***Geographic Area Served:*** Primarily rural, with urban center in Jackson; serving counties of Jackson, Hillsdale, and Lenawee

#### ***Customers Served in 2010:***

- 1,199 adults
- 888 dislocated workers
- 360 youth

#### ***Major Industries and Employers:***

Manufacturing, health care, transportation, agriculture, finance, and information technology

#### ***Waiver Highlights:***

- **IWT/IWTS:** Trained approximately 200 workers in PY 2010
- **Work-flex:** Applied for A-DWT and IWT waivers

youth customers, transportation serves as a substantial barrier to employment. Hillsdale and Lenawee counties lack adequate public transportation options, leaving customers disconnected from available employment. In addition, youth in South Central Michigan lack credentials and education to compete for available jobs. According to local area staff, youth in the area increasingly compete with more skilled and experienced adults and dislocated workers for entry-level jobs.

### **Overview of Waivers Approved for the State and Implemented in SCMW**

In PYs 2008 and 2009, WDA was approved for two of the waivers of interest—IWTS and work-flex; in PY 2008, WDA was also approved for IWT (although IWT was available to local areas under work-flex authority as well, and subsequently in PY 2009 WDA did not request the federal IWT waiver but instead granted IWT flexibility under work-flex). Because of the expiration of work-flex in PY 2009, WDA requested and was approved for six of the waivers of interest—A-DWT, IWT, IWTS, CT, OJT, and ITA—in PY 2010. By requesting these six waivers, DWA sought to provide local areas with the same level of flexibility achieved under work-flex. WDA develops local workforce policies and waivers requests in conjunction with the state Workforce Investment Board (WIB). The state WIB includes state agency officials who oversee WIA implementation at the local level. When creating waiver requests, WDA seeks input from the Michigan Works Association, which represents all of the local areas in the state.

After WDA receives waiver approval, it issues the federal approval letter and policy directives to the local areas. To implement waivers, WDA requires local areas to request waivers using a process closely aligned with the one that states must use when requesting waivers from DOL. Local areas must submit a narrative waiver request that (1) communicates which waivers the area would like to implement, (2) describes the outcomes the area hopes to achieve as the result of the waivers, (3) indicates how the local area plans to monitor progress toward its goals, and (4) includes dissenting or supporting comments on waiver requests collected during the public comment period.

The SCMW requested several waivers between PYs 2008 and 2010. Under work-flex, it requested and was approved for the A-DWT and IWT waivers. After work-flex expired in PY 2009, the local area requested the DOL waivers for A-DWT and IWT. (Although the local area requested the A-DWT waiver over the three-year period, it subsequently did not transfer more than 30 percent of funds, so it did not implement that waiver.) SCMW also received state Rapid Response funds for incumbent-worker training under IWTS between PYs 2008 and 2010; the state distributes funds to all local areas using a formula. Under WDA's Rapid Response funds formula, SCMW received approximately \$100,000 for incumbent-worker training under IWTS.

**Table 1. Approved for State and Implemented in SCMW: Waivers of Interest from PY 2008 to PY 2010**

Waivers	2008		2009		2010	
	State Approved	SCMW Implemented	State Approved	SCMW Implemented	State Approved	SCMW Implemented
A-DWT					✓	
IWT	✓				✓	✓
IWTS	✓	✓	✓	✓	✓	✓
CT					✓	
OJT					✓	
CPYE						
ITA					✓	
Work-flex	✓	✓	✓	✓		

### Motivations for Selecting Waivers

WDA requests waivers to build upon WIA's goal to provide state and local areas with workforce policy flexibility. Consequently, WDA requested work-flex to provide local areas with maximum flexibility to respond to the declining economy in many local areas, particularly related to cutbacks and closures in the auto industry. WDA's waiver requests following work-flex authority were intended to maintain the flexibility achieved under work-flex. SCMW approaches waiver requests to meet goals similar to WDA's. Local area staff indicated that although the area requests waivers with specific goals and outcomes in mind, it requests waivers more generally to increase available service options and to have the flexibility necessary to meet customer and employer needs. The following describes the state's and the local area's motivations for requesting and implementing waivers:

- **A-DWT.** WDA applied for the A-DWT waiver to provide local areas with flexibility in order to meet the needs of their residents. In particular, WDA officials believe that the waiver enables local areas to quickly address local economic events, such as closures, through the funds' transfer rather than through a Rapid Response funds request. In PY 2010, 11 local areas applied for and implemented the A-DWT waiver.

Although SCMW applied to use the A-DWT waiver in PY 2010, the amount transferred did not necessitate utilizing the waiver. In PY 2010, SCMW transferred 27 percent of DW funds to Adult funds. Even though SCMW did not transfer more than 30 percent of funds, local area staff stated that the ability to transfer enables local areas to serve the population actually utilizing WIA services. SCMW also indicated that many of its customers require retraining to enter employment in a new industry. Consequently, serving these customers as adults rather than DWs enabled them to enroll in long-term training programs. Transferring funds helps SCMW strategically meet customer demand.

- **IWT/IWTS.** To meet the needs of Michigan's employers, WDA requested both the IWT and IWTS waivers. WDA staff noted that employers also serve as WIA customers; therefore, ensuring that employers have a skilled workforce is one of WDA's primary goals. Additionally, IWT and IWTS waivers decrease costs because

training workers prevents layoffs and decreases reliance on other forms of public assistance. In PY 2010, eight local areas statewide applied for and implemented the IWT or IWTS waivers.

SCMW implemented the IWT waiver (both under work-flex in 2008–2009 and under the IWT waiver in 2010) and used funds provided through the IWTS waiver when available. Local area staff suggested that IWT provides “more bang for the buck.” Averting layoffs through IWT is more cost effective than is attempting to place DWs in new positions. Similarly, IWT helps open entry-level positions, which SCMW can easily fill with other customers. In general, the IWT and IWTS waivers reinforce SCMW’s goal to meet employers’ needs by updating existing employees’ skills base.

- **CT.** WDA requested the CT waiver to meet the needs of small, newly launched, or specialized businesses across the state. WDA staff stated that smaller and newer companies typically lack the resources necessary to provide employees with CT. Staff also suggested that as trainings become more specialized or customized, they also become more expensive. Therefore, paying 50 percent of training costs might be cost-prohibitive for small or new companies. WDA hopes the waiver helps to alleviate the cost burden associated with CT.

Because of an alternative funding source for CT, SCMW did not find it necessary to implement the CT waiver.

- **OJT.** WDA requested the OJT waiver to help customers with low education levels and less work experience to compete with more advanced workers. According to WDA staff, Michigan has experienced one of the highest unemployment rates in the country. Consequently, residents with advanced degrees are seeking help from AJCs along with their less experienced peers. The OJT waiver encourages employers to hire workers with a range of experience and education levels.

Rather than using WIA dollars to fund OJT, SCMW funded the program through a National Emergency Grant (NEG). OJT conducted with NEG funds uses the same sliding scale provided under the waiver. Although SCMW implemented the NEG sliding scale, staff indicated that the area prefers to meet employers’ OJT needs by adjusting the duration of OJT contracts rather than reimbursement rates to maximize the number of employers and customers served.

- **ITA.** WDA applied for the ITA waiver to provide local areas with the flexibility to provide older youth with training through ITAs. Staff noted that the waiver streamlines the provider contract process by allowing local areas to include youth customers on contracts with training providers.

SCMW did not implement the ITA waiver. Rather than utilizing the waiver, SCMW served older youth with ITAs by co-enrolling them in the Adult program. In the past, co-enrolling enabled SCMW to meet the needs of the small number of youth customers seeking ITAs. However, SCMW plans to use the waiver in PY 2011 so it can leverage the Youth funds and reserve the limited Adult funds to participants in the adult program over age 21.

- **Work-flex.** WDA implemented work-flex from PYs 2005 through 2009. WDA used the waiver to increase overall flexibility and to enable the state and local areas to address needs quickly. Through work-flex, WDA approved waiver requests from



local areas rather than requesting waivers from DOL. According to WDA staff, work-flex allowed the state to quickly respond to local area needs and provided a longer period of implementation. SCMW applied for and implemented IWT and A-DWT waivers under work-flex. When work-flex ended, the local area requested to use the DOL waivers for both of these policies.

## Process for Implementing Waivers

When WDA receives approval for waiver requests, the state develops and issues waiver policy directives to the local areas. Typically, the waivers policy directives include some information related to waiver implementation, but policy directives primarily consist of the federal waiver approval letters. In order to implement waivers, local areas must follow a waiver application process similar to the process states use to request waivers. Local areas submit a narrative application to WDA detailing what waivers they intend to use, what outcomes they hope to achieve through the waivers, and how they plan to monitor waiver progress. During the application process, local areas must provide a period for public comments. Any supporting or dissenting comments solicited during this period must be included in the application sent to WDA.

SCMW indicated that the process for implementing waivers is relatively straightforward and that WDA provides the appropriate level of implementation guidance. After SCMW receives waiver approval, implementation typically takes a few weeks. Implementation in SCMW occurs at the local area level and consequently does not require the local area to provide guidance to the AJCs. SCMW primarily utilizes the IWT and IWTS waivers, both of which are administered at the local area rather than AJC level. However, the local area did develop a process for documenting layoff aversion when this requirement was added to the waivers in PY 2009. Although staff indicated that developing this process took some extra time, implementation remained relatively easy and required minimal effort.

## Waiver Reporting

Because local areas apply to use waivers, WDA tracks how many local areas request and are approved to implement each waiver. For the A-DWT waiver, WDA tracks the percentage and dollar amounts transferred across funding streams. Local areas using the IWT waiver must track funding, what trainings occurred, and the number of employees trained. SCMW also tracks whether employees participating in IWT received a certification or credential, job retention, and the number of layoffs averted. Local areas are not required to submit reports to WDA. Rather, WDA directly accesses local area data through the state reporting system. However, local area staff also enter data to populate fiscal reports, which WDA accesses through the reporting system as well.

## Waivers of Interest

### State and Local Funds for Incumbent-Worker Training as a Statewide Activity

Using IWT (under work-flex and the waiver) and IWTS waivers, IWT has become one of SCMW's main service offerings. Under the IWTS waiver, WDA allocates Rapid Response funds to all local areas using a formula. Local areas combine the Rapid Response funds with WIA formula funds used for IWT to serve their customers. SCMW further leverages funds for IWT by collecting an in-kind match from employers and by matching grant funds to training efforts. By leveraging multiple funding sources, SCMW can stretch WIA funds, which enables it to work with more employers in the area. The local area directly administers IWT through its Business Solutions office. SCMW relies upon its referral system for identifying employers to participate in training. SCMW is well connected to a robust business network; members of that network refer employers that could benefit from training, as well as other AJC services, to the Business Solutions office. Employers participating in IWT tend to be higher risk, meaning the employer is already struggling and might not be able to remain open. The number of employers participating in IWT decreased after layoff aversion was required by the waiver; however, local area staff noted that they worked within the parameters of the waiver to continue to offer training programs to as many employers as possible.<sup>23</sup>

After employers are identified for participation in IWT, a Business Solutions officer conducts fact-finding, which utilizes a consulting approach to understand the root causes of an employer's problems. Through fact-finding, the Business Solutions officers determine if IWT is the right fit for the employer. Beginning in PY 2009, the fact-finding process included steps to determine if layoffs could be averted through IWT. Local area staff noted that layoff aversion is identified by a Business Solutions officer's discretion rather than a codified definition. If employers opt to participate in IWT, their contract states that they will work with the local area to fill any entry-level positions that open because of the training provided. Employers identified for IWT select which employees will participate, but Business Solutions officers also help employers identify where training would be most beneficial. Employers work with Business Solutions officers to establish training assignments. Typically, outside vendors or community colleges conduct the trainings. In most cases, IWT results in an industry-recognized certificate or credential; staff suggested this happens in 90 to 100 percent of trainings. Although training assignments vary in type and duration by industry, local area staff noted that training usually lasts no more than three months. All trained employees are enrolled in WIA, but additional WIA services are generally not offered.

The project team spoke with two employers that participated in IWT under the waiver: one was an auto supplier and the other a hospital. Both employers participated after layoff aversion was required. Through IWT, one employer worked with the Business Solutions officer to conduct a needs assessment using a basic skills and work readiness test for current employees. Through the assessment, the Business Solutions officer and employer identified what training was needed and which employees needed training. The other employer used IWT to provide all

---

<sup>23</sup> Only those waivers implemented by the local area are discussed in detail. The IWTS waiver will be discussed here only if the local area used state funds to conduct incumbent-worker training locally.

of its employees with some form of training. In both cases, outside vendors administered the trainings. Training cost approximately \$500 per employee. Local area staff indicated that a typical IWT contract might be for \$2,500. For comparison, an ITA typically costs the area \$5,000 to \$10,000 per worker. Therefore, IWT is more cost effective than alternative training options and more cost-effective than a closure. Local area staff also noted that the completion rate for IWT is very high, approximately 98 percent. Both employers noted that they were eager to participate in the training and that although employees were reluctant at first, IWT demonstrated how much the employers valued training. Consequently, employees indicated that they were satisfied with the training received under IWT. Local area staff also felt that the IWT waiver was useful for layoff aversion and as an economic development strategy. Through the waiver, IWT takes the training burden off employers and places it with the local area, enabling companies to grow and open entry-level positions for lower-skill workers.

### **Work-Flex**

WDA implemented work-flex from PYs 2005 through 2009. Through the waiver, WDA granted local areas permission to use waivers from a list of 25 waivers. WDA staff noted during work-flex authority 10 to 12 waivers were typically used per program year by local areas. During each program year, the transfer waiver was the most widely implemented. However, under work-flex, local areas could transfer up to 100 percent of funds, rather than the 50 percent transfer allowed under the A-DWT waiver. The IWT waiver was also widely implemented under work-flex. WDA officials indicated that under work-flex, 13,000 people received incumbent-worker training. WDA staff noted that the state's waiver requests beginning in PY 2010 reflect the waivers used during work-flex.

WDA suggested that work-flex authority was mainly used to streamline the waiver process. The waivers that WDA used under work-flex mirrored the waivers DOL makes available to states. However, through work-flex, the implementation period lasted for five years rather than one. The longer period improved administrative efficiency because the state did not have to submit a yearly waiver request. Additionally, work-flex provided local areas with the knowledge that programs would be available to them in the next program year and they could plan accordingly. SCMW indicated that during work-flex authority it requested the A-DWT and IWT waivers from the state and later requested the same DOL waivers in PY 2010 when work-flex expired. From SCMW's perspective, the waiver process now is identical to the process used under work-flex.

### **Successes of Waiver Implementation**

Staff and employers from South Central Michigan agreed that the IWT and IWTS waivers were beneficial as effective workforce development strategies. SCMW staff noted that with or without the layoff-aversion provision, the waivers enabled employers to grow and open entry-level positions for less-skilled workers. Employers also indicated that IWT met their goals for their businesses and their employees. By participating in IWT, employers stressed that employees saw their commitment to training and developing the existing workforce. This helped employees feel valued and created a positive company culture. SCMW staff discussed the importance of IWT as a workforce development strategy. They noted that in the current economic climate, companies are perpetually in a state of crisis management and cannot focus on efforts such as skills upgrades. According to local area officials, the waivers shift the training burden to the local area, which helps employers and WIA customers. Through IWT, employees

can grow within a company, opening entry-level positions for lower-skilled workers. This process provides “the biggest bang for the training buck.”

Although Michigan’s work-flex authority expired in PY 2009, WDA staff indicated that work-flex enabled them to meet their broad goals for the state and its local areas. It enabled WDA to offer local areas a consistent menu of service options. Consequently, local areas could confidently implement programs without fear that their ability to do so would end in a year. Additionally, work-flex significantly decreased the time required to implement waivers. Staff noted that under work-flex, implementing waivers took only days rather than weeks. Work-flex not only maximized flexibility for the state and local areas, but it also created significant administrative efficiencies at the state and local levels.

### Challenges of Waiver Implementation

SCMW staff and employers noted some challenges associated with implementing the IWT and IWTS waivers. Because staff had to document the need for layoff aversion, the process necessitated more extensive fact-finding and resulted in fewer eligible employers. Because of the addition of layoff aversion as a requirement for eligibility, identifying employers that could benefit from IWT became more difficult. Documentation requirements for the IWT and IWTS waivers also proved challenging for employers and local area staff. All employees who receive training under the waivers had to provide local area staff with employment documents, such as birth certificates. Employers noted that employees do not know why they have to supply outside officials with these documents when they had already been submitted to the employers. The process seems redundant to employees, creating serious administrative challenges for employers. Some employees were reluctant to provide their documents or did not have them readily available. One employer ultimately paid for the training itself when employees refused to or could not meet the documentation requirements. At the state level, WDA staff noted that the only challenging aspect of work-flex was that it cannot be renewed.

### Observations on Waiver Process

Local and state staff, as well as employers, were overwhelmingly positively about waivers. However, they offered the following suggestions for improvement:

- **The layoff-aversion stipulation for the IWT and IWTS waivers.** Staff from SCMW indicated that the addition of the layoff-aversion requirement substantially increased the administrative burden to use the waivers and thus restricts the number of employers eligible to use it. They felt that IWT is an effective economic development strategy; by extending the waiver beyond layoff aversion, more companies could develop staff and open entry-level positions for lower-skilled workers.
- **IWT and IWTS waiver documentation requirements.** SCMW staff and participating employers indicated that one of the toughest parts of implementation was collecting documentation from employees. An alternative documentation process could be developed that would place the burden on employers rather than employees. For instance, employers could be required to provide the local area with pay stubs for employees enrolled in IWT.

- **Work-flex authority.** WDA staff noted that work-flex was incredibly useful to their state and local areas, but they did not understand why states should be able to use work-flex only once. WDA staff suggested that work-flex authority could be shortened to three years, but that states could continually request it.

## Locations and Dates of Visits

The study team visited South Central Michigan Works from February 27 to 28, 2012, and conducted interviews with staff from the organizations listed in the following table. Before and following the visit, the study team also conducted telephone calls with staff from the State of Michigan Workforce Development Agency.

**Table 2. Site Visit Locations**

Organization	Location
<b>State</b>	
State of Michigan Workforce Development Agency	Lansing
<b>Local Area</b>	
South Central Michigan Works!	Hillsdale
IWT Employer 1 (Health Care)	Hillsdale
IWT Employer 2 (Automotive)	Tecumseh

**This page has been left blank for double-sided copying.**

## MISSISSIPPI CASE STUDY PROFILE

### Overview of State and Local Context

In partnership with the Mississippi State Workforce Investment Board, the Mississippi Department of Employment Security (MDES) is responsible for determining WIA policies at the state and local levels, overseeing the allocation of WIA funds to four local areas, and writing state- and local-level policy. Each local area is responsible for overseeing its own American Job Centers (AJC) and implementing WIA Adult, Dislocated Worker (DW), and Youth programs at the local level.

MDES suggested that the study team visit the Southcentral Mississippi Works (SMW) Workforce Investment Area to study the effects of WIA waiver implementation in Mississippi. SMW is an established partnership between Central Mississippi Planning and Development District (CMPDD) and Southwest Mississippi Planning and Development District. CMPDD is the administrative and fiscal entity for SMW and has nine comprehensive AJCs, one specialty AJC to serve those with disabilities, and two major partners (community colleges and MDES Operations).<sup>24</sup> Although CMPDD oversees the entire WIA operation and focuses on the training aspect of workforce development, community colleges (in Hinds, Copiah-Lincoln, Holmes, and Southwest) are in charge of providing education services to WIA customers. MDES, in addition to providing funding to SMW and making state-wide policies related to WIA operations, contracts with CMPDD to operate eight comprehensive AJCs in Brookhaven, Canton, Hazlehurst, Jackson, McComb, Natchez, Pearl, and Yazoo City. In this role, MDES Operations receives funding from CMPDD and adheres to CMPDD's local implementation procedures and directives. There is also a special AJC in Vicksburg that is only for disabled customers.

#### **Local Area Spotlight:** *Southcentral Mississippi Works*

**Geographic Area Served:** Primarily rural, with an urban center in Jackson; serving counties of Adams, Amite, Claiborne, Copiah, Franklin, Hinds, Jefferson, Lincoln, Lawrence, Madison, Pike, Rankin, Simpson, Walthall, Warren, Wilkinson, and Yazoo.

#### **Customers Served in 2010:**

- 873 adults
- 506 dislocated workers
- 87 youth

**Major Industries and Employers:**  
Health care and manufacturing

#### **Waiver Highlights:**

- **A-DWT:** Typically transfers more than 30 percent from dislocated workers to adults
- **ITA:** 52 of the 69 youth participants in PY 2010 were in healthcare-related training programs

<sup>24</sup>There are two different segments within MDES: Operation and Support. The operation side is mainly concerned with delivery of services. The support side manages tasks such as finance, human resources, and information technology. The operation segment works under CMPDD, herein referred to as MDES Operations.



Most of the seventeen counties served by SMW are rural, but the Jackson metropolitan area is considered urban. The health care industry is thriving in the Jackson metropolitan area because the newly developed Medical Mall and three major hospitals are located in Jackson. Other parts of the local area rely heavily on the manufacturing industry. Mississippi experienced its first major economic downturn in 2005 because of Hurricane Katrina, and the recent recession exacerbated the state's economic situation. The combination of these events forced many manufacturing businesses to close down or lay off workers. The unemployment rate in the region in 2010 was 10.1 percent and CMPDD expects the recession to continue beyond 2012; the extended unemployment benefits will expire and many people will continue to have trouble finding jobs. However, CMPDD might not be able to maintain or increase the number of people it serves because of a 43 percent funding cut across all programs for PY 2011.

The most common employment barriers are deficits in career-related skills, soft skills, and education. Those who live in rural areas have additional barriers, including a lack of employers, child care, and public or personal transportation. CMPDD also found that many youth do not have support from their families and do not consider the AJCs as their resource. As more high-tech companies and industries emerge, adults, dislocated workers, and youth feel the pressure to obtain new skills.

### **Overview of Waivers Approved for the State and Implemented in CMPDD**

MDES works closely with the four local areas and meets with the area directors at least quarterly to discuss policy, including the waivers. Before 2012, MDES asked local areas to provide a waiver plan to the state that explained why the local area wanted certain waivers. The state would then tell the local areas about the waivers it planned to request, and the local areas were able to offer feedback. In this way, the state's decisions on waiver requests from DOL were driven by both the state and the local area. Moving forward, however, SMW indicated that local areas will no longer be asked to provide waiver plans or feedback on waiver requests.

MDES was approved for all of the waivers of interest during PYs 2008 to 2010, but was consistently approved for four waivers each of those years: A-DWT, IWT, OJT, and ITA. IWTS was also approved in PYs 2008 and 2010. CT and CPYE were approved only in PY 2008, and work-flex was approved in PYs 2008 and 2009.

After MDES is approved to use the waivers requested, it notifies the local areas with written instructions and implementation guidance. Local areas can then use the waivers that will best serve the needs of their customers and employers and are required to notify MDES about the waivers they will not use. Additionally, if local areas wish to use A-DWT, they must submit a request detailing the transfer amount to the state. SMW implemented the A-DWT and ITA waivers from PYs 2008 to 2010.



**Table 1. Approved for State and Implemented in CMPDD: Waivers of Interest from PY 2008 to PY 2010**

Waivers	2008		2009		2010	
	State Approved	SMW Implemented	State Approved	SMW Implemented	State Approved	SMW Implemented
A-DWT	✓	✓	✓	✓	✓	✓
IWT	✓		✓		✓	
IWTS	✓				✓	
CT	✓					
OJT	✓		✓		✓	
CPYE	✓					
ITA	✓	✓	✓	✓	✓	✓
Work-flex	✓		✓			

### Motivations for Selecting Waivers

MDES and SMW implemented waivers to achieve the overall goal of maximizing training opportunities for all customers and connecting their customers with lasting living-wage employment. SMW, however, decided not to implement many of the waivers of interest between PYs 2008 and 2010 because it already had similar programs in place. The following describes the reasoning behind the MDES and SMW decisions to implement or not implement waivers:

- **A-DWT.** MDES applied for the A-DWT waiver to transfer money from DWs to adults from PYs 2008 to 2010 because local area allocations between adults and dislocated workers are unbalanced. MDES explained that it serves more adults than DWs because some customers cannot provide sufficient evidence of their status as DWs. The customers are classified as adults, and the local area must transfer funds from the DW to the Adult program.

CMPDD stated that the characteristics of DWs explain the disparity between the number of adults and DWs in its local area. For example, because a DW is more likely to have a family, mortgage, and other obligations, he or she is less likely to have the time and luxury to commit to long-term training. SMW implemented the A-DWT waiver in an effort to adapt to the area's changing needs. The waiver is not always used to the maximum 50 percent limit, but SMW usually transfers more than the regularly approved 30 percent.

- **IWT and IWTS.** MDES applied for the IWT and IWTS waivers in an effort to increase the number of training opportunities in the state. Local areas, including SMW, found the layoff requirement onerous and believed that setting aside funds for potential IWTs limited their overall service options for other customers. SMW did not implement the IWT waiver for two additional reasons: (1) community colleges had separate non-WIA funds, called the Workforce Enhancement Training (WET) funds, with which they provided workforce development services, similar to

incumbent-worker training; and (2) the state had already implemented the IWTS waiver at the state level to avert layoffs.

- **CT.** MDES applied for the waiver as a way of maximizing training opportunities for eligible customers across the state. However, SMW decided not to implement the CT waiver because community colleges were already providing customized training services through use of the WET funds. The Division of Economic Development and Training at Hinds Community College, for example, has trainers who help organizations or employers create a training program that fits their needs. After 2008, MDES stopped applying for the waiver because it realized that community colleges throughout the state conduct most of the customized training without using WIA funds.
- **OJT.** According to MDES staff, Mississippi accounts for 24 percent of the nation's use of OJT. When MDES received approval for the OJT waiver, however, the four local areas could not decide on one scale for all areas to use. There was concern that employers would seek to hire individuals from one local area over another should the reimbursements rates differ. In an effort not to increase competition among local areas, the four local areas jointly decided not to use the OJT waiver and maintained the 50 percent reimbursement rate. Additionally, SMW already had robust use of OJT with the 50 percent employer reimbursement rate. SMW feared that the waiver would confuse employers because there is no guarantee that the increased reimbursement rates would continue from year to year.
- **CYPE.** All local areas already use a request for proposal process for youth providers, and the state granted them an exception if there was an emergency or extenuating circumstance. The state, therefore, discontinued asking for CYPE after PY 2008. SMW already had a contractual relationship with community colleges to maintain the continuity of youth services without a competitive bid and therefore did not need the waiver.
- **ITA.** The state requested the ITA waiver to better serve high school seniors and out-of-school youth with training. Because some out-of-school youth are under age 18, they cannot be served by the Adult program, making the ITA waiver a necessity.

Before the waiver, SMW focused on preventing high school dropouts and encouraging youth to obtain their diplomas or general equivalency diplomas (GEDs). SMW decided to implement the waiver after realizing that there were organizations (for example, community colleges) that could better provide educational services such as remedial courses and GED classes. SMW wanted to concentrate on workforce development. The division of responsibility between CMPDD and community colleges led to the implementation of the ITA waiver.

- **Work-flex.** Mississippi did not actively seek work-flex authority; however, following Hurricane Katrina, DOL worked with the states affected to grant as much flexibility as possible. Work-flex was one of the tools the states received. However, neither MDES nor SMW reported implementing any waivers under work-flex authority because both were able to use other waivers to meet their needs.

## **Process for Implementing Waivers**

In PY 2008, MDES notified local areas when waivers were approved and provided them guidance through a policy directive, which included federal policy guidelines. Since then, implementing the waivers has become standard procedure and local areas are not provided with additional directives from the state. For the A-DWT waiver, local areas also receive a Notice of Fund Authorization from the state explicitly stating the maximum amount of transfer allowed.

The CMPDD job training director is responsible for communicating with MDES regarding waiver requests and approvals. The director analyzes the local area's needs, requests waivers that might meet those needs, and decides how to allocate money during the planning process. After CMPDD implements waivers, it notifies MDES Operations and the AJCs about state policies and guidelines, waivers, and local procedures. CMPDD gives specific policy directives to educational coordinators for ITAs because the selection process for eligible youth is very thorough. All applicants for an ITA in the local area (adults, DWs, and youth) must write essays, pass basic skills tests, and go through an interview with a training selection committee before receiving an account. The occupational training programs that customers choose must be for stable jobs. Even though the AJCs and other providers must follow CMPDD's policy, CMPDD is open to suggestions regarding funding allocation and program operation.

## **Waiver Reporting**

In October 2011, MDES implemented a new central database called Workforce Investment Network Global Services (WINGS), which every local area must use. The system tracks each customer's demographic information, income, disability status, employment history, household information, and services received. WINGS also tracks the total amount spent on training under each applicable waiver but does not provide the amount spent on training per waiver by individual. Wagner-Peyser, UI, and Veterans Affairs funding streams are also represented in the system. Case managers at the AJCs enter data directly into WINGS, providing the state with instant access to data. The data help the state develop waiver requests because they demonstrate which training programs positively affect employment. Unfortunately, the new system is still under development and not yet customizable to each local area. Therefore, SMW can no longer easily track performance by individual. However, SMW believes they will be able to do so when the system development is complete.

## Waivers of Interest

### Adult-Dislocated Worker Transfer

The maximum amount of the transfer allowed between Adult and DW programs is stated in the Notice of Fund Authorization that SMW receives every PY from MDES. Through the transfer, the overall increased amount of funding available for adults has enabled CMPDD to serve more adults without reducing service levels. Also, the A-DWT waiver provided the local area some flexibility in terms of determining customers' funding streams because Adult is the broadest eligibility category with the fewest restrictions. Although SMW rarely transfers the maximum allowed under the waiver, the area reported that it typically transfers more than 30 percent of DW funds to the Adult program. Thus, the A-DWT waiver has been useful in meeting SMW's goal of maximizing customers' employment opportunities.<sup>25</sup>

### Youth Individual Training Accounts

Statewide, the ITA waiver has increased the number of youth receiving ITAs. Before the implementation of the ITA waiver, the focus of SMW's youth program was preventing high school dropouts. When SMW realized that the dropout prevention approach was not effective in addressing training- and career-related needs, and that other organizations were better situated to provide educational services, SMW shifted its focus to providing workforce development and training. Educational coordinators reach out to the community and recruit youth for this program. Hinds Community College is also actively involved in recruiting youth for the program in the Jackson metropolitan area. Applicants tend to be older, out-of-school youth who do not have diplomas or GEDs. As of March 2012, 23 youth had participated in the program during PYs 2011 to 2012.

SMW developed an application process for all applicants (Youth, DW, or Adult) who are interested in ITAs. The process requires that applicants meet WIA eligibility requirements, write essays, create a resume, research the industry of interest, pass a basic skills tests, and participate in an interview. A training account committee – composed of an AJC staff person familiar with ITAs, a community college staff person, and an employer or other community member who is familiar with the local labor market – makes the final decision on awarding the training account to the applicant.

SMW developed this process to: (1) ensure that applicants are fully aware of the existing labor market; (2) determine if the training selected will qualify the applicant for an adequate job that provides a self-sufficient level of income, and; (3) verify that an applicant has the necessary basic skills to be successful in the selected training. Any applicant that does not meet the requirements to be successful in the program is directed to other programs or resources. The local area did note that “because of the nature of the application process, not a lot of students are currently receiving ITAs.” However, the ITA waiver has helped the local area reach its broader goal of maximizing training opportunities for all customers.

---

<sup>25</sup> Only those waivers implemented by the local area are discussed in detail. The IWTS waiver will be discussed here only if the local area used state funds to conduct incumbent-worker training locally.

The type of training participants receive varies based on the individual's stated career goals. CMPDD does not provide training in some industries (e.g., cosmetology, phlebotomy, and barbering) because such industries do not have stable job markets. There is, however, a trend toward using ITAs for some types of health care training because the health care industry is thriving in Jackson. Other popular industries are welding, information technology, and auto mechanics. Experts in each field conduct the training at a variety of training facilities located throughout the area.

### Successes of Waiver Implementation

Local staff agreed that the A-DWT waiver is useful as a workforce development strategy because it enables more adults to be served. Having more funding for adults is crucial for SMW to achieve its goal because the definition of *adult* enables the agency to serve more customers without determining eligibility for various funding streams. SMW plans to continue using the A-DWT waiver as long as it is available.

Even though the rigorous application process for ITAs has limited the number of youth receiving ITAs, the waiver has helped youth receive placement in employment or education, attain a degree or certificate, and increase literacy or numeracy skills. Therefore, SMW will continue using the ITA waiver.

### Challenges of Waiver Implementation

All local areas struggled to adjust to the new reporting system, WINGS. Reports from WINGS are crucial to waiver implementation because CMPDD can use the data to decide future direction for waiver applications and program implementation. Local areas agree that creating a central system to increase data uniformity across the state is a good idea. MSW staff noted they did not receive training when WINGS was first implemented, which made the transition difficult, but the state now offers training and technical assistance to all end users of the WINGS system. WINGS training and technical assistance from the state includes a help desk, state staff dedicated to WINGS training and support for local areas, virtual training options, and a workgroup whose goal is to facilitate the communication of system changes and enhancements to local area staff. CMPDD staff also noted that the WINGS system, when first implemented, did not enable them to easily create reports; if CMPDD wanted a report, they had to ask the state for permission to obtain the report and follow the state's report format because reports cannot be customized. System changes and enhancements, as well as specialized staff training, have recently enabled local users to develop reports by participant type, services, periods of performance, and location through WINGS and local specialized reporting capabilities.

### Observations on the Waiver Process

Local staff found the waivers themselves useful in terms of increasing the number of people served and improving the local area's performance. However, CMPDD faced challenges in the technical and marketing side of the waiver implementation process, and staff made the following observations on how they could use the waivers more effectively:

- **Funding for active recruitment of youth.** In order to serve more customers and efficiently utilize the funding available, the local area would like to develop a marketing strategy for promoting the waiver to youth. Currently, staff find that youth

are embarrassed to come to the AJCs and do not see the centers as a resource. Additionally, only 23 of 50 budgeted training accounts are in use, indicating that the local area has to recruit more youth to utilize Youth services. However, restrictions on the funding do not enable the local area to conduct outreach and marketing programs. More flexibility in the use of funds could enable the local area to use funding to recruit potential customers.

- **Communication between state and local staff about the new reporting system.** Local staff noted that the transition from the old system to WINGS was difficult because there was no initial training and no way to initially customize reports to fit local needs. However, by communicating with local staff about utilizing WINGS through ongoing training programs and feedback systems, the state implemented numerous system changes and enhancements suggested by local areas, thus improving the usability of data at the local level.

## Locations and Dates of Visits

The study team visited SMW from February 16 to 17, 2012, and conducted interviews with staff from the organizations listed in the following table. Before the visit, the study team also conducted telephone calls with staff from the Mississippi Department of Employment Security.

**Table 2. Site Visit Locations**

Organization	Location
<b>State</b>	
Mississippi Department of Employment Security	Jackson
<b>Local Area</b>	
Central Mississippi Planning and Development District	Jackson
Mississippi Department of Employment Security	Jackson
Jackson WIN Job Center	Jackson
Training Provider	Jackson



## NEW MEXICO CASE STUDY PROFILE

### Overview of State and Local Context

In partnership with the New Mexico State Workforce Investment Board, the New Mexico Department of Workforce Solutions (DWS) oversees WIA Adult, Dislocated Worker (DW), and Youth activities in New Mexico's four local areas. DWS allocates WIA formula funds to the local areas and provides them with policy and programming guidance.

To gain a more detailed understanding of WIA waiver implementation in New Mexico, the study team visited the state's Central Area workforce investment area. The Mid-Region Council of Governments (MRCOG) is the administrative and fiscal entity for the Workforce Connection of Central New Mexico Workforce Investment Board (WIB) and oversees WIA programming for the four central New Mexico counties—Bernalillo, Sandoval, Torrance, and Valencia. MRCOG contracts with two service providers—SER Jobs for Progress (SER) and Youth Development Incorporated (YDI)—to provide WIA services at its four comprehensive AJCs, called the Workforce Connection of Central New Mexico, and at its affiliate centers located in the region's most rural communities.

MRCOG's service area is geographically and economically diverse. It includes urban (that is, the city of Albuquerque), suburban, and rural communities and is home to a diverse set of industries, including commercial construction, education, services, manufacturing, aviation, green energy, and film. Although Central Area's local economy was affected by the recent recession, MRCOG staff noted that the economy might have been worse were it not for the diversity of employers in the region. Although the recession led to job losses and high unemployment (9.1 percent in 2010), the area was not devastated by a decline in any one particular or dominant industry.

MRCOG's adults, dislocated workers, and youth commonly lack basic skills and have low education levels. Additionally, many of MRCOG's more recent job seekers lack what the site calls "career building skills." These customers are newly unemployed after working for many years or even decades with the same employer. These customers have not had to conduct a job search or write a resume in many years and need a lot of help doing so.

#### **Local Area Spotlight:** *Central Area*

***Geographic Area Served:*** Mix of rural and suburban areas, with an urban center in the city of Albuquerque; serving counties of Bernalillo, Sandoval, Torrance, and Valencia

#### ***Customers Served in PY 2010:***

- 732 adults
- 316 dislocated workers
- 244 youth

***Major Industries and Employers:*** Commercial construction, education, services, manufacturing, aviation, green energy, and film

#### ***Waiver Highlights:***

- **OJT:** served 168 customers through 113 employers in PY 2010
- **ITA:** about 110 youth received individual training accounts between PYs 2008 and 2010

## Overview of Waivers Approved for the State and Implemented in the Central Area

In total, DWS was approved for three of the waivers of interest in PYs 2008 and 2009—A-DWT, IWT, and ITA—and for a fourth in PY 2010—OJT (see Table 1). DWS worked collaboratively with its four local areas in deciding to apply for these waivers, as it does before deciding to apply for any WIA waiver. DWS does not require its local areas to apply to use any of the waivers; rather, after learning that DOL has approved a waiver, DWS notifies the areas that they are free to use the waiver if it would help them meet their WIA program goals and better serve their job seeker and employer customers. However, should a local area want to transfer money between its Adult and DW programs (any amount, not just the 50 percent allowable under the A-DWT waiver), DWS requires the area to submit a letter outlining its need for the transfer. Then DWS, not the local area, transfers the funds.

DWS staff noted that each of the waivers of interest has been implemented in at least one local area across the state; however, Central Area implemented only the ITA waiver in PYs 2008 and 2009 and implemented both the ITA and OJT waivers in PY 2010.

**Table 1. Approved for the State and Implemented in the Central Area: Waivers of Interest from PY 2008 to PY 2010**

Waivers	2008		2009		2010	
	State Approved	Central Area Implemented	State Approved	Central Area Implemented	State Approved	Central Area Implemented
A-DWT	✓		✓		✓	
IWT	✓		✓		✓	
IWTS						
CT						
OJT					✓	✓
CPYE						
ITA	✓	✓	✓	✓	✓	✓
Work-flex						

## Motivations for Selecting and Implementing Waivers

DWS requests a waiver for one of two reasons: (1) as part of a broader state-level strategy or (2) in response to a local area's appeals to do so. For instance, New Mexico has many small businesses located in rural areas and DWS viewed the higher reimbursement rates for medium-sized and small businesses for OJTs as a way for local areas to incentivize these businesses to participate in the program. Conversely, DWS applied for the ITA waiver at the urging of Central Area. The state and local areas generally had a specific purpose for applying for each individual waiver. The following describes these motivations:

- **A-DWT.** Although New Mexico's four local areas have similarities, each faces unique challenges and develops its own particular strategies and goals for serving its neediest customers. DWS applied for the A-DWT waiver to provide areas with the flexibility to meet these goals. Additionally, in recent years the local areas received



more DW funding than Adult funding; the waiver provides local areas with additional flexibility to account for this funding disparity, if needed.

In PYs 2009 and 2010, MRCOG transferred funds from its Adult to DW program to account for an influx of DW customers. Despite the availability of the waiver, the site transferred only about 30 percent of its Adult funds in each of those years. Although MRCOG did not transfer funds up to the 50 percent allowable under the waiver, administrators noted that having the ability to do so in the future, should the need arise, is extremely valuable. They discussed being able to address the funding needs of DWs with American Recovery and Reinvestment Act of 2009 (ARRA) funds in the past few years. However, because those funds are no longer available, the flexibility of the waiver might become more important in their area.

- **IWT.** DWS requested the IWT waiver to encourage its local areas to implement layoff-aversion strategies. In the past, New Mexico's local areas have used IWT to encourage employers to train and promote their underemployed workers. DWS staff explained that conceptualizing IWT as a tool to prevent layoffs is a new idea for its local areas, and they hope that the waiver will encourage local areas to start thinking about and using IWT for this purpose.

MRCOG did not implement the IWT waiver. Staff indicated that they did not use the waiver because they are more focused on providing services to unemployed customers, rather than currently employed customers, and believed that customized training was a more promising strategy for training incumbent workers.

- **OJT.** DWS applied for the OJT waiver because it views OJT as an "economic stimulus strategy" that encourages businesses to hire new employees. The waiver's higher wage reimbursement rates for small and medium-sized businesses provide these small employers with an additional incentive to participate in OJT and thus hire more workers. In addition, two of the state's local areas were implementing OJT under a National Emergency Grant (NEG), and at least one area (Central Area) was also offering OJT as part of a State Energy Sector Partnership (SESP) grant. These local areas could leverage WIA, NEG, and SESP funds together under the waiver to promote OJT among these regions' small and medium-sized businesses and to encourage growth in the state's emergent green energy industry.

MRCOG shared the state's goals for implementing the waiver and also noted that OJT has a positive impact on WIA performance because customers are quickly placed in employment (rather than being placed in employment after completing a long training program).

- **ITA.** DWS requested the ITA waiver in PY 2008 at MRCOG's urging. MRCOG staff was investigating ways to help more youth, especially older and out-of-school youth, obtain occupational skills when they learned that other states were enrolling youth in ITAs under the waiver. Initially, MRCOG attempted to apply for the waiver by directly contacting DOL. After learning that states rather than local areas must apply for waivers, MRCOG worked together with DWS to draft and submit the waiver request to DOL.

## **Process for Implementing Waivers**

DWS notified local area administrators of the waiver approvals immediately after receiving them from DOL by forwarding the local area administrator's waiver approval letter and instructed local areas to adhere to the waiver rules as outlined in the letter. MRCOG's director and policy staff in turn forwarded the letter to providers and then met with them to answer questions and provide additional guidance, such as targeting green industries for OJT (discussed later in this profile).

Modifying its OJT and ITA activities to accommodate the waivers was quick and fairly seamless in Central Area. Both were activities that the local area had offered for many years: OJT at the 50 percent wage reimbursement rate permitted under regular WIA legislation, and ITAs for adults and DWs. To implement OJT under the waiver, MRCOG and provider management simply notified business services consultants about the sliding scale for wage reimbursement and urged them to advertise the program and its benefits to small and medium-sized businesses. For the ITA waiver, MRCOG staff met with their youth provider to discuss ITA eligibility requirements, explain the eligible training provider list, and review program paperwork. Although staff lamented that it took them some time to become accustomed to the paperwork, they noted that they were quickly able to incorporate the ITAs for youth into their normal operating procedures.

## **Waiver Reporting**

DWS tracks data on each of the waivers for which it has been approved. For example, DWS tracks how much money each local area transfers between its Adult and DW programs each year and requires local areas to track how many and which customers participate in IWT. Areas using the OJT waiver track contract amounts, reimbursement rates, training duration, employer name, and OJT funding source. For ITAs, they track training program enrollment, completion, and industry. In the Central Area, MRCOG's youth provider also collects information on course schedules and book lists. Most of these data are entered into the state's management information system, called the Virtual One-Stop System (VOSS), because the state and local areas already track these data for these activities absent the waivers. However, some data are tracked and submitted via separate databases or Excel reporting spreadsheets.

## Waivers of Interest

### Employer Reimbursement for On-the-Job Training

OJT has been one of MRCOG's major service offerings for several years, even before New Mexico was approved for the waiver. However, in PY 2010 MRCOG leveraged WIA, NEG, and SESP funds together to offer its most robust OJT services in years. Before the waiver, about 40 to 50 of MRCOG's customers participated in OJT each year, but in PY 2010 (the year that the site implemented the OJT waiver for the first time) 190 customers participated in OJT.<sup>26</sup> OJT costs from \$8,000 to \$10,000 per customer and can last anywhere from three to six or more months depending on the industry and the amount of skill development that an individual employee requires. Most of the training occurs on the job, but customers occasionally participate in related classroom training as well. Those staff who solicit OJT positions and execute the contracts noted that they pursue OJT only with those businesses that seem committed to hiring participants at the conclusion of the training. Anecdotally, staff and employers at the site noted that most training positions become unsubsidized jobs; those that do not are typically "special cases" that were a "bad fit" for a particular employer.<sup>27</sup>

The local area used the waiver to target the area's smallest businesses. MRCOG's service area includes rural communities whose local economies depend on the success of small businesses. Although these businesses could participate in WIA-funded OJT absent the waiver, few could afford to pay 50 percent of participants' wages. With the waiver, MRCOG can reimburse up to 90 percent of participants' wages at the area's smallest businesses while new employees are trained on the job. Staff from MRCOG's Adult and DW provider explained that these employers were often skeptical of the program and its generous reimbursement scheme, noting that it seemed like they were unsure about "getting something for [almost] nothing." However, after the provider's business consultants explained the program to them in detail and sent them prescreened candidates to interview for potential OJT positions, many employers were eager to participate.

In addition to targeting small business, MRCOG encouraged its Adult and DW provider to reach out to businesses in growing industries such as green energy. At least one small Albuquerque business credits OJT with its recent growth and enabling it to break into a new area of the solar power industry. This business' staff explained that the solar industry does not have an existing, trained workforce in the Albuquerque region. Although there are some schools and technical colleges in the region that offer courses related to solar energy, most training has to occur on the job. For this reason, OJT has been extremely helpful to the employer; not only has it alleviated the financial constraints associated with training new employees (that is, low productivity during the training period), the company claims that OJT gave it the confidence to expand its business into solar panel installation. One staff person contended that OJT helped "to grow their business by 300 percent."

---

<sup>26</sup> MRCOG reports that 168 of these OJT program trainings were funded with WIA formula funds and 22 with either NEG or SESP funds.

<sup>27</sup> Only those waivers implemented by the local area are discussed in detail. The IWTS waiver will be discussed here only if the local area used state funds to conduct incumbent-worker training locally.

## Youth Individual Training Accounts

Before obtaining the ITA waiver, MRCOG and youth provider staff had a difficult time helping youth, especially older and out-of-school youth, complete occupational skills training. Youth from the Central Area could attend training only if they co-enrolled in the WIA Adult program or if they obtained money through other sources, such as Pell Grants. MRCOG staff explained that neither scenario is ideal. Staff reported that although programs such as Pell Grants are extremely helpful in paying for school, the grants are not always large enough to pay all of a student's tuition and fees. Co-enrolling youth in the Adult program can also be problematic; as participants in both programs, youth must report to multiple case managers, including an Adult case manager who might not be as familiar with the unique needs and behaviors of youth participants. Enrolling youth in an ITA as youth alleviates both of these concerns; youth can leverage funds from multiple sources to pay tuition and fees in their entirety, and they work consistently with the same case manager whose customer service is targeted to a youth's distinct needs.

Since PY 2008, 110 of MRCOG youth have enrolled in an ITA, 70 of whom were older youth ages 19 to 21. Staff contend that an ITA is well suited to meet the needs of older youth who need to become self-sufficient but lack the education necessary to obtain adequate employment. Furthermore, many training providers require that customers have a generalized equivalency diploma (GED) or high school diploma before starting a training program; older youth are more likely than are younger youth to have one of these two credentials. Younger youth are also not eligible for the ITA program unless they are out of school. Most youth use ITAs to pay for health care training programs, including medical assistant and phlebotomist training. Trainings related to careers in early childhood education are also popular.

## Successes and Lessons Learned of Waiver Implementation

Staff and employers from across the site unanimously agreed that the OJT waiver is a beneficial addition to MRCOG's WIA service offerings. When asked if the OJT waiver was useful in meeting the goals that MRCOG set forth, staff affirmed that it was, especially when used in conjunction with the NEG and SESP grants. They cited that more small and medium-sized businesses now participate in OJT. This is particularly important to the Central Area because much of the region's economy depends on small and medium-sized businesses. Additionally, when coupling the WIA waiver with NEG and SESP funds, staff were able to successfully execute OJT in the green industry. Employers reported that they participated in the program for as long as they were able, noting that being able to tailor new employee training to the specific needs of their business is extremely beneficial.

MRCOG staff also believed that the ITA waiver is useful, enabling more youth, especially older and out-of-school youth, to complete occupational skills training, earn a certificate or credential, and obtain meaningful employment. This not only helps the youth, it also aids the site in meeting three important WIA performance measures—entered employment or education, earned a credential, and literacy and numeracy proficiency. Youth provider staff warned, however, that a youth will not complete ITAs and gain employment unless staff help him or her address all existing barriers to employment. In other words, ITAs must be coupled with intensive case management to ensure a youth's success.

## Challenges of Waiver Implementation

MRCOG and provider staff described only a few challenges associated with implementing the ITA and OJT waivers. Most commonly, staff lamented that OJT (both under regular WIA and under the waiver) requires a tremendous amount of paperwork; staff from one provider estimated that it can take between three and four hours to complete all of the forms required to execute an OJT contract. Similarly, as noted earlier, Youth provider staff were initially overwhelmed by ITA paperwork; however, they quickly adjusted to the process and incorporated ITAs into their daily program operations. Although staff noted that the majority of OJT positions result in unsubsidized jobs at the site, one provider manager also warned that staff should carefully approve OJT employers to ensure that they truly intend to hire participants at the conclusion of the training period.

## Observations on the Waiver Process

Although staff from all agencies had overwhelmingly positive things to say about the OJT and ITA waivers, as well as WIA waivers generally speaking, they offered two observations on how the waivers could better serve their local area:

- **More information about waivers.** Staff from DWS and MRCOG noted that they would like more information from DOL (about all waivers, not only the waivers of interest) to better inform their decisions to apply for waivers and their methods for implementing them. They suggested that DOL disseminate information via a website that contains not only descriptions of available waivers and lists of which states have been approved for them but also includes waiver applications that states have submitted and profiles of states and local areas that are using waivers in unique or innovative ways.
- **Industry, not employer size, should drive OJT reimbursement rates.** Adult and DW provider front-line staff suggested offering the 75 and 90 percent wage reimbursement rates to employers from high-growth or -demand industries, rather than to small and medium-sized businesses. Although these staff acknowledged that small businesses are an important part of their local economy, they argued that growing businesses, such as solar energy, are the ones doing the most hiring and therefore the ones that should benefit most substantially from the OJT program.

## Locations and Dates of Visits

The study team visited Central Area from February 15 to 17, 2012, and conducted interviews with staff from the organizations listed in the following table. Before the visit, the study team also conducted telephone calls with staff from the New Mexico Department of Workforce Solutions in order to better understand the state-level experience with waivers.

**Table 2. Site Visit Locations**

Organization	Location
<b>State</b>	
New Mexico Department of Workforce Solutions	Albuquerque
<b>Local Area</b>	
Mid-Region Council of Governments	Albuquerque
Youth Development Incorporated (Youth Provider)	Albuquerque
SER Jobs for Progress (Adult and Dislocated Worker Provider)	Albuquerque
OJT Employer 1 (Solar Energy)	Albuquerque
OJT Employer 2 (Industrial Building Construction)	Albuquerque

## OHIO CASE STUDY PROFILE

### Overview of State and Local Context

The Ohio Department of Job and Family Services (JFS) oversees WIA Adult, Dislocated Worker (DW), and Youth activities in Ohio's 20 local areas as well as the state's 30 comprehensive American Job Centers (AJC). JFS allocates WIA formula funds and provides policy guidance to the Local Workforce Investment Boards (LWIBs) that independently implement WIA programs and AJCs in each local area.

To gain a more detailed understanding of WIA waiver implementation in Ohio, the study team visited the state's Lorain County workforce investment area. The Lorain County Workforce Development Agency (WDA) serves as the WIA administrative and fiscal entity and operates the area's only comprehensive AJC, called the Employment netWork.

Lorain County includes urban (the cities of Lorain and Elyria), suburban, and rural areas. Historically, the manufacturing industry employed many of the county's residents. Although manufacturing remains a major industry in the area, health services is now the largest industry in Lorain County, followed by county government. Although Lorain County's economy was affected by the recession, local area staff noted that the county still feels the effects of manufacturing and business closures that happened 10 years ago, particularly the closure of a steel mill. WDA staff noted that the local economy remains poor but is slowly improving. The unemployment rate in 2010 was 9.2 percent.

#### **Local Area Spotlight:** *Lorain County*

***Geographic Area Served:*** Rural and suburban areas with two small cities, Lorain and Elyria; serving Lorain County

#### ***Customers Served in 2010:***

- 256 adults
- 508 dislocated workers
- 150 youth

***Major Industries and Employers:*** manufacturing, health services, and county government

#### ***Waiver Highlights:***

- **IWT/IWTS:** served 30 employers in PY 2008
- **CPYE:** brought work experience and support services in house
- **ITA:** provided a funding alternative for youth unable to use Pell funding for training for 8 youth customers

Adults and DWs in Lorain County face various barriers to employment. Often, they lack the skills and education necessary for high-level jobs. Lack of education serves as the primary barrier to employment for WDA's Adult, DW, and Youth customers as well as for the broader Lorain County community. Many Lorain County residents lack a high school diploma or generalized equivalency diploma (GED); according to Lorain County staff, 30,000 county residents should have a high school diploma or GED but do not. However, only a small fraction of this population interacts with the AJC. For those who do utilize WIA services, remediation is typically necessary before occupational training or placements can occur.



Additionally, because many dislocated workers worked in long-term jobs, they did not upgrade their skills over time. Age also serves as a common barrier to employment for adults and DWs. WDA staff indicated that workers ages 45 to 54 likely face age discrimination because they might be considered “health care risks.” Additionally, customers in this age group often worked in long-term jobs earning good wages and now expect unrealistic wages. For youth, a complete lack of work experience serves as a large employment barrier, according to staff members, as does the lack of high school completion. Transportation restrictions are a common barrier for all populations in Lorain County.

### Overview of Waivers Approved for the State and Implemented in Lorain County

JFS was approved for six waivers of interest in PYs 2008 and 2009—A-DWT, IWT, IWTS, CT, CPYE, and ITA—and for a seventh in PY 2010—OJT (see Table 1). JFS works with the local WIB directors to determine which waivers to request and engages them when developing policy guidance for approved waivers. With the exception of the IWTS waiver, JFS does not require the local areas to apply to use the waivers. After DOL approves the waiver requests, JFS develops state-level policies for the waivers and local areas are then free to implement waivers as needed. To implement the IWTS waiver, local areas must request Rapid Response funds through an application, which requires local areas to document why Rapid Response funds are necessary.

JFS staff indicated that all of the approved waivers of interest have been implemented in at least one local area during the period of interest. WDA implemented a subset of the state’s approved waivers since PY 2008: IWT, IWTS, CPYE, and ITA.

**Table 1. Approved for State and Implemented in Lorain County: Waivers of Interest from PY 2008 to PY 2010**

Waivers	2008		2009		2010	
	State Approved	Lorain County Implemented	State Approved	Lorain County Implemented	State Approved	Lorain County Implemented
A-DWT	✓		✓		✓	
IWT	✓	✓	✓	✓	✓	✓
IWTS	✓	✓	✓	✓	✓	✓
CT	✓		✓		✓	
OJT					✓	
CPYE	✓	✓	✓	✓	✓	✓
ITA	✓	✓	✓	✓	✓	✓
Work-flex						

### Motivations for Selecting Waivers

JFS requires waivers to meet three goals: (1) to ease local-level program implementation, (2) to provide clients with better services, and (3) to be responsive to businesses. Similarly, WDA implements waivers to meet specific service needs and circumstances. The following describes the motivations for requesting and implementing each waiver in the state and local area:



- **ADWT.** JFS applied for the A-DWT waiver to reinforce its commitment to locally driven workforce policies. By transferring funds, local areas can match funding to the customers utilizing AJC services. Additionally, although local areas can often leverage different funding sources to serve DWs, adults rely on WIA funds and the ability to transfer funds might enable local areas to serve additional customers.

WDA did not implement the A-DWT waiver during the period of interest. Staff noted that although they do transfer funds between the Adult and DW funding streams, they have not needed to transfer funds beyond 30 percent.

- **IWT/IWTS.** JFS requested the IWT and IWTS waivers to increase business services and to engage business in the workforce development system. Although JFS continues to request these waivers, JFS staff noted that since the layoff-aversion stipulation was added to the waivers in PY 2009, fewer local areas participate in IWT.

WDA implemented the IWT and IWTS waivers to help employers meet their expressed needs and created more IWT. Despite the layoff-aversion stipulation, WDA continues to implement both waivers, but the program is not marketed to employers. The local area utilizes IWT to meet specific employer needs determined through general meetings with employers and referrals from other economic partners. According to WDA staff, the number of employers participating in IWT dropped from approximately 30 to 2 following the addition of the layoff-aversion stipulation.

- **CT.** JFS applied for the CT waiver to improve the workforce system's relationship with the business community. JFS staff noted that most of the WIA rules and regulations target job seekers' needs; the CT waiver engages the employer community. Of the state's 20 local areas, only one implemented the waiver. Local areas conducting CT typically find the 50 percent reimbursement rate high enough to attract employer interest.

WDA did not implement the CT waiver. In general, WDA does not conduct CT, so it is unnecessary.

- **OJT.** Through the OJT waiver, JFS hopes to improve the workforce system's relationship with the business community. OJT is a priority under the governor's workforce initiatives. Consequently, the OJT waiver is one piece of a larger state-level initiative. Many local areas in Ohio conduct OJT; however, many of them might be doing so without utilizing the waiver.

The Lorain County WIB Director, along with all other WIB Directors in Ohio, opted against implementing the OJT waiver in an effort to avoid competition across local areas. However, WDA staff noted that the waiver is available and if the right situation arose, they might implement it. Staff suggested that employers might be enticed to work with a different local area if it offered a higher reimbursement rate. Maintaining the 50 percent reimbursement rate prevents competition from developing within the workforce system.

- **CPYE.** JFS requested the CPYE waiver so that remote rural areas could have the flexibility to provide youth programming in-house. According to JFS staff, Ohio's population is divided between urban and rural areas. Urban areas tend to have many youth resources available, but rural areas have limited youth programming options.

WDA chose to implement the CPYE waiver to better align youth services with performance outcomes. Historically, the local area failed the performance outcome related to the number of youth entering employment. Through the waiver, WDA brought work experience coordination in house to better serve and understand its youth customers.

- **ITA.** JFS asked for the ITA waiver so that youth services could be consistent with adult and DW services. Staff suggested older youth, ages 18 to 21, are good candidates for an ITA, and JFS wanted to ease the process for local areas to enroll older youth in ITAs.

WDA enrolls youth in ITAs through the waiver. Before the waiver, older youth could be co-enrolled in the Adult program to be eligible for an ITA. WDA staff noted that a small number of youth are enrolled in ITAs, but using the waiver is beneficial because it enables youth to remain in the youth program, which better meets their comprehensive needs.

## Process for Implementing Waivers

After JFS receives waiver approval from DOL, JFS staff send an announcement to the local areas listing the approved waivers and conditions for their implementation. Local areas receive the announcement through email and the announcement is available online. JFS also develops written policy guidance for each of the waivers. In addition to written guidance, JFS provides various types of technical assistance—such as focus groups, webinars, and video conferences—for waiver implementation. JFS requires local areas to apply to use the IWTS waiver; for the other waivers, local areas are free to implement waivers without state approval. To implement the IWTS waiver, local areas submit an application to JFS justifying why a dislocation event in the local area, such as a Worker Adjustment and Retraining Notification (WARN) notice, necessitates state Rapid Response funds.

WDA implemented the IWT, IWTS, CPYE, and ITA waivers; all of the waivers required additional planning. Although the project team did not speak with staff who oversaw the implementation of the IWT and IWTS waivers, current local area staff indicated that the waivers likely required a high level of coordination and planning. The Lorain County Leadership Team, composed of the community college, the county commissioners, the Chamber of Commerce, the local WIB, and the AJC, likely contributed to the implementation of IWT. WDA also developed many promotional materials for the program and recruited employers through its website and online IWT application. To implement the Youth waivers, local area staff worked closely with the Lorain County Leadership Team to serve the needs of the youth customers. Additionally, under the CPYE waiver, WDA brought the coordination of youth work experience in house and hired a work experience coordinator.

## Waiver Reporting

For each of the implemented waivers, WDA collects essential pieces of data. Under the IWT and IWTS waivers, local area staff track which employers participate, what credentials or certificates employees receive, the types of skill attainment activities provided, the training duration, the cost of the training, and the employer contribution. Employees trained under the waivers are enrolled in WIA through a shortened version of the WIA registration process. For ITAs for youth, WDA tracks enrollment in occupational training, trainings in which customers

enrolled, whether the training was completed, employment following training, and credential attainment. In addition to these elements, youth staff track grades and numeracy and literacy levels. Most of these data are entered in Sharing Career Opportunities and Training Information (SCOTI), the state's management information system. These data are tracked as part of local areas' standard procedures; therefore, the state does not require additional information to be tracked for the waivers. The state accesses data directly from SCOTI and the local areas do not complete any additional reports.

## Waivers of Interest

### State and Local Funds for Incumbent-Worker Training as a Statewide Activity

In PY 2008, WDA implemented both the IWT and IWTS waivers to further develop its existing IWT program, Project TEN (Train Employees Now). Project TEN utilized WIA formula funds to assist employers by upgrading the skills of existing employees. WDA marketed Project TEN to employers as an opportunity for growth and conducted extensive training under the IWT program before the waivers were available. When WDA first implemented the waivers, local area staff worked closely with the local economic development agency to recruit employers. WDA also developed a new marketing campaign to attract employers that included print and broadcast advertisements and an online application for employers. During PY 2008, approximately 30 employers participated in IWT. Participants represented a broad industry base, including nursing homes, customer service centers, manufacturers, and banks. Consequently, the training provided under the waiver varied greatly and training programs were selected to meet expressed employer needs. WDA staff noted that the program was very successful and well received by employers because of the opportunity for growth and the flexibility of available training options.<sup>28</sup>

WDA's IWT changed substantially beginning in PY 2009 when the stipulation for layoff aversion was added to the IWT and IWTS waivers. Because of the change in the waiver, WDA discontinued its marketing campaign and recruiting activities. According to staff, defining layoff aversion was difficult and limited the scope of IWT; consequently, marketing IWT was unnecessary because few employers were eligible to participate. Instead of marketing IWT to all employers, WDA staff now wait for employers to approach them about training needs. When employers reach out to the local area, Lorain County staff discuss IWT and layoff aversion with employers, and both parties then decide if IWT is a good fit. Since PY 2009, two employers have participated in IWT with layoff aversion. WDA staff noted that employers are reluctant to put the need for layoff aversion in writing because of how employees and the community could mistakenly perceive it.

One employer credited IWT with its ability to remain competitive. Through IWT, the employer selected employees to complete various International Organization for Standardization (ISO) trainings, which its customers increasingly require. Employees who received the training then trained additional employees. This employer first participated in IWT before the addition of

---

<sup>28</sup> Only those waivers implemented by the local area are discussed in detail. The IWTS waiver will be discussed here only if the local area used state funds to conduct incumbent-worker training locally.

layoff aversion. However, its industry is very competitive and, as a result, a case could easily be made to continue training under the layoff-aversion stipulation. According to the representative the study team spoke with, the IWT waiver-supported training enabled the company to remain competitive in a tight market and positioned trained employees for advancement within the company.

### **Competitive Procurement for Youth Elements**

Before the CPYE waiver, WDA failed its performance outcome related to the number of youth entering employment and expended substantial funds on outsourcing the administration of the WIA Youth program. In order to meet the needs of its youth clients, WDA utilized the CPYE waiver to bring its Youth program and the provision of youth paid and unpaid work experience in house. Lorain County found that bringing the services in house required it to hire a youth work experience coordinator but still resulted in cost savings. The youth work experience coordinator works directly with youth customers to place them in work experience and recruits employers to participate in paid and unpaid work experiences. In addition to work experience coordination, WDA used the waiver to conduct support services in house. Support services include framework services, which are akin to case management, and resource support services, such as allowances for clothing and dorm deposits, incentives for academic performance, and stipends for transportation.

Through the waiver, WDA staff report that they now know their youth clients. Previously, youth customers were isolated from the WIA system as a whole, and the Youth program was not implemented by other entities as a career preparation program. Staff suggested that the waiver enables the local area to assert greater control over the Youth program and provides for more active case management, addressing academics and career planning. According to staff, because they provide services in house, youth customers associate work experience with WIA and are therefore more likely to look to the WIA system for career and training assistance in the future. Although staff believe they now serve fewer youth customers, those customers receive comprehensive services and the AJC staff know their customers. Additionally, some parents of these youth customers, who otherwise would not have interacted with the WIA system, are beginning to utilize AJC services.

### **Youth Individual Training Accounts**

WDA implements the ITA waiver as another part of its service tool kit. Staff noted that this waiver is straightforward and used to provide youth customers with another service option. Although WDA could co-enroll older youth in the Adult program, staff believe that youth are better served by remaining part of the Youth program. The Adult and Youth programs approach case management differently, and it is important for youth to continue to work with a youth case manager when enrolled in an ITA.

WDA enrolls youth in an ITA only when extraordinary circumstances exist. Typically, youth enrolled in an ITA are older youth who are not eligible for Pell Grants or who want to enroll in a program that cannot be funded through a Pell Grant. In order to receive an ITA, a youth customer must have ongoing, positive interactions with the WIA youth program, meaning he or she meets regularly with a case manager and participates in other youth programs. Youth customers also must have explicit career goals and express an understanding of how an ITA will help them meet those goals. The number of youth enrolled in an ITA is minimal, but the waiver

enables Lorain County to provide youth with training when necessary without relying on co-enrollment.

### **Successes of Waiver Implementation**

Staff and the one employer interviewed during the site visit agreed that the IWT waiver is a beneficial workforce development strategy when layoff aversion is not required. Lorain County staff believed that the waiver was incredibly helpful in meeting the area's goals in PY 2008. At that time, the waiver enabled them to market IWT to a wide array of employers and promote growth within Lorain County. Without the requirement for layoff aversion, staff easily recruited employers to participate in training, meeting the area's goal to engage employers in workforce development. The one employer interviewed believed that IWT helped his company remain competitive and contributed to a company culture that values training. Lorain County plans to continue to use the waiver, despite the layoff-aversion stipulation. For example, Lorain County now works with the management of a steel mill that shut down for safety concerns. The local area staff plan to retrain laid-off employees on safety regulations so that the steel mill can reopen.

Lorain County staff also felt that the CPYE waiver, which enabled them to bring youth services in house, is useful. Through CPYE, Lorain County exerted much more control over its Youth program. As a result of the waiver, youth customers receive comprehensive services and case management, which were previously lacking. Additionally, by administering the work experience in house, Lorain County improved its youth outcomes. The waiver enables the local area to better understand and control the quality of services provided. Staff indicated that because of the waiver, youth customers receive academic and career planning services from trained workforce professionals rather than from community organizations.

### **Challenges of Waiver Implementation**

WDA's challenges with waiver implementation were largely tied to the addition of layoff aversion to the IWT and IWTS waivers in PY 2009. Local area staff asserted that defining aversion is extremely difficult, which makes recruiting employers difficult. Similarly, employers are reluctant to state the need for layoff aversion in writing because they do not want to create undue concern among employees or the community as a whole. Additionally, local area staff indicated that many closures in the area occurred before the implementation of the IWT waiver; therefore, any employers that could have benefitted from IWT with layoff aversion already completed layoffs or were forced to close. WDA indicated that implementation of the ITA and CPYE waivers was relatively easy. However, for the CPYE waiver, WDA staff noted that many community organizations felt entitled to WIA youth dollars. As a result, the local area felt some pushback from community organizations when services were brought in house.

One employer reported that it is cumbersome for its employees to meet WIA documentation requirements under the IWT waiver because they have to provide local area staff with documents, such as birth certificates, already provided to the employer. Also, the employer indicated that paying for training up front could be difficult for many employers. This is especially true for employers facing layoff aversion, as they might not have the funds available to pay for training. Mirroring the views expressed by local staff, the employer felt certain that removing the requirement for layoff aversion from the waivers would ease implementation and increase employer participation.

## Observations on the Waiver Process

Although WDA staff generally felt positively about waivers, they offered two suggestions for how they could better utilize waivers.

- **The layoff-aversion stipulation for the IWT and IWTS waivers.** WDA staff, as well as the employer interviewed for this site, frequently suggested that the requirement for layoff aversion limited the effectiveness of IWT. Without this requirement, IWT could be used to help companies grow as they promote current employees and open entry-level positions. With the removal of the association of layoff aversion with IWT, employers would also be more inclined to participate.
- **CPYE for all youth elements, with the exception of occupational training.** Through the CPYE waiver, WDA took control of its Youth program. However, staff believe that the Youth program could be better executed if the AJC could provide all Youth program elements, with the exception of occupational training. According to staff, providing more elements in house would allow for a higher, more consistent standard of service quality across the Youth program.

## Locations and Dates of Visits

The study team visited Lorain County from March 22 to 23, 2012, and conducted interviews with staff from the organizations listed in Table 2. Before the visit, the study team also conducted telephone calls with staff from JFS in order to better understand the state-level experience with waivers.

**Table 2. Site Visit Locations**

Organization	Location
<b>State</b>	
Ohio Department of Job and Family Services	Columbus
<b>Local Area</b>	
Lorain County Department of Workforce Development	Elyria
The Employment netWork	Elyria
IWT Employer (Hazardous Waste Destruction)	Elyria



## PENNSYLVANIA CASE STUDY PROFILE

### Overview of State and Local Context

The Bureau of Workforce Development Partnership (BWDP), a division of the Pennsylvania Department of Labor and Industry, sets the policy agenda for WIA and administers the Adult, Dislocated Worker (DW), and Youth programs through the state's network of CareerLink or American Job Centers (AJC). It has 23 local areas (two areas share a WIB), and each local area is responsible for overseeing its own AJCs and implementing WIA Adult, DW, and Youth programs at the local level.

The study team visited the Philadelphia local area to get an in-depth look at waiver implementation in Pennsylvania. Currently, two separate agencies are responsible for overseeing the operation of WIA programs in Philadelphia County: the Philadelphia Workforce Investment Board, Inc. (PWIB) and the Philadelphia Workforce Development Corporation (PWDC).<sup>29</sup> PWIB conducts research on local workforce issues and provides policy guidance to PWDC. PWDC is both the fiscal agent and the program operator in this area. It staffs the AJCs and manages WIA Adult, DW, and Youth programs. The local area has five AJCs at which customers can access WIA services.

The Philadelphia local area had the highest unemployment rate in the state at 10.1 percent in 2010. The area has faced a number of significant layoffs from large employers in the past few years, though health care, manufacturing, hospitality, and retail remain the major industries in the area.

Adults and youth alike face many barriers to finding and retaining employment. Most lack basic literacy and math skills needed for becoming employed, whereas those who had employment and became dislocated lack the skills needed for the available jobs. For instance, more high-tech companies such as green manufacturers are opening in the area, but workers do not have the required work-related skills or resumes to qualify for jobs. Also, youth commonly lack an employment history, which makes them less competitive for jobs in general.

#### **Local Area Spotlight:** *Philadelphia*

***Geographic Area Served:*** Urban; serves Philadelphia County, which has the same boundaries as the city of Philadelphia

#### ***Customers Served in 2010:***

- 2,236 adults
- 2,716 dislocated workers
- 1,265 youth

***Major Industries and Employers:*** Health care, educational services, transportation and warehousing, and manufacturing

#### ***Waiver Highlights:***

- **A-DWT:** Transferred funds from adults to dislocated workers
- **IWT:** Served 116 adults and 71 dislocated workers in PY 2009
- **CT:** Served 472 customers in PY 2009 and 370 customers in PY 2010 under the sliding scale

<sup>29</sup> On July 1, 2012, these two agencies will be replaced by one, Philadelphia Works, Inc.

## Overview of Waivers Approved for the State and Implemented in Philadelphia

BWDP requested and was approved for six of the waivers of interest between PYs 2008 and 2010: A-DWT, IWT, IWTS, CT, OJT, and ITA. The state meets with local WIB directors regularly, and at these meetings the local areas can make suggestions for waivers that would benefit their areas. If BWDP feels a certain waiver will have a positive impact across multiple local areas, it will move forward with the request. After the waivers have been approved, the state issues a memo on the waivers available and provides guidance memos in accordance with the state's strategic plan. The information is readily available on the state's website.

For most waivers, the state does not require the local area to request permission to implement the waiver; however, local areas do describe in their local plans the waivers they intend to use. In addition, changes to their service delivery approach due to a waiver require revisions to their plan and approval from the state. For two waivers—A-DWT and IWTS—local areas have to explicitly request to use the waiver. For the IWTS waiver, the local area must submit an application that includes information such as the name of the employer, how many participants will be affected, what types of training will be involved, and how layoffs are being averted.

Previously, Philadelphia did not have a specific strategic plan for waivers; however, motivated by funding reductions and the merging of PWDC and PWIB that will be completed in the summer of 2012, the local area has begun to look more strategically at waiver use. The local area is concerned with providing opportunities for workers to learn new skills or update ones to qualify for available jobs and with how it can meet the needs of employers. The Philadelphia local area implemented A-DWT, IWT, and CT in PYs 2009 and 2010.

**Table 1. Approved for the State and Implemented in Philadelphia: Waivers of Interest from PY 2008 to PY 2010**

Waivers	2008		2009		2010	
	State Approved	Philadelphia Implemented	State Approved	Philadelphia Implemented	State Approved	Philadelphia Implemented
A-DWT	✓		✓	✓	✓	✓
IWT	✓		✓	✓	✓	✓
IWTS	✓		✓		✓	
CT	✓		✓	✓	✓	✓
OJT	✓		✓		✓	
CPYE						
ITA	✓		✓		✓	
Work-flex						

## Motivations for Selecting Waivers

Pennsylvania believes that waivers should be requested to serve as part of a “strategic toolkit approach.” It works closely with local areas to determine waivers that would be most useful for day-to-day operations or should unexpected events or circumstances arise.



Having more funding flexibility and a strategic approach to waivers is critical to Philadelphia's current workforce development because of significant budget cuts in recent years. Since the merger process began, PWDC and PWIB have looked to effectively utilize waivers to assist unemployed adults and youth who face barriers to employment in addition to exploring other innovative strategies. Philadelphia not only works with federally mandated partners to serve customers, but also is increasingly focused on building partnerships with employers and industry associations in specific sectors. The local area hopes to use these partnerships and WIA waivers to leverage funding for workforce development initiatives and design programs that address the needs of local industries and employers. The local area also wishes to have more flexibility in how it spends money through the implementation of waivers.

- **A-DWT.** The state requests the waiver to provide the local areas with flexibility to fund the customers in their area as economic circumstance change. This waiver has been consistently used by local areas and the state recognizes its benefits; thus, the state continues to request it annually.

Philadelphia decided to use this waiver because its allocations did not match the volume of customers in each funding stream. The waiver enabled it to move excess Adult funds into the DW program to better serve the needs of dislocated workers and to serve more customers overall.

- **IWT/IWTS.** Few local areas in Pennsylvania use these waivers, although the state continues to request it for those that do. The state noted that most local areas either prefer to use other sources of funding for IWT or give priority of service to unemployed rather than incumbent workers.

Philadelphia implemented training under the IWT waiver to serve employers that actively sought out help in retraining their employees. Although the number of employers using it has been low, the waiver enabled the local area to provide the most appropriate services for those particular employers. In the future, the local area would like to use the waiver to find employers who have employees with missing skills and bridge the gap.

- **CT.** The state requested the CT waiver in order to serve different types of employers and increase the number of employers that have a connection to the workforce system. The waiver enables local areas to target small or medium-sized companies and to make workforce services more attractive to them.

PWDC and PWIB hoped that the CT waiver would help them improve their job placement rates and connect more customers to employment. In addition, because employers design the curriculum and choose their trainees, this strategy serves the needs of Philadelphia's employers and customers.

- **OJT.** The state requested the OJT waiver for local areas that are interested in using the sliding scale to attract employers to OJT. The state noted that local areas have reported an increase in the use of OJT since implementation of the waiver began.

Philadelphia only began to target small and medium-sized employers that would benefit from the sliding scale in PY 2011 and had not implemented the waiver before that year. Staff in this local area also noted that there was little desire to use the sliding scale because most employers were comfortable with the existing reimbursement rate for OJT.

- **ITA.** Pennsylvania believes that ITAs give youth more choice with regard to their future and provides them with opportunities to continue with their education and eventually find meaningful employment. Statewide, the ITA waiver has been used widely since it was first approved.

Philadelphia did not use the ITA waiver because the youth services provider felt that its case management-based programming model did not fit with the use of ITAs.

## Process for Implementing Waivers

When the state receives its waiver approvals from DOL, it releases policy notifications and guidance to local areas. Local areas can also obtain guidance from the state website or from in-person meetings and conference calls between local areas and the state. With the exception of the A-DWT and IWTS waivers, local areas are then free to use any of the waivers without having to apply for permission from the state. In order to transfer any amount between funding streams, the local area must notify the state's fiscal unit. The state also has a formal application process for local areas that wish to use state Rapid Response funds for IWT.

The local WIB and its staff, the board of directors of PWDC, the director of PWDC, the Business Services unit, the Contracting unit, and the AJCs were involved in the planning of local implementation of waivers. For the A-DWT waiver, PWDC notifies PWIB when the transfer is necessary based on customer volume, and PWIB requests the waiver from the state. For the IWT waiver, staff from PWIB and PWDC discuss how the use of funds would be approved and what processes would be put in place for enrolling participants and employers. For the CT waiver, senior staff at PWIB work with the operations staff at PWDC and AJC managers to determine how the CT waiver should be implemented.

## Waiver Reporting

Pennsylvania has used a system called the Commonwealth Workforce Development System (CWDS) to track data since 2008. The state system tracks customers who receive core, intensive, and training services, including their demographic information; program information (that is, Adult, Dislocated Worker, UI, Temporary Assistance for Needy Families, Veterans, and Vocational Rehabilitation); wage records; and common outcomes. The state provides local areas with guidance on the proper or acceptable documentation of each data element and monitors local areas' data management.

Data are entered into the state system directly by staff in the local areas. In Philadelphia, AJC staff enter information about participants when they enroll and when they receive core and intensive services. PWDC staff enter data into the state system about training services received by participants, including training type, completion, and placements. For the IWT waiver, for example, CWDS tracks the attainment of industry-recognized certificates or credentials and the duration and intensity of training provided through the waiver. In addition to entering data into CWDS, Philadelphia submits quarterly reports to the state and in turn receives performance outcome reports.

Philadelphia also uses an internal database to track additional data on participants and services received, such as information on customer retention, the costs of training, and participating employers. This information is also a means to monitor the use of IWT and other waivers for the local area.

## Waivers of Interest

### Adult-Dislocated Worker Transfer

The local area typically moves funds from adults to DWs. This transfer enables the local area to expand services to serve DWs longer. Traditionally, the focus for the DW program has been to find customers a job immediately; with the waiver, the local area has tried to connect dislocated workers to training or certification. The transfer does not reduce the number of clients in the Adult funding stream because the local area moves the money in order to use all of its allocated funding.<sup>30</sup>

### Local Funds for Incumbent-Worker Training as a Statewide Activity

Before the availability of the waivers, Philadelphia used state general funds to finance skill upgrades for incumbent workers. Under the waiver, the local area used local funds to finance IWT as a direct response to employers that were on the verge of laying off workers. When an employer requests funding for IWT, the local area seeks Rapid Response funds from the state first and uses local funds if state funds are not available. Although only two requests for training have been fulfilled with local formula funds since the waivers were approved, a total of 187 employees across these two cases avoided losing their jobs because of the training they received. Each case involved multiple, but similar, employers whose employees needed training to remain employed.

In one case, a child care quality provider requested assistance from the local area to help employees at a number of local day care centers obtain credentials that would satisfy new state regulations regarding the educational qualifications of child care workers. Without further training and relevant certifications in early childhood education, many employees would have lost their jobs. Employees received support to finish two- and four-year degrees or certifications in early childhood education depending on their position. All training was classroom-based at local educational institutions. The local area hired a subcontractor who managed the training and case management of trainees.

Several local schools also used IWT for teacher interns.<sup>31</sup> The local area spends on average \$4,000 to \$5,000 per participant for incumbent-worker training.

### Employer Contribution for Customized Training

CT is most often used in the health care, logistics, transportation, warehousing, and manufacturing industries but reaches a diverse group of large and small employers. The local WIB requires any training conducted to be for jobs that pay at least \$13 an hour, with the hope that jobs will pay well and offer upward mobility. The local area believes the CT waiver has

---

<sup>30</sup> Only those waivers implemented by the local area are discussed in detail. The IWTS waiver will be discussed here only if the local area used state funds to conduct incumbent-worker training locally.

<sup>31</sup> One additional employer in the manufacturing industry used American Recovery and Reinvestment Act of 2009 (ARRA) Dislocated Worker funds to conduct training through the IWT program and reported being able to stay in business as a result.

been very successful; it reported a placement rate of 96 percent and training costs from \$2,500 to \$5,000 per person.

Philadelphia's approach to CT has evolved in the past few years. Before the waiver, contracts for CT were often developed with training providers and not employers. The training providers would provide training and were then expected to place the trainees in jobs. In PY 2009, the first year the waiver was implemented, the local area began to require training providers to submit a training curriculum and letters from an employer guaranteeing employment before awarding funds for CT. More recently, the local area has focused on negotiating CT contracts with employers instead of training providers to ensure the best placement opportunities for customers.

The selection of eligible participants has not changed. The AJCs are responsible for finding WIA-eligible clients who meet the criteria of skills or experience established by the training provider or employer. A list of potential candidates is sent for review, and the training provider or employer has the opportunity to screen and interview potential candidates before making a final selection. After training begins, PWDC's retention unit conducts site visits, collects trainees' timesheets, and conducts follow-up to track completion and retention.

One CT provider has worked with the local area for many years and reported a current placement rate of close to 90 percent. In 2009, the provider won a contract with a federal agency to staff security guards in federal offices. The provider approached the local area for assistance in finding suitable trainees and to subsidize training costs. The training provider offered the space for training, uniforms, and other materials as its share of the contribution toward the costs of training.

### **Successes and Lessons Learned of Waiver Implementation**

The local area finds the A-DWT waiver very useful because it enables more clients to be served in general. Also, the waiver "gives [the local area] the flexibility [it] needs based upon what is happening in real time." The local area intends to use this waiver again in the future as the need arises.

Even though only two requests have been fulfilled so far under the IWT waiver, staff agreed that the IWT and IWTS waivers are effective tools for layoff aversion. The local area hopes to continue using the waivers and serving more employers.

CT enables the local area to help employers find the skills and employees they need and connect customers more quickly to employment. Having the CT waiver enabled the local area to help employers that could not afford to find and train new workers on their own; it also allowed the local area to provide valuable skills for customers who are not ready to invest in long-term training or further degrees but want meaningful employment.

### **Challenges of Waiver Implementation**

PWIB and PWDC staff mentioned that there have been two major challenges in implementing the waivers. First, the Philadelphia local area staff believe that they have not been able to use the IWT waiver to its fullest ability. A number of businesses in the region have

training needs that do not fit within the criteria for layoff aversion. The local area would like the ability to serve these employers, especially because hiring is still slow in many parts of the city.

Second, the local workforce agency has found that it does not necessarily operate in a user-friendly manner for employers. Employers value expediency and want less paperwork and red tape, whereas the local area needs to abide by rules and regulations around the use of WIA funds and waivers. In order to address these concerns and serve employers better, the local area commissioned two studies, one by Right Management which looked specifically at business services and one by the Center for a Skilled Workforce that examined the full system. The workforce agency made changes based on the findings and recommendations of these two reports, including creating a contracting unit that will be available beginning July 1, 2012, to assist employers with financial paper work. In addition, the Business Services unit recently reduced the length of its training contract from 22 to 5 pages.

### Observations on the Waiver Process

Staff in the Philadelphia local area found the implemented waivers useful to their mission and made two observations about how their local area might benefit more effectively from use of the waivers.

- **Making the waiver implementation process more employer-friendly.** Philadelphia staff suggested that a more efficient contracting process could attract more employers. Even though the local area reduced the length of contracts, many employers think that the amount of paperwork needed to participate under waivers is still burdensome. Although it is important to adhere to financial rules and regulations, local areas have to keep in mind that employers are used to fast and less bureaucratic services offered in the private sector. Creating a unit that assists employers with paperwork is a possible solution to this problem.
- **Focusing on retaining workers rather than adding new workers.** Both the interviewed employer and staff suggested that many employers currently have an optimal level of employees; thus, they do not need to hire new workers. However, government policies and funding seem to be more focused on creating new jobs. Employer-focused waivers such as CT and IWT could be used more often to fill the gaps in employee skills.

### Locations and Dates of Visits

The study team visited the Philadelphia local area from March 27 to 28, 2012, and conducted interviews with staff from the organizations listed in Table 2. Before the visit, the study team also conducted telephone calls with staff from the BWDP to better understand the state-level experience with waivers.

**Table 2. Site Visit Locations**

Organization	Location
<b>State</b>	
Pennsylvania Department of Labor & Industry, Bureau of Workforce Development Partnership	Harrisburg
<b>Local Area</b>	
Philadelphia Workforce Investment Board	Philadelphia
Philadelphia Workforce Development Corporation	Philadelphia
CareerLink Philadelphia North	Philadelphia
CT Training Provider (Security)	Philadelphia
ARRA IWT Employer (Manufacturing)	Philadelphia

## SOUTH CAROLINA CASE STUDY PROFILE

### Overview of State and Local Context

The South Carolina Department of Employment and Workforce (DEW) is responsible for determining WIA policies at the state level and overseeing the implementation of WIA Adult, Dislocated Worker (DW), and Youth programs at the state level. Each of the 12 local workforce investments areas establishes policies and procedures for implementing WIA state policies at the local level.

The study team visited the WorkLink local area in South Carolina. The WorkLink WIB has contracted with two service providers—ResCare Workforce Services (ResCare) for WIA adult services at three American Jobs Centers (AJC) and Palmetto Youth Connections (PYC) for youth services—through adult centers—in Anderson, Oconee, and Pickens counties. The Anderson AJC has structured partnerships with numerous organizations and service providers that come to the AJCs weekly to seamlessly provide clients with as much assistance as possible. Select floating partners visit the smaller Oconee and Pickens county AJCs less regularly. WorkLink also utilizes mobile AJCs, called EarthWalk Mobile Labs, and community access points to reach out to people living in rural and Hispanic communities.

Anderson County is considered more urban than the other counties, but WorkLink's service area is mostly rural. Its two main industries are health care and manufacturing. Because of the growing retiree community, the health care industry is rapidly expanding in the local area. This rapid growth has enabled hospitals to specialize in specific medical fields and establish alternative living arrangements for senior citizens. The local area also relies heavily on manufacturing, and the recession adversely affected the tri-county area because many manufacturing companies closed or downsized. The local economy is currently recovering as some manufacturing companies have started to expand their businesses.

In the WorkLink area, a common barrier to employment is the lack of a general equivalency diploma (GED) or high school diploma. Some adults are resistant to receiving more education; they either feel uncomfortable about reentering the classroom or believe that their decades of work experience are more applicable than a GED. Also, some adults have issues with failing a drug test and/or background check. In addition, some employers have noted that they are

#### **Local Area Spotlight: *WorkLink***

***Geographic Area Served:*** Primarily rural, with major cities of Anderson, Easley, and Clemson; serving counties of Anderson, Oconee, and Pickens

#### ***Customers Served in PY 2010:***

- 1,244 adults
- 684 dislocated workers
- 348 youth

***Major Industries and Employers:***  
Health care and manufacturing

#### ***Waiver Highlights:***

- **A-DWT:** 72% transfer from DW to A in PY 2009; 45% transfer from DW to A in PY 2010
- **IWT:** 211 participants in PY 2008, 79 participants in PY 2009, and 12 participants in PY 2010
- **OJT:** 328 participants in PY 2008, 119 participants in PY 2009, and 78 participants in PY 2010



hesitant to hire younger workers because they consider younger workers to be less responsible and reliable than are adults.

## Overview of Waivers Approved for the State and Implemented in WorkLink

When the state decides to pursue a waiver request, it seeks feedback from local areas to determine which waivers would be used. The state then makes the final decision regarding waiver requests.

DEW applied and was approved for the A-DWT, IWT, and OJT waivers from PYs 2008 to 2010 and for CT and ITA waivers in PYs 2009 and 2010. DEW also applied and was approved for the IWTS waiver in PYs 2008 and 2010. For the IWTS waiver, local areas may request to use state funds for the IWT program, but the state has to approve the employers involved.

To inform local areas about which waivers are available, at the start of each program year DEW sends a memo to the local areas that contains a synopsis of the state's approved waivers. The state also updates local areas about waivers and waiver decisions during monthly WIA Administrator meetings. If a local area is implementing any of the waivers, the area contacts the state for implementation guidance.

In the WorkLink area, the Executive Director communicates with DEW regarding waiver requests and approvals. In PYs 2008, 2009, and 2010, WorkLink applied for and implemented the OJT and IWT waivers. WorkLink was also approved by the state to use the A-DWT waiver in PYs 2009 and 2010.

**Table 1. Approved for State and Implemented by WorkLink: Waivers of Interest from PY 2008 to PY 2010**

Waivers	2008		2009		2010	
	State Approved	WorkLink Implemented	State Approved	WorkLink Implemented	State Approved	WorkLink Implemented
A-DWT	✓		✓	✓	✓	✓
IWT	✓	✓	✓	✓	✓	✓
IWTS	✓				✓	
CT			✓		✓	
OJT	✓	✓	✓	✓	✓	✓
CPYE						
ITA <sup>a</sup>			✓		✓	
Work-flex						

<sup>a</sup>WorkLink implemented the ITA waiver for the first time in PY 2011.

## Motivations for Selecting Waivers

The state requested each waiver for a specific purpose. For the WorkLink area, waivers were requested to help achieve a specific aspect of WorkLink's broader strategy of lowering unemployment rates and helping workers "get back on their feet." The following describes these motivations:



- **A-DWT.** The state requested the waiver to provide more flexibility to local areas and to improve fiscal management. Across the state, A-DWT is the most widely used waiver, with funds typically transferred from DWs to adults.

WorkLink applied for A-DWT to serve more customers and expected that the transfer would increase participant outcomes because more people would be able to participate in the programs. Although WorkLink did transfer funds in PYs 2008 to 2010 from the DW program to the Adult program, it did not transfer more than the 30 percent allowed under current WIA regulations in PY 2008. In PYs 2009 and 2010, however, WorkLink transferred funds from DW to Adult, at 72 percent and 45 percent, respectively, for those program years.

- **IWT and IWTS.** Before these waivers, the state and local areas did not have sufficient funding for all of the IWT they wished to support. DEW requested these waivers to have local areas' IWT funding needs met and to enable local areas to develop relationships with local businesses.

WorkLink used the IWT waiver because it likes to use local funds to support the local unemployed population. In situations where local IWT funds were not sufficient, WorkLink used state funds to meet employers' needs. For example, in PY 2008, an opportunity arose to help a local business avert layoffs with training, so WorkLink applied for the IWTS waiver. Although the state approved the funds, the funds were never used because the economic downturn forced the business to reconsider its training plans.

- **CT.** The state was interested in encouraging local areas to provide more CT throughout the state and saw the CT waiver as a tool to help meet this goal. However, none of the local areas in the state chose to implement the CT waiver.

WorkLink did not implement the CT waiver because it did not think there was enough guidance from the state on how to set up and utilize the waiver. WorkLink also noted that there was little interest from local employers in recent years for this program; WorkLink felt that the employer contribution requirement of the waiver detracted from the overall appeal to employers.

- **OJT.** The state requested the OJT waiver because, as in the case of the CT waiver, it wanted to encourage the local areas to do more training.

WorkLink implemented the OJT waiver in PYs 2008, 2009, and 2010 because it met the dual goals of serving employers' need to hire quality workers and employing WorkLink's customers. WorkLink expected the waiver to especially help small businesses; they can take advantage of the higher reimbursement rate and use their designated training funds for other areas of their business.

- **ITA.** DEW applied for the ITA waiver because it was interested in increasing customer training opportunities wherever possible and felt the ITA waiver would provide local areas with more flexibility to provide youth training.

WorkLink did not choose to implement the ITA waiver because it was already providing training to youth under other programs. However, in PY 2011, DEW mandated WorkLink to implement the ITA waiver through the Gateway to College tuition assistance program, a dual enrollment program between local high schools and the Tri-County Community College. WorkLink was able to serve only four youth

through the ITA waiver; another 24 youth who expressed an interest in training with an ITA did not meet the requirement to maintain a 2.0 GPA.

## **Process for Implementing Waivers**

At the start of each program year, the state sends a memo to the local areas containing a synopsis of the state's approved waivers. If a local area wants to implement any of the waivers, the area contacts the state for implementation guidance. WorkLink's Executive Director presents its suggestions for local waivers to the Workforce Investment Board, which then communicates with DEW for final approval.

When WorkLink receives a Notice of Fund Authorization from the state detailing the funds available for Adult, DW, and Youth programs, it creates contracts with their service providers based on the amount of funding split between these populations. WorkLink provides any necessary waiver guidance in these contracts. Service providers then independently train their staffs on procedures and implementation.

## **Waiver Reporting**

All local areas use the South Carolina Works Online Services (SC Works) database to report to the state. Through this system, DEW and WorkLink share participant-level data and performance outcomes. Demographic information, such as date of birth, race/ethnicity, and gender, and other customer information, including income, veteran status, and participation in public assistance, must be reported. The State also requires that local areas submit reports about OJT and funds expended, but this information is not kept within SC Works.

WorkLink tracks additional elements outside of SC Works, such as WorkLink the total number of employees in each participating company for the OJT waiver, and WorkLink financial information related to the A-DWT waiver. SC Works is not set-up to track this additional information.

## **Waivers of Interest**

### **Adult-Dislocated Worker Transfer**

The local area uses A-DWT to serve more customers. WorkLink transfers money from DWs to adults because the ratio of adult to dislocated worker is approximately 65:35 in the local area; in the past the ratio was closer to 50:50. Funding for DWs is also available through the Trade Adjustment Assistance program. WorkLink staff also noted that the strict requirement to assign individuals to a specific funding stream is another reason why the A-DWT is important. For example, WorkLink once requested using both dislocated worker and adult funds to set up a job fair, but the state did not allow the use of funds because an employment event can receive funds from the dislocated worker funding stream only if that event exclusively serves dislocated workers.

### **Local Funds for Incumbent-Worker Training as a Statewide Activity**

WorkLink has a history of successfully using the incumbent-worker training program to meet the needs of local businesses. Once the IWT waiver became available in PY2008, WorkLink put out an ad in the newspaper, announcing a competitive bid to participate in the

IWT designed to avert layoffs. Employers then sent applications and a review committee decided how much waiver money went to each eligible employer. A local private ambulance company was one beneficiary of the waiver. The company did not have enough money to train all of their workers to receive an EMT license, which was a new state requirement for every person working in or driving an ambulance. Without the waiver, the company says they would have gone out of business.

### **Rapid Response Funds for Incumbent-Worker Training as a Statewide Activity**

The local area can request IWTS from the state, and the state has to approve the employers involved. The local area requested Rapid Respond Funds in PY2009 for a business that was anticipating large layoffs and received around \$400,000. However, the funds were never used because the economic downturn forced the business to reconsider its training plans.

### **Employer Reimbursement for On-the-Job Training**

WorkLink contracted with more than 20 different employers to offer 328 OJTs in PY 2008, 119 in PY 2009, and 78 in PY 2010. Participating industries include manufacturing, communications, and education. The duration of training varied based on industry and skill level of the employee. However, WorkLink estimates that the average duration is 400 hours, or 10 to 12 weeks of training. Although all participants completed their OJT in each of the PYs, not all were hired by employers. In PY 2008, 72 percent of OJT participants were hired by employers, 86 percent were hired in PY 2009, and 69 percent were hired in PY 2010. Often upon completion of training, employees are recognized with employer-specific certificates and may receive a pay raise, bonus, or promotion.

Although not specifically targeted, most of the employers served under the OJT waiver are small businesses in the WorkLink area. Staff have found that the waiver's sliding scale encourages more small than medium-sized businesses to participate in OJT. Generally, smaller businesses do not have the financial ability to conduct training, and the high reimbursement rate is appealing. Medium-sized businesses, on the other hand, do not find the lower reimbursement rate particularly helpful and consider the required paperwork onerous.

Regardless of business size, some employers are eager to participate in the program, whereas others are hesitant. Some employers believe the subsidized training offers them the opportunity to identify candidates with the right personality but not necessarily the right training. However, even among small businesses, some employers are hesitant to participate in OJT because they have either participated in similar programs in the past and did not see positive results or have concerns about government involvement in their business.

### **Successes of Waiver Implementation**

Overall, WorkLink found the waivers useful. It plans to continue using the OJT waiver in the future because the program encouraged small business employers to hire more people from WorkLink's customer base. WorkLink expects the overall use of the waiver to increase as more employers become aware of OJT. It is also hopeful that it will begin to attract more medium-sized businesses by providing paperwork completion assistance (for example, helping them fill out the contract and write the job description and training outlines).

Regarding the A-DWT waiver, WorkLink staff believe that it is a useful tool because the area can serve more customers with the waiver. The area tends to have more adults to serve than dislocated workers and can maximize its funding by making additional funding available for the adult population. Additionally, many dislocated workers are eligible for Trade Adjustment Act funds, which pays for training that WIA services might otherwise provide. The A-DWT waiver allows the local area to identify gaps in Adult and DW population funding and make necessary adjustments to fill funding and service gaps. WorkLink plans to continue utilizing the waiver as long as possible.

### Challenges of Waiver Implementation

WorkLink staff struggled to encourage medium-sized businesses that still qualified for more than 50 percent reimbursement to participate under the OJT waiver. These businesses did not find the reimbursement rate to be a significant benefit and considered the required paperwork onerous. To encourage these businesses to participate in OJT, the local area began assisting them in filling out the contract and developing the job description and training outline. It is not yet clear if these additional incentives will increase OJT participation among such businesses.

### Observations on the Waiver Process

Overall, WIA waivers were useful for WorkLink because they gave more flexibility to the local area and encouraged employers to hire more workers from WorkLink's customer base. Nonetheless, there is still room for improvement, and WorkLink staff offered the following observations on how the waivers might better serve their local area:

- **Staff roles at the state level.** There is some confusion about who can provide waiver guidance and support at the state level, and the local area has trouble identifying people who can address their questions and concerns. This confusion also hinders communication between the state and local areas.
- **Independence and flexibility for local areas.** Even though WIA waivers give some flexibility to local areas, it is ultimately the state that determines which waivers to request from DOL and how much money can be transferred between Adult and DW funding streams. WorkLink would like more autonomy to decide which waivers to use and how to allocate money based on the area's unique characteristics.

### Locations and Dates of Visits

The study team visited the WorkLink local area from February 1 to 2, 2012, and conducted interviews with staff from the organizations listed in Table 2. Before the visit, the study team also conducted telephone calls with staff from the South Carolina DEW.

**Table 2. Site Visit Locations**

Organization	Location
<b>State</b>	
Department of Employment and Workforce	Columbia
<b>Local Area</b>	
SC Works: WorkLink	Pendleton
Anderson SC Works	Anderson
Palmetto Youth Connections	Seneca
Seneca SC Works	Seneca
OJT Employer 1 (Communications)	Anderson
OJT Employer 2 (Customer Service)	Anderson

**This page has been left blank for double-sided copying.**

## WEST VIRGINIA CASE STUDY PROFILE

### Overview of State and Local Context

Workforce West Virginia, a division of the West Virginia Department of Commerce, oversees WIA policy and operations across the state's seven workforce regions. The study team visited Region 2 in Southwestern West Virginia to gain a better understanding of how local areas in West Virginia utilize the waivers.

Region 2 oversees one comprehensive AJC located at the Region 2 office in Huntington, one satellite American Job Center (AJC), and five affiliate AJCs. Each county in Region 2 houses a satellite or affiliate AJC. Region 2 administers the Adult and Dislocated Worker programs through the AJCs but contracts out Youth services and OJT program administration to the Human Resources Development Foundation (HRDF).

Region 2 is geographically and economically diverse. The region includes urban, suburban, and rural areas. Unemployment and income levels vary across the seven counties. Because of the region's diversity, the recession affected some parts of the region more than others. For example, because many Putnam County residents work for the state government, that county was less affected by the recession than were other counties in Region 2. In 2010, the local economy improved slightly, but overall it is still down. The unemployment rate was 8.7 percent for the region in 2010.

The southern section of Region 2 is dominated by the coal industry. The coal industry is historically cyclical, and currently it is in a slump. The chemical and auto industries also declined recently. The only growing industry in the local area is the medical field, largely because of the area's aging population.

Lack of job skills, education, transportation or willingness to relocate within the state, and failure to pass drug tests represent significant barriers to employment for both adults and youth in the region. Additionally, many dislocated workers are older adults who held the same job for many years, often since high school, and they lack motivation to advance in their careers. These dislocated workers often did not gain transferable skills while they were employed, making it difficult to enter a new profession.

#### **Local Area Spotlight: *Region 2: Southwest***

***Geographic Area Served:*** Mix of urban, suburban, and rural areas; largest city is Huntington; serving counties of Putnam, Lincoln, Boone, Cabell, Wayne, Mingo, and Logan

#### ***Customers Served in 2010:***

- 61 adults
- 105 dislocated workers
- 104 youth

#### ***Major Industries and Employers:***

Coal, oil, and natural gas; state government; medical industry

#### ***Waiver Highlights:***

- **A-DWT:** transferred 39 percent of funds from Adults to Dislocated Workers in PY 2009
- **OJT:** 35 workers participated in on-the-job training at 28 different employers in PY 2010

## Overview of Waivers Approved for the State and Implemented in Region 2

Workforce West Virginia requests waivers from the federal government and oversees waiver implementation at the local level. During the state's monthly meeting with local area directors, the state solicits feedback from the local areas regarding which waivers the state should request. Workforce West Virginia staff said its waiver requests to DOL are driven in large part by local area feedback. The Region 2 director regularly speaks with the state WIB director regarding various issues, including waivers.

After Workforce West Virginia receives waiver approval, all local areas are able to implement waivers without requesting permission. Workforce West Virginia does require local areas to discuss their intentions to use waivers in their annual local plans. These discussions include why the area needs the waivers, what local areas plan to do with the waivers, and who they are targeting with the waivers. Only the A-DWT, OJT, and ITA waivers have been implemented by local areas. Though funds have been transferred between the Adult and Dislocated Worker programs in some areas, only Region 2 transferred more than 30 percent of funds using the waiver in PY 2009.

Workforce West Virginia requested and was approved for the A-DWT and ITA waivers from PYs 2008 through 2010 and the CT and OJT waivers in PYs 2009 and 2010. No local areas in the state have funded a CT program with the waiver (or without the waiver) in recent years.

**Table 1. Approved for the State and Implemented in Region 2: Waivers of Interest from PY 2008 to PY 2010**

Waivers	2008		2009		2010	
	State Approved	Region 2 Implemented	State Approved	Region 2 Implemented	State Approved	Region 2 Implemented
A-DWT	✓		✓	✓	✓	
IWT						
IWTS						
CT			✓		✓	
OJT			✓	✓	✓	✓
CPYE						
ITA	✓		✓		✓	
Work-flex						

## Motivations for Selecting Waivers

The state applies for waivers based on the interest and needs of the local areas. Through the use of the waivers, Region 2 seeks to increase the participation of businesses and individuals in workforce services. Additionally, the local area uses waivers to provide more flexibility in how it spends federal funds.



- **A-DWT.** Although the state said that most local areas are not actively using the A-DWT waiver, the state representative explained that the state applied for the waiver during the recession when “mass layoffs” occurred around the state. The ability to transfer funds between adults and DWs “allows us to serve the individuals and move funds where there was the most need.” State officials said that local areas do not use the waiver because they have relatively limited funds to start with and cannot afford to move much money around. According to the state, Region 2 was the only local area to have used the waiver.

Staff in Region 2 reported that they use the A-DWT waiver to ensure they have the flexibility to serve whichever types of clients need services in any given year. The local area transferred 38.5 percent of its funds from the Adult to DW program in PY 2009.

- **CT.** West Virginia requested and was approved to use the CT waiver in order to provide local areas with additional flexibility, but none of its local areas have actually implemented the waiver since it was approved. According to the state, the local areas generally do not conduct a CT program because it is difficult to find employers who are interested in it or need it for their employees. Region 2 typically does not conduct CT and consequently did not need the waiver.
- **OJT.** Workforce West Virginia is always looking for ways to engage small employers and teach them about OJT. It viewed the higher reimbursement rates available through the sliding scale as a way to encourage small employers to participate in workforce programs. However, most local areas in the state have not used the waiver; the state noted that many of these areas are using a National Emergency Grant (NEG) to conduct OJT. Region 2 is the only local area in the state using the waiver.

Region 2 opted to implement the waiver at the urging of its own OJT coordinator. He believed that higher reimbursement rates encourage employers, specifically small businesses, to work with the local area and to hire workers who might be riskier to employ than others.

- **ITA.** The state applied for the ITA waiver to find creative ways to serve older youth. As part of the ITA process, youth receive substantial career planning assistance in addition to training funds. Workforce West Virginia staff noted that one local area in the state has implemented the waiver.

Region 2 is not using the ITA waiver because youth are typically eligible for other forms of educational funding and are rarely prepared to commit to long vocational training programs. Region 2 focuses on enrolling youth in short-term trainings as appropriate. However, local area staff acknowledged that long-term training is appropriate for some youth customers; in these cases, local area staff attempt to place youth customers in trainings that can be funded through Pell Grants or other sources of funding, rather than an ITA.

## Process for Implementing Waivers

Region 2 receives occasional announcements and guidance from Workforce West Virginia regarding waiver implementation. Region 2 found the state’s approach sufficient because the waivers are straightforward to implement and require minimal planning. The waivers were

implemented quickly and without challenges because the programs themselves and how services are delivered did not change. In the case of the OJT waiver, the only procedures that changed were the terms of the contract for some employers.

## Waiver Reporting

Workforce West Virginia monitors the implementation and impact of waivers through a combination of reporting from the local area, state oversight, and evaluation. Performance measures from the local areas are regularly evaluated to determine the impact of the waivers. The state gathers information through discussion on waiver implementation progress, performance data, and obstacles encountered, if any.

When the local areas use a waiver, the state does not require any additional data beyond its normal reporting requirements. The local area enters all of its data (at the participant level) directly into the state database system, the Mid-Atlantic Career Consortium (MACC), which the state can access at any time. For OJT, the local area uses the MACC to track information on each client's projected rate of pay, length of the training, and the employer's reimbursement rate. It also tracks the number of OJT contracts that the local area executes and the money spent on OJT in the local area. Region 2 also tracks each OJT contract internally, including the business' size and industry. For the ITA waiver, the state tracks the number of youth enrolled in the program, and their outcomes, through MACC. The state also tracks all transfers between the two funding streams regardless of the transfer percentage.

## Waivers of Interest

### Adult-Dislocated Worker Transfer

Region 2 used the A-DWT waiver in PY 2009 to transfer funds from the Adult to the DW funding stream. The local area director indicated that funding allocations lag behind service statistics; therefore, the local area's mix of customers was not aligned with its funding allocation in PY 2009. Through the waiver, the local area matched funding with the mix of customers seeking WIA services. The waiver did not necessarily increase the number of total customers being served, but it did enable them to serve as many customers as they could who sought WIA services. Local area staff also noted that serving DWs is typically more expensive than serving adults. The increase in funding enabled the area to provide DWs with more intensive services. Staff also suggested that by transferring funds, the area can more easily spend all of its WIA funding.<sup>32</sup>

---

<sup>32</sup> Only those waivers implemented by the local area are discussed in detail. The IWTS waiver will be discussed here only if the local area used state funds to conduct incumbent-worker training locally.

## **Employer Reimbursement for On-the-Job Training**

OJT is operated by a contractor that oversees the employer and customer sides of the program. Participating small- and medium-sized businesses are notified that they are eligible for 75 percent or 90 percent reimbursement, based on their business size. OJT placements typically last six weeks to two months depending on the occupation and skill level of the position. Businesses of all sizes participated in OJT before the waiver implementation, though more small businesses have participated since the waiver was implemented. Most trainings are in manufacturing, and the types of industries that participate remained constant before and after waiver implementation.

The OJT contractor carefully screens potential employers to ensure that they have the ability to hire participants for unsubsidized employment after the OJT period and that the positions involve skills training, opportunity for advancement, and high wages (at least \$10 per hour for adults). The contractor reaches out to some employers, but employers also seek out the program and are often eager to participate. To recruit employers, the contractor visits potential employers on site and researches the company as much as possible to ensure that the company is an appropriate fit for OJT. Participants follow the training outlines established with the contractor for their specific positions. Employers submit monthly reports and timesheets to the contractor. The contractor also has informal conversations with employers to ensure that any potential problems with the placements are addressed as early as possible.

The study team met with two employers, both of which have participated in OJT for the past several years. One company is a large business that continued to receive a 50 percent reimbursement rate after the waiver implementation, whereas the other is a small business whose reimbursement rate increased from 50 to 90 percent when the waiver was implemented. The large employer we spoke with sends prescreened candidates to the contractor to check their eligibility for the OJT program. The employer also reviews resumes of candidates the contractor refers to the company. Company representatives said they participate in OJT because they work in a low-margin business; the small amount of funds provided by the reimbursement helps the company stay competitive. Considerable training is required for new employees before they become useful to the company, and OJT reduces the employer's cost of hiring a new employee.

The smaller employer believed that wage reimbursement is helpful, but it participates primarily for the human resource assistance that the local area provides. The company notifies the local area when it needs to fill a position. The OJT contractor recruits and screens candidates for the position and sends resumes to the employer for consideration. The contractor also helps the employer establish a job description, training outline, and OJT contract. The employer said that the sliding scale also enabled it to hire more workers than it otherwise would have because of the increased reimbursement rate. Both employers cited the ease of administration and high quality candidates as significant benefits of the program, which both employers attributed to the contractor who administers the program.

## **Successes of Waiver Implementation**

Region 2 staff indicated that waivers help improve the local area's performance and provide flexibility, enabling the local area to serve all of its clients regardless of their Adult or Dislocated Worker status. The A-DWT waiver is useful in enabling the local area to fulfill its goal of serving all clients who request services.

Both the Region 2 director and the OJT contractor believe that the OJT waiver is useful in meeting their goals because it encourages small businesses to participate in OJT and helps customers find employment. The contractor and the director were adamant that the program has been a success because the contractor screens companies to ensure that they have the ability to hire candidates for unsubsidized employment at the end of the program. The OJT waiver has increased the number and types of businesses participating, particularly small businesses interested in working with OJT. Region 2 plans to continue using the waiver and would like to increase the size of its OJT services. Both employers attributed their satisfaction with the program to their successful relationship with the contractor, who has made the program easy to administer. They noted that nearly all OJT participants have been hired for full-time unsubsidized employment following the training.

### Challenges of Waiver Implementation

Though the local area has had great success in implementing the OJT waiver, it encountered challenges recruiting and screening employers to participate in OJT. Employers are hesitant to deal with local officials and the bureaucracy surrounding government programs or contracts. Some employers are also unsure of their own capacity to hire OJT participants for unsubsidized employment after the training period is complete. However, these challenges are not unique to the waivers; they have largely emerged from the local area's strict requirements for employers participating in the OJT rather than from the waiver guidelines. Region 2 staff did not encounter any challenges when implementing the A-DWT waiver.

### Observations on the Waiver Process

Region 2 appreciates the flexibility afforded by the waivers. Region 2 staff and one employer offered some observations on how the OJT waiver could better suit the local area's needs:

- **“Don’t sell the scale, sell the job.”** Local areas have to ensure that employers understand that the goal is for them to hire the customers at the end of the program and that the program is not designed to provide temporary, subsidized employees. The local area discourages using the sliding scale reimbursement as a selling point for OJT.
- **Reimbursement rates based on employer characteristics other than size.** One large employer indicated that factors other than employer size, such as profit margins, could be considered when establishing reimbursement rates for OJT.
- **Provide additional funding for classroom training.** The OJT contractor suggested that additional funding for outside training, such as computer skills courses in basic Microsoft Excel and Word, would be helpful for many employers who take on OJT participants.

### Locations and Dates of Visits

The study team visited the Region 2 local area on February 22 and 23, 2012, and conducted interviews with staff from the organizations listed in Table 2. Before the visit, the study team also conducted telephone calls with staff from Workforce West Virginia in order to better understand the state-level experience with waivers.

**Table 2. Site Visit Locations**

Organization	Location
<b>State</b>	
Workforce West Virginia	Charleston
<b>Local Area</b>	
Workforce West Virginia	Huntington
Human Resources Development Foundation	Huntington
OJT Employer 1 (Manufacturing)	Milton
OJT Employer 2 (Natural Resource Extraction)	Scott Depot

**This page has been left blank for double-sided copying.**

## REFERENCES

- Rowe, Gretchen, Jill Berk, and Jessica Ziegler. "Evaluation of Waivers Granted Under WIA: Findings from Interviews with 20 States, Final Interim Report." Washington, DC: Mathematica Policy Research, May 2012.
- U.S. Department of Labor, Employment and Training Administration. "Training and Employment Guidance Letter No. 14-08, Change 1." Washington, DC: U.S. Department of Labor, Employment and Training Administration, 2009. Available at [[http://wdr.doleta.gov/directives/attach/TEGL/TEGL14-08\\_Ch1.pdf](http://wdr.doleta.gov/directives/attach/TEGL/TEGL14-08_Ch1.pdf)]. Accessed August 22, 2012.
- U.S. Department of Labor, Employment and Training Administration. "Training and Employment Guidance Letter No. 26-09." Washington, DC: U.S. Department of Labor, Employment and Training Administration, 2010. Available at [<http://wdr.doleta.gov/directives/attach/TEGL/TEGL26-09acc.pdf>]. Accessed May 21, 2012.
- U.S. Department of Labor, Employment and Training Administration. "Training and Employment Guidance Letter No. 9-11." Washington, DC: U.S. Department of Labor, Employment and Training Administration, 2011a. Available at [[http://wdr.doleta.gov/directives/attach/TEGL/TEGL9\\_11acc.pdf](http://wdr.doleta.gov/directives/attach/TEGL/TEGL9_11acc.pdf)]. Accessed May 21, 2012.
- U.S. Department of Labor, Employment and Training Administration. "Training and Employment Guidance Letter No. 26-10." Washington, DC: U.S. Department of Labor, Employment and Training Administration, 2011b. Available at [<http://wdr.doleta.gov/directives/attach/TEGL/TEGL26-10acc.pdf>]. Accessed May 21, 2012.
- U.S. Department of Labor, Employment and Training Administration. "Workforce Investment Act -- Adults and Dislocated Workers Program." Washington, DC: U.S. Department of Labor, Employment and Training Administration, n.d. Available at [[http://www.doleta.gov/programs/general\\_info.cfm](http://www.doleta.gov/programs/general_info.cfm)]. Accessed May 23, 2012.
- U.S. Department of Labor, Employment and Training Administration. "Workforce Investment Act of 1998." Washington, DC: U.S. Department of Labor, Employment and Training Administration, n.d. Available at [<http://www.doleta.gov/waivers/cfm/pl105-220wf.cfm>]. Accessed February 29, 2012.
- U.S. Government Accountability Office. "Workforce Investment Act Issues Related to Allocation Formulas for Youth, Adults, and Dislocated Workers." GAO-03-636. Washington, DC: U.S. Government Accountability Office, April 2003.

**This page has been left blank for double-sided copying.**



# **MATHEMATICA** Policy Research

[www.mathematica- mpr.com](http://www.mathematica-mpr.com)

Improving public well-being by conducting high-quality, objective research and surveys

Princeton, NJ ■ Ann Arbor, MI ■ Cambridge, MA ■ Chicago, IL ■ Oakland, CA ■ Washington, DC

Mathematica® is a registered trademark of Mathematica Policy Research