U.S. Department of Labor

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

NOV 21 2013

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 request for a waiver 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 request is written in the format identified in WIA section 189(i)(4)(B) and 20 CFR 661.420(c), and meets the standard for approval at 20 CFR 661.420(e). The following is the disposition of the State's waiver request.

Waiver of WIA Section 101(31)(B) to increase the employer reimbursement for on-the-job training.

The State is requesting a waiver to permit an increase in employer reimbursement for on-the-job training through a sliding scale based on the size of the business. The State is granted this waiver through June 30, 2017. Under the waiver, the following reimbursement amounts will be permitted: 1) up to 90 percent for employers with 50 or fewer employees, and 2) up to 75 percent for employers with 51-250 employees. For employers with more than 250 employees, the current statutory requirements (50 percent reimbursement) will continue to apply. When determining the funding source for on-the-job training, the State must use the appropriate program funds for the appropriate WIA-eligible population. The State and local areas may provide on-the-job training to individuals over age 18 with WIA Adult funds and must provide priority to low-income individuals when funds are limited; the State and local areas may provide on-the-job training to dislocated workers with WIA Dislocated Worker funds. On-the-job training provided with statewide funds must serve WIA eligible individuals.

The approved waiver is 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. 6-13, 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,

Eric M. Seleznow
Acting 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

OCT 22 2013

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

Dear Ms. Fleck:

On behalf of the Governor of Arizona, the Arizona Department of Economic Security respectfully requests approval of a waiver of WIA Section 101(31)(B) of the 50 percent limit on reimbursement to employers for On-the-Job Training to permit local areas to use a sliding scale to increase the reimbursement based on the size of the business.

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

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

State of Arizona
Workforce Investment Act Waiver Request

Date: October 25, 2013

Waiver Request for: On-the-Job Training (OJT) Employer Reimbursement
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:** October 1, 2013 **To:** June 30, 2017

Statutory and/or regulatory requirements to be waived

Workforce Investment Act (Public Law 105-220) Section 101(31)(B); 20 CFR §663.700; 20 CFR §663.710(b)

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 those relevant sections of the Workforce Investment Act (Public Law 105-220) Section 101(31)(B) and §20 CFR 663.700 which defines conditions that govern OJT payments to employers.

WIA Section 101(31)(B) defines on-the-job training (OJT) and restricts the amount of wage reimbursement authorized at 50 percent. This waiver increases flexibility in the use of WIA formula funds by permitting reimbursement to be provided on a sliding scale based on employer size:

- up to 90% for employers with 50 or fewer employees;
- up to 75% for employers with 51 to 250 employees;
- 50% statutory level for employers with 251 or more employees,

The waiver is similar to the "Customized Training Sliding Scale" waiver but applies specifically to OJT – where the individual being trained is engaged in productive work while simultaneously gaining the skills needed to meet the employer's needs. It will

provide unemployed adults and dislocated workers with opportunities to add new skill sets and learn new technologies while they return to the workplace and earn wages to support themselves and their families.

Goals and expected programmatic outcomes of waiver

This waiver will allow the State to encourage and expand the hiring of dislocated workers and other populations who lack certain skills to meet an employer's need. It will provide individuals with the opportunity to add new skills and earn new technologies while they return to the workplace and earn wages. The State and Local Workforce Investment Areas will utilize this waiver to promote to smaller businesses the opportunities to utilize OJT for their employees and for potential employees without adversely affecting the financial situation of a small company and to meet the extraordinary cost of training potential employees.

Individuals impacted by the waiver

- *State of Arizona and the Local Workforce Investment Areas* will benefit from increased flexibility and access to use of the OJT activity.
- *Arizona employers* will benefit from increased use of OJTs to minimize the upfront cost of training and supervision of new employees ensure that training is aligned with actual skill required of the job and realize immediate gains in productivity as worker learn on the job.
- *Arizona jobseekers* participating in OJTs benefit because they are receiving a paycheck while acquiring the skills to perform effectively on the job and advance their careers beyond the lifespan of the training program.

Process for monitoring progress in implementation

Monitoring will be conducted by programmatic monitors to ensure compliance with the intent of this waiver and the use of the WIA Title IB funds by the LWIAs.

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. No Public comments were received.