U.S. Department of Labor

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

JUL 14 2014

The Honorable Janice K. Brewer
Governor of Arizona
State Capitol
1700 West Washington
Phoenix, Arizona 85007

Dear Governor Brewer:

The Employment and Training Administration (ETA) is pleased to respond to your requests for waivers of statutory and regulatory requirements under the Workforce Investment Act (WIA). This action is taken under the Secretary's authority to waive certain requirements of WIA Title I, Subtitles B and E, and sections 8-10 of the Wagner-Peyser Act. The original requests are written in the format identified in WIA section 189(i)(4)(B) and 20 CFR 661.420(c), and meet the standard for approval at 20 CFR 661.420(e). The following is the disposition of the State's waiver requests (copy enclosed).

Waiver of the WIA regulations at 20 CFR 666.100 to exempt the state from including credential attainment outcomes for participants enrolled in on-the-job training in the credential performance measure calculations.

The State is requesting a waiver to exempt it from including credential attainment outcomes in the credential performance measure calculations for participants enrolled in on-the-job training. This waiver is not necessary. On May 21, 2013, ETA approved the State's request to negotiate and report WIA outcomes against the common performance measures only, rather than the performance measures described at WIA Section 136(b). Under this waiver, the State no longer is required to negotiate and report to ETA on the WIA adult and dislocated worker credential rates. However, Workforce Investment Act Standardized Record Data system (WIASRD) item 619, Type of Recognized Credential, should be completed for each individual as appropriate, regardless of this waiver to report on common performance measure outcomes only.

Waiver of WIA Section 134(a)(2)(B)(iii) and 20 CFR 665.200(e) to exempt a state from the requirement to provide local workforce investment area incentive grants.

The State was previously approved for a waiver of the requirement to provide local workforce investment areas incentive grants to reward regional cooperation, local coordination of activities, and exemplary performance. The State is granted an extension of this waiver through June 30, 2015.

Waiver of WIA Section 129(b)(2)(C) and 20 CFR 665.200(h) to exempt the state from the requirement to provide additional assistance to local areas that have a high concentration of eligible youth.

The State was previously approved for a waiver of the requirement to provide additional assistance to local areas that have a high concentration of eligible youth. The State is granted an extension of this waiver through June 30, 2015.

The approved waivers are incorporated by reference into the State's WIA Grant Agreement, as provided for under paragraph 3 of the executed Agreement, and this constitutes a modification of the State Plan. A copy of this letter should be filed with the State's WIA Grant Agreement and the approved State Plan. In addition, as required by TEGL No. 29-11, the State should address the impact this waiver has had on the State's performance in the WIA annual performance report, due on October 1 of each year.

We look forward to continuing our partnership with you and achieving better workforce outcomes. If you have any questions related to the issues discussed above, please contact Latha Seshadri, the Federal Project Officer for Arizona, at (415) 625-7937 or Seshadri.Latha@dol.gov.

Sincerely,

Portia Wu
Assistant Secretary

Enclosures

cc: Virginia Hamilton, Regional Administrator, ETA San Francisco Regional Office
Latha Seshadri, Federal Project Officer for Arizona

DEPARTMENT OF ECONOMIC SECURITY
Your Partner For A Stronger Arizona

Janice K. Brewer
Governor

Clarence H. Carter
Director

APR 23 2013

Ms. Heather Fleck
Division of WIA Adult Services and Workforce System
Employment and Training Administration
U.S .Department of Labor
200 Constitution Ave
Washington DC 20210

Dear Ms. Fleck,

On behalf of the Governor of Arizona, this letter respectfully requests approval of the following Workforce Investment Act (WIA) waivers which are enclosed:

- A waiver allowing Arizona to replace the existing 17 WIA Title 1B performance measures (15 statutory and two customer satisfaction) with Common Measures delineated in Training and Employment Guidance Letter 17-05;

- A waiver to those relevant sections of the WIA Section 134(a)(2)(B)(iii) which defines the use of incentive grants provided to local areas; and

- A waiver to those relevant sections of the WIA Section 129(b)(2)(C) which defines the use of pertaining to providing assistance to areas of high concentrations of eligible youth;

Please contact Mr. Thomas Colombo, Administrator, Employment Administration at (602) 542 – 3667 or e-mail TColombo@azdes.gov should you have any questions regarding this request.

Sincerely,

James J. Apperson
Assistant Director

Enclosures

cc: Virginia Hamilton, Regional Administrator USDOL/ETA Region 6 Administrator
Latha Seshadri, USDOL/ETA Federal Project Officer
Thomas Colombo, Administrator, AZ Department of Economic Security/Employment Administration
Joel Millman, WIA Section Manager, AZ Department of Economic Security/Employment Administration

1789 W. Jefferson, S/C 901A, Phoenix, AZ 85007 • P.O. Box 6123, Phoenix, AZ 85005
Telephone (602) 542-4910 • Fax (602) 542-2273 • www.azdes.gov

Arizona
Workforce Investment Act Waiver Request

Date: April 23, 2013

Waiver Request for: Exclusive Use of Common Measures
Entity: Arizona Department of Economic Security 1789 W. Jefferson Phoenix, AZ 85007 Phone: (602) 542-1784 Fax: (602) 542-2491
Governor: Janice K. Brewer
Duration: **From:** July 1, 2013 **To:** June 30, 2017

Statutory and/or regulatory requirements to be waived

Public Law 105-220, Section 136(b); 20 CFR § 666.100

Actions undertaken to remove state or local barriers

The Governor of Arizona and the Arizona Department of Economic Security (DES) as the state grant administrator for WIA Title IB funds are requesting a waiver to be effective July 1, 2013, to those relevant sections of the Workforce Investment Act (WIA) to waive Section 136(b) which defines the current WIA Title 1B performance measures.

The State of Arizona is requesting to be allowed to replace the existing 17 measures (15 statutory and two customer satisfaction) with the Common Measures delineated in Training and Employment Guidance Letter 17-05. For Program Year (PY) 2013 the State of Arizona will be operating under six (6) measures:

Adult and Dislocated Workers	Youth
Entered Employment	Placement in Employment or Education
Retention	Attainment of a Degree or Certificate
Average Earnings	Youth Literacy and Numeracy Gains for Youth

Although customer satisfaction measures and performance accountability will no longer apply under common measures, the State of Arizona understands that customer satisfaction activities and reporting is still required and will be included in the WIA annual report.

Goals and expected programmatic outcomes of waiver

Arizona uses Arizona Job Connection (AJC), a state-specific case management system and reporting system the State of Arizona uses as a member of the America's Job Link Alliance (AJLA) for its workforce system information. AJC creates a file that is used to report WIA data to the U.S. Department of Labor (USDOL), Employment and Training Administration (ETA). The WIA data is reported in aggregate through ETA Data Reporting and Validation System in compliance with the USDOL to ensure the accuracy of the reported data is uniform in reporting requirements and in compliance with USDOL. Local workforce area staff are trained in data entry and reporting to ensure accuracy of the data.

This waiver will allow the State of Arizona and Local Workforce Investment Boards (LWIBs) exclusive use of the Common Performance Measures for performance accountability and reporting of Adult, Dislocated Worker and Youth programs. It will also allow local workforce investment areas to focus resources on attainment of education and credential, placement and retention in employment and wage gains.

This request aligns with the intent to simplify and streamline the performance accountability system that is an integral a part of a reformed workforce development system. Arizona will join the vast majority of states who have already been approved for this waiver.

The move to common measures will also align with the efforts outlined in the 2012-2016 Arizona Integrated State Workforce Plan. Common performance measures across programs and data collected will provide necessary information to help effectively oversee the workforce investment system. Common measures will provide a more effective way of determining performance for the various programs through a system-wide perspective.

Taking into consideration the current state of the economy including the initial impacts of sequestration, Arizona proposes the following levels of PY 2013 performance for Adult and Dislocated Workers and Youth:

Performance Measure	Adult	Dislocated Worker	Youth
Entered Employment	72.5%	80.0%	
Retention	82.0%	87.5%	
Average Earnings	$12,500	$16,300	
Placement in Employment or Education			53.9%
Attainment of a Degree or Certificate			58.0%
Youth Literacy and Numeracy Gains for Youth			40.0%

Individuals impacted by the waiver

- Adults
- Dislocated Workers
- Youth

Process for monitoring progress in implementation

The State of Arizona will continue to monitor progress on this waiver by reviewing monthly expenditure and performance reports submitted. Arizona also recognizes the importance of the overall statutory performance accountability system. In addition to the negotiated common performance measures, Arizona will continue to emphasize the importance and reporting of all statutory performance measures.

Notice to affected local boards

The link to the waiver request was sent electronically to each Local Workforce Area Director and Local Workforce Board Chair as well as being posted on the state's official website for 10 calendar days.

Public Comment

The waiver request was posted on the state's official website for 10 calendar days. Public comments received are attached.

From: stan.flowers@phoenix.gov [mailto:stan.flowers@phoenix.gov]
Sent: Tuesday, April 16, 2013 1:19 PM
To: +AZWIA Comments
Cc: cynthia.spell.tweh@phoenix.gov
Subject: Public Comment - April 2013 WIA Wavers

Wavier Request for Required Activities - Incentive Grants

While we understand that the loss of discretionary funds necessitates a focus on ensuring that basic required administrative functions for WIA funds are fully funded, we miss the flexibility that incentive funding provides a local workforce investment area in meeting businesses needs. If the financial situation would improve, we would recommend that funds be made available for local areas to apply for with proposals solely focused on partnerships with business. Formula-based funds are not business-friendly due to the WIA eligibility requirements.

Waiver Request for Required Activities - Assistance to Areas of High Concentrations of Eligible Youth

The City of Phoenix never qualified for these funds, so there is no impact to us. These funds were important for many rural areas in serving youth beyond formula-based programs.

Waiver Request for Exclusive Use of Common Measures

We support the implementation of the common measures and are glad to see recommended negotiated levels that are taking into account a slower than expected economic recovery.

Stan Flowers, Workforce Development Supervisor
City of Phoenix - Community & Economic Development Dept.
Business and Workforce Development Division
200 West Washington Street, 19th Floor
Phoenix, AZ 85003
(602) 262-4036

State of Arizona
Workforce Investment Act Waiver Request

Date: April 23, 2013

Waiver Request for: Required Activities – Incentive Grants
Entity: Arizona Department of Economic Security 1789 W. Jefferson Phoenix, AZ 85007 Phone: (602) 542-1784 Fax: (602) 542-2491
Governor: Janice K. Brewer
Duration: **From:** July 1, 2013 **To:** June 30, 2017

Statutory and/or regulatory requirements to be waived

Public Law 105-220 Section 134(a)(2)(B)(iii); 20 CFR §665.200(e)(1-3)

Actions undertaken to remove state or local barriers

The Governor of Arizona and the Arizona Department of Economic Security (DES) as the State Grant Administrator for WIA Title 1B fund are requesting a waiver to be effective July 1, 2013, to those relevant sections of the Workforce Investment Act (WIA) Section 134(a)(2)(B)(iii) which defines the use of incentive grants provided to local areas.

Most recently, in Program Year 2010, incentive funds totaling $478,000 were provided to local areas for exceeding and/or meeting performance measures.

The reduction to five percent in the WIA allotment for Program Year 2011 Governor's Reserve funds restricts the state's ability to effectively carry out all of the required statewide workforce investment activities. The current funding levels in the Governor's Reserve (as shown the tables below) are insufficient to award incentive funds to eligible local workforce investment areas. If approved, this waiver when combined with other required statewide activities the department is seeking to waive, the projected shortfall can be reduced by over $500,000.

PY 12 / FY 13

PY 2012 Governor's Set Aside (5%)	$2,691,573
Amount of Carry Over Funds	$1,285,130
Estimated Cost of All Required Activities	$1,695,000
Operating costs until June 2013	$2,109,839
*Shortfall to cover all PY 2012 Required Activities	$171,864*
Estimated Cost of providing support for incentive grants	*$480,000*

**Estimated Surplus for PY12/FY13*

Estimate for PY 13/FY14

Annual operating cost of administrating the grant	$1,717,300
Annual cost of the new case management system (AJC)	$535,065
Total operating costs	$2,252,365
cost of required state-wide activities	$1,695,000
TOTAL COSTS	**$3,947,365**
Budget available - PY 13 5% Set a side	$2,691,573
Amount of carry over funds	$171,864
Estimated reduction in Governor's 5% Set a side due to sequestration	($210,000)
Adjusted budget available	$2,653,437
Shortfall	**($1,293,928)**

The state's reduced funds are being used to cover the following required activities: ensuring program compliance; submitting required reports; providing technical assistance, maintenance of the financial accounting system and maintaining the new statewide case management and reporting system.

Goals and expected programmatic outcomes of waiver

Arizona's goal in seeking this waiver is to provide Arizona with necessary flexibility in order to prioritize the use of its WIA allotment for the required activities considered most essential to the basic functions of the workforce investment system. Arizona has been fortunate to qualify for and receive Title V Incentive Grant funds for Program Years 2009 and 2010 performance and our expectation is that the State will continue to receive this funding.

Individuals impacted by the waiver

- State of Arizona and the Local Workforce Investment Areas.

Process for monitoring progress in implementation

Monitoring will be conducted by fiscal and programmatic monitors to ensure compliance with the intent of this waiver and the use of the WIA Title 1B funds by the Local Workforce Investment Areas.

Notice to affected local boards

The waiver request was sent electronically to each Local Workforce Area Director and Local Workforce Board Chair as well as being posted on the state's official website for 10 calendar days.

Public Comment

The waiver request was posted on the state's official website for 10 calendar days. Public comments received are attached.

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While we understand that the loss of discretionary funds necessitates a focus on ensuring that basic required administrative functions for WIA funds are fully funded, we miss the flexibility that incentive funding provides a local workforce investment area in meeting businesses needs. If the financial situation would improve, we would recommend that funds be made available for local areas to apply for with proposals solely focused on partnerships with business. Formula-based funds are not business-friendly due to the WIA eligibility requirements.

Waiver Request for Required Activities - Assistance to Areas of High Concentrations of Eligible Youth

The City of Phoenix never qualified for these funds, so there is no impact to us. These funds were important for many rural areas in serving youth beyond formula-based programs.

Waiver Request for Exclusive Use of Common Measures

We support the implementation of the common measures and are glad to see recommended negotiated levels that are taking into account a slower than expected economic recovery.

Stan Flowers, Workforce Development Supervisor
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Business and Workforce Development Division
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Duration: **From:** July 1, 2013 **To:** June 30, 2017

Statutory and/or regulatory requirements to be waived

Public Law 105-220 Section 129(b)(2)(C) and 20 CFR 665.200(h)

Actions undertaken to remove state or local barriers

The Governor of Arizona and the Arizona Department of Economic Security (DES) as the State Grant Administrator for WIA Title 1B fund are requesting a waiver to be effective July 1, 2013, to those relevant sections of the Workforce Investment Act (WIA) Section 129(b)(2)(C) and 20 CFR 665.200(h) which defines the activity of providing assistance to areas with high concentration of eligible youth.

In Program Year 2010, approximately $50,000 was provided to seven local workforce areas identified with high concentrations of eligible youth, to assist in providing additional services to this population.

The reduction to five percent in the WIA allotment for Program Year 2011 Governor's Reserve funds restricts the state's ability to effectively carry out all of the required statewide workforce investment activities. The current funding levels in the Governor's Reserve (as shown the tables below) are insufficient to cover the ongoing cost of dedicating additional funds to target those areas with a high concentration of eligible youth. If approved, this waiver when combined with other required statewide activities the department is seeking to waive, the projected shortfall can be reduced by over $500,000.

PY 12 / FY 13

PY 2012 Governor's Set Aside (5%)	$2,691,573
Amount of Carry Over Funds	$1,285,130
Estimated Cost of All Required Activities	$1,695,000
Operating costs until June 2013	$2,109,839
*Shortfall to cover all PY 2012 Required Activities	*$171,864**
Estimated Cost of providing additional assistance for high concentrations of eligible youth	*$50,000*

**Estimated Surplus for PY12/FY13*

Estimate for PY 13/FY14

Annual operating cost of administrating the grant	$1,717,300
Annual cost of the new case management system (AJC)	$535,065
Total operating costs	$2,252,365
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TOTAL COSTS	**$3,947,365**
Budget available - PY 13 5% Set a side	$2,691,573
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Shortfall	**($1,293,928)**

The state's reduced funds are being used to cover the following required activities: ensuring program compliance; submitting required reports; providing technical assistance, maintenance of the financial accounting system and maintaining the new statewide case management and reporting system.

Goals and expected programmatic outcomes of waiver

Arizona's goal in seeking this waiver is to ensure that the state may prioritize the use of its WIA allotment for the required activities considered most essential to the basic functions of the workforce investment system.

Individuals impacted by the waiver

- Rural Local Workforce Investment Areas that serve eligible youth.

Process for monitoring progress in implementation

Monitoring will be conducted by fiscal and programmatic monitors to ensure compliance with the intent of this waiver and the use of the WIA Title 1B funds by the Local Workforce Investment Areas.

Notice to affected local boards

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