

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION
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ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 13-06

TO: ALL STATE WORKFORCE AGENCIES
 ALL STATE WORKFORCE ADMINISTRATORS
 ALL STATE WORKFORCE LIAISONS

FROM: EMILY STOVER DeROCCO 
 Assistant Secretary

SUBJECT: Instructions for Workforce Investment Act and Wagner-Peyser Act
 State Planning and Waiver Requests for Years Three and Four of the
 Strategic Five-Year State Plan (Program Years 2007 and 2008)

1. **Purpose.** To provide instructions to states for modifying their State Strategic Plans for Title I of the Workforce Investment Act of 1998 (WIA) and the Wagner-Peyser Act (“the State Plan”) for years three and four of the current five-year planning cycle to ensure that states have approved plans in place to receive formula allotments; and to provide instructions to states for extending existing waivers and requesting new waivers. The deadline for these submissions is April 1, 2007.
2. **References.** Wagner-Peyser Act, as amended (29 U.S.C. 49 et seq.); Workforce Investment Act of 1998 (WIA), as amended (29 U.S.C. 2801 et seq.); WIA Final Rule, 20 C.F.R. parts 660-671; Planning Guidance and Instructions for Submission of Two Years of the Strategic Five-Year State Plan for Title I of the Workforce Investment Act of 1998 and the Wagner-Peyser Act (70 FR 19206 (Apr. 12, 2005)); and Workforce Investment Act: Revisions to the Workforce Investment Act Title I, Wagner Peyser Act and the Senior Community Service Employment Program Unified Planning Guidance (70 FR 19222 (Apr. 12, 2005)).
3. **Background.** State Plans for the first two years of the five-year planning cycle for all states, and all approved waivers currently in place, will expire on June 30, 2007. In the planning guidances (stand-alone and unified) issued on April 12, 2005, the Employment and Training Administration (ETA) only required states to submit a State Plan for the first two years of the five-year planning cycle because of the anticipated reauthorization of WIA within that time period. The five-year planning cycle began on July 1, 2005, and will end on June 30, 2010.

RESCISSIONS TEGL 4-02	EXPIRATION DATE June 30, 2010
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States must have approved State Plans in place to receive formula allotments under the Act. Given the continued uncertainty of WIA reauthorization, ETA has determined that states may meet this requirement by modifying their current plans to cover years three and four of the five-year planning cycle.

4. Modification of the Existing State Plan.

A. State Plan for Years Three and Four of the Five-Year Planning Cycle (Program Years 2007 and 2008)

States are required to submit a modification request to extend the life of the existing plan for two additional years. ETA expects State Plans to be driven by the governor's vision for the state workforce system which should take into account and reflect ETA's current policy emphases and strategic priorities (set forth in Section 5 of this TEGL). When preparing the modifications, states are required to follow the state planning instructions included in Part II of the stand-alone planning guidance or Part III of the unified planning guidance, published in the April 12, 2005, Federal Register and available through www.doleta.gov. (For those states preparing unified plans, please also refer to Section 7 of this TEGL.)

In the stand-alone and unified planning guidances (hereafter referred to as the planning guidances), ETA communicated its national direction and strategic priorities for the workforce investment system. Most plans reflected this vision, and the system has implemented a variety of strategies to become demand-driven during the first two years of the five-year planning cycle. The modification of the plan for the third and fourth year of the five-year planning cycle provides an opportunity to move the state workforce system to the next level of transformation, i.e., developing and implementing talent development strategies that support economic growth in regional economies, contributing to the overall competitiveness of the nation. In Section 5, ETA communicates the meaning of this transformation as it updates its national strategic direction.

State and regional economies are continuously in transition in response to globalization and other factors. In addition, the skill needs of business and industry are changing as a result of innovation and technology. The State Plan must reflect current realities if it is to serve the function of guiding the system during this two-year period. In addition, it is likely states have made changes to state policies, governance processes, and service delivery design that require State Plan modification. Workforce investment systems that are successful in serving businesses and jobseekers are continually evolving, which leads to substantive changes that require a modification. Examples of changes requiring a modification include:

- Redesignation of local workforce investment areas;
- Changes in funding allocation methodology;
- Governance issues such as moving to certification of One-Stop Career Centers or issuance of standardized policies for local workforce investment boards and/or One-Stop Career Centers; or
- A significant shift in the economy requiring new workforce system strategies, such as Base Realignment and Closure (BRAC) or a major national disaster like Hurricane Katrina.

Therefore, it is ETA's expectation that all states will need to make substantive changes to their Strategic Plans at this time.

B. The Strategic Planning Process.

ETA anticipates that states are continuously engaging in comprehensive strategic planning, involving a wide range of partners, including business and economic development, to address the present and projected economic conditions of their state. As envisioned in WIA, the business-led state and local workforce investment boards play a vital role in setting the strategic direction for the system. Strong business representation on the boards ensures the boards are attuned to the workforce challenges of their areas and motivated to implement solutions-based strategies. State and local boards also are uniquely positioned to engage a broad spectrum of strategic partners in assessing the talent development needs of their state and regional economies to develop policy and guide investments that promote economic competitiveness. Furthermore, the planning process provides boards a vehicle for ensuring that all partners, at the local, state, and Federal levels, have an opportunity to provide input on proposed changes to the state's workforce investment system.

C. Public Comment and Review.

The WIA regulations at 20 C.F.R. 661.230(d) provide that modifications to the State Plan are subject to the same public review and comment requirements that apply to the development of the original plan. To facilitate public review and comment, as well as DOL review of the modified plans, ETA recommends that states integrate the proposed modifications into existing plans and develop a fully revised Strategic Plan following the format provided in either the stand-alone planning guidance issued on April 12, 2005, or unified planning guidance, also issued on April 12, 2005, and attach a list to identify modified portions of the plan. Providing an opportunity for meaningful public input and comment during the development of the State Plan is a critical part of the strategic planning process.

5. **National Strategic Direction.** As states update the governor's vision and goals in their Strategic Plans, they are encouraged to address the priorities outlined in ETA's updated national strategic direction. States should also take into account the recently proposed revisions to the regulations governing WIA and the Wagner-Peyser Act (71 FR 76558 (December 20, 2006)). The goals of these proposed revisions, which are consistent with the refreshed National Strategic Direction described below, are increased state and local flexibility, increased integration for a stronger One-Stop system, streamlined governance leading to greater efficiencies, and increased access to post-secondary education.

The U.S. economy and its labor markets are undergoing changes of historic proportion. Globalization has forced change in every region in the country and impacted every aspect of our economy. While global competition is typically seen as a national challenge, the front lines of the battlefield are regional, where businesses create competitive advantage by collaborating with researchers, entrepreneurs, and government entities. That advantage stems from the ability to transform new ideas and knowledge into advanced, high-quality products or services – in other words, to innovate. Those regions that will be most successful will connect three key elements: talent, infrastructure, and investment. In particular, they will connect workforce skills and lifelong learning strategies; regional infrastructure and economic development strategies; and investment and entrepreneurship strategies. Entrepreneurship plays a critical role in fueling innovation, as entrepreneurs account for more than half of all technological innovation, which powers America's competitiveness.

Maintaining America's competitive position in the global economy requires a workforce with postsecondary education credentials, capacity to work in a high-technology environment, and the opportunity to engage in lifelong learning to keep pace with change. Preparing workers to be part of such a workforce is the role of the public workforce system. ETA envisions that the workforce investment system will operate as a talent development system; it cannot be defined only as a job training system. A talent development system not only meets the needs of industry, but also contributes to economic prosperity by collaborating with economic development to identify emerging industries that it can help foster and grow. Its goal is an educated and prepared workforce that is able to compete in the global economy.

ETA's current policy emphases and strategic priorities, as provided below, represent an evolution of the policy direction set forth in the Planning Guidances issued in 2005 and reflect the new focus on the regional economy as the vortex of innovation and economic growth. In February 2006, ETA launched the Workforce Innovation in Regional Economic Development (WIRED) Initiative focusing on the role of talent development in driving regional economic competitiveness, increased job growth, and new opportunities for American workers. The WIRED framework

brings together all the key players in a region to leverage their collective public and private sector assets and resources in order to devise strategies that focus on infrastructure, investment, and talent development that will optimize innovation and successful regional economic transformation.

The following priorities reflect those set forth in the 2005 Planning Guidances with the incorporation of the WIRED framework. Each priority is explained more fully in the subsequent subsections and provides a frame of reference for the development of the modification to the State Plan for years three and four of the five-year planning cycle:

- Build a demand-driven system within a regional economic development context;
- Implement system reform, with streamlined governance and alignment of economic and workforce development regions;
- Enhance an integrated service delivery system that focuses on services rather than programs;
- Advance a vision for serving youth most in need;
- Expand workforce information as the foundation for strategic planning and career guidance;
- Strengthen partnerships with community and faith-based organizations;
- Increase the use of flexibility provisions in WIA to design innovative programs that fuel regional economic competitiveness and create employment opportunities for career seeker customers; and
- Utilize an integrated and enhanced performance accountability system.

Demand-Driven Workforce Investment System within a Regional Economic Development Context

In today's economy, the workforce investment system has an opportunity to play a critical role in fueling competitiveness by developing talent – one of the three key requirements for innovation. To become a dynamic catalyst, the workforce investment system must evolve beyond its current configuration and status. Ideally, the system will be positioned to respond to a variety of economic conditions with talent development strategies that range from retrofitting an economy in an area where an entire industry is being reengineered (e.g., upskilling incumbent workers from traditional manufacturing to advanced manufacturing), to building new industries from the ground up (e.g., the Coastal Maine WIRED region that is looking to become the leader in boat building while developing a host of

businesses focused on manufacturing the composite materials required in today's vessels) to building an entrepreneurial culture that fosters job creation (e.g., The Finger Lakes New York WIRED Region that is using its rich history in optics and working with universities to create innovations and entrepreneurship opportunities in photonics.)

The challenge for the workforce investment system is to become agile enough to serve an economy driven by innovation, recognizing the reality that approximately two-thirds of all new jobs are created by small businesses. Jobs in today's economy increasingly hinge on specialized skills, as ninety percent of the fastest growing jobs require education and training past high school.

Therefore, it is imperative that the system continue its transformation as a catalyst in reshaping talent development strategies in support of regional economic competitiveness. While the workforce investment system has implemented a number of key strategies to become increasingly demand-driven, new strategies are needed in the workforce investment system to drive regional economic growth. The workforce system must transform to be relevant in the 21st century economy. Elements of transformation include:

- 1) The workforce investment system operates as a talent development system; it is no longer defined as a job training system. Its goal is an educated and prepared workforce – on a U.S. or global standard.
- 2) Workforce investment system formula funds are transformed, providing significantly increased opportunity for postsecondary education for lifelong learning opportunities aligned with the region's talent development strategy.
- 3) The workforce investment system no longer operates as an array of siloed programs and services.
- 4) Workforce investment boards are structured and operate on a regional basis and are composed of regional strategic partners who drive investments, aligning spending with a regional economic vision for talent development.
- 5) Economic and workforce development activities within regions are aligned, leading to the adoption of common and innovative policies across the workforce, education, and economic development systems and structures that support talent development and the regional economy.
- 6) The workforce investment system is agile enough to serve the innovation economy, recognizing the reality that 2/3 of all new jobs are created by small businesses.
- 7) The workforce investment system actively collaborates with economic development, business, and education partners to gather and analyze a wide

array of current and real-time workforce and economic data in order to create new knowledge about regional economies and support strategic planning, routinely track economic conditions, measure outcomes, and benchmark economic competitiveness in the global marketplace.

System Reform and Increased Focus on Workforce Education and Training

The needs of the 21st century labor market are radically different from what we have known in the past, and for which most workers are currently trained. As a result, the American economy is facing a shortage of skilled workers which necessitates a talent development system that cultivates an educated and prepared workforce committed to life-long learning. The following strategies can help advance an essential culture of life-long learning:

- K-12 and alternative education curricula must be designed to academically prepare students to successfully move into postsecondary education as well as prepare students for success in the workplace through a range of strategies.
- Educational strategies for adult learners must offer more entry and exit points in recognition that students will need to earn and learn simultaneously and may need to approach both their education and career progression incrementally rather than on one continuous path to a specific degree with the aim of moving the learner to the workplace. This is particularly essential for incumbent workers who need lifelong education to remain in economically self-sustaining jobs.
- New education models are needed to support the development of cross-disciplinary learning that matches the expanding number of cross-functional competencies and skill sets that are needed on the job.

The state has multiple ways to drive system transformation and integration through policies, required practices, and investment of state set-aside funds, among others. There are a number of key areas the state may consider addressing in its Strategic Plan to respond to the current challenges of maintaining a competitive advantage and ensuring a prepared and educated workforce. These may include, but are not limited to, the following:

- Aligning economic and workforce development strategies and facilitating the adoption of common and innovative policies across the workforce, education, and economic development systems and structures that support talent development in a regional economy;
- Reorganizing governance structures to operate on a regional basis and in a way that reduces administrative costs, streamlines service delivery systems, and increases flexibility to address the needs of state and regional economies;

- Promoting the engagement of strategic partners who drive investments in economic regions and align spending within a regional economic vision for talent development;
- Using state set-aside funds to respond more efficiently to economic trends and shocks, enabling state and local workforce investment boards greater agility;
- Increasing use of system resources for training through targeted policies such as setting a specific percentage of WIA funding that must be devoted to training and transforming the use of WIA formula funds to postsecondary education and lifelong learning opportunities aligned with the region's talent development strategy;
- Promoting the use of Registered Apprenticeship as an important talent development strategy and a critical postsecondary education and training opportunity as part of the suite of options offered through the workforce system;
- Developing statewide policies to guide the use of assessments of individuals to enhance service delivery for business and jobseekers; and
- Developing comprehensive, user-friendly economic data and skills information to enable informed decisions by the system, and its customers and partners.

Enhanced Integration through the One-Stop System with Improved Service Delivery and Increased Efficiencies

The workforce investment system, as currently constituted, struggles to meet the challenges of educating and training a workforce that is prepared to compete in today's economy. This is partly due to the lack of integration, which causes too much money to be spent on competing bureaucracies, overhead costs, and unnecessary infrastructure, and not enough on meaningful skills training that leads to job growth and economic prosperity. The ultimate goal is a workforce system that eliminates duplicative costs for physical infrastructure, information systems, and administrative and managerial personnel; this will enable the system to devote scarce resources to more efficiently and effectively implement talent development strategies across multiple programs.

In addition to infrastructure integration, integrated service delivery remains essential to a demand-driven workforce system that effectively serves businesses and individuals. The workforce investment system must operate as a seamless system functionally organized around service delivery rather than an array of separate programs with separate processes. The objective is for "customers" to be seen as customers of the workforce investment system, not a particular program. This goal is particularly important when focusing on targeted populations such as veterans, individuals with disabilities, military spouses, migrant and seasonal farm

workers, older workers, and others. All of these populations need access to all of the services in a One-Stop Career Center.

Achieving the goal of integrated service delivery requires strong state leadership to overcome administrative challenges and to foster a policy environment conducive to the integration of funding, facilities, and service delivery. The WIA state planning process offers a vehicle for the governor and state workforce investment board to set forth policy expectations for integration and to help eliminate obstacles.

A Vision for Serving Youth Most in Need

Currently, there are nearly four million youth who are not in school, do not have a diploma, and are not working. Over 30% of youth are dropping out of high school nationally, and the number is closer to 50% in many urban areas. In an attempt to address this problem, the U.S. Department of Labor has developed a Youth Vision (described in TEGs 3-04 and 28-05 and available on www.doleta.gov), which proposes that the public workforce investment system serve the neediest youth: youth aging out of foster care, those involved with the juvenile justice system, children of incarcerated parents, migrant youth, Native American youth, and youth with disabilities. Transforming the system to meet this objective requires that the current capacity, knowledge, and models in the workforce system be strengthened, if the system is to meet the new performance expectations: out-of-school youth literacy and numeracy gains, diploma attainment, and transitioning to postsecondary education.

Governors must continue to provide strong leadership in advancing the vision for serving youth most in need. States should expand upon existing efforts by aligning resources to address barriers and challenges and increase opportunities to access postsecondary education. States are encouraged to expand their cross-agency partnerships to ensure the right set of agencies are represented in the development of a coordinated strategic plan; build upon state-level collaborative efforts by conducting strategic planning sessions to better understand the range of issues that impact their ability to serve the neediest youth; develop a comprehensive understanding of resources that are available in the state for serving the neediest youth; conduct analyses that identify where gaps in services and resource coordination exist; and develop new strategies for serving the neediest youth through jointly funded solicitations.

States should also engage employers and civic leaders to identify demand-driven workforce solutions that address the unique challenges that out-of-school youth present. This includes building the capacity of the workforce system to provide services to the neediest youth in a business solutions environment by identifying replicable models and innovative business solutions which connect secondary and postsecondary education, businesses and industry associations, and the workforce system.

Recognizing the critical need to reconnect out-of-school youth with high quality educational opportunities, the Youth Vision emphasizes the development of academically rigorous alternative education pathways. WIA-funded youth programs should serve as a catalyst for increasing both the quality and quantity of alternative learning environments and connecting out-of-school youth with secondary and postsecondary educational opportunities and high-growth employment opportunities. A system for serving out-of-school youth should include high quality educational programs that will meet the learning styles and needs of youth who need to be reconnected to educational opportunities.

Increased Economic and Workforce Information Data Integration and Analysis

ETA reaffirms and strengthens its message about the centrality of workforce information for the workforce system leaders, and their economic development, business, and education partners. To be successful in its new role as a catalyst for leading talent development, the workforce investment system needs to actively collaborate with its partners to gather and analyze a wide array of current and real-time workforce and economic data in order to compile new knowledge about regional economies and support strategic planning, routinely track economic conditions, measure outcomes, and benchmark economic competitiveness in the global marketplace.

Not only is workforce information critical to support decisions of the national state and local political leadership, economic developers, business and industry, investors, and educators and to drive the investments of the workforce investment system, it is also a fundamental tool for guidance counselors, students, job seekers, and workers. The provision of workforce information in an economic context, through easy-to-use electronic tools, will empower customers in career planning and lifelong learning required by today's dynamic global economy.

Fulfilling the mandate for leadership in workforce and economic information can only occur by embracing a wide array of data sources, greater integration of the data, more complex analysis, new strategies for making it available to strategic partners engaged in developing regional economic agendas and talent development strategies. Accomplishing this requires collaboration among the owners of the data and developing methods to leverage public and private resources to produce the economic and workforce intelligence needed in a regional economy. Ideas for expanded data sources and categories of data that can be sought and used to create new knowledge about regional economies were set forth in TEGl 3-06 available on www.doleta.gov.

Effective Utilization of Faith Based and Community Based Organizations

In every community, including those facing high poverty rates and other serious challenges, there are faith-based and community organizations (FBCOs) working to improve their community. These organizations can be valuable partners for the workforce investment system. The Department of Labor (DOL) encourages states to build and strengthen both monetary and non-monetary partnerships with FBCOs.

These partnerships can strengthen participant outcomes by expanding access to services that complement those provided by the One-Stop Career Center, including job readiness and life skills training and niche and specialized services. These partnerships can also create new “points of access” to the One-Stop system’s electronic tools and job search assistance in many communities.

Two distinct activities are critical to utilizing fully the complementary strengths of FBCOs. First, states must ensure compliance with the DOL’s equal treatment regulations 29 CFR part 2, subpart D. Compliance includes taking the administrative steps necessary to create a “level playing field” for all organizations willing to join with the government in service, including faith-based groups and other non-traditional community partners.

Second, states should actively cultivate FBCO partnerships to expand the reach of the workforce investment system and to improve outcomes for participants, including high-need individuals. States are encouraged to review technical assistance materials and promising practices at www.dol.gov/cfbci/states.

Increased Use of Flexibility Provisions in WIA

To fuel regional economic competitiveness and create employment opportunities for workers, states should exercise their authority to design and implement innovative strategies. States should take advantage of flexibility provisions under current legislative authority, including waivers and work-flex, to tailor service delivery and program design to fit the unique characteristics of their workforce areas.

The state planning process is a vehicle for identifying waiver opportunities and formally requesting waivers, including extensions of approved waivers, in concert with overall strategic planning. States are strongly encouraged to think about flexibility in broad terms and to utilize the flexibility provided by WIA to advance their state’s strategic goals. States have received waivers in multiple program areas, during this and the previous five-year planning cycle, that have allowed them to implement a wide range of innovations to transform their workforce systems. States have received waivers that:

- Increase training opportunities by permitting the use of a portion of local area formula funds or funds reserved for rapid response activities to provide incumbent worker training.
- Decrease the amount that small and medium-sized businesses need to invest in order to take advantage of WIA's provision for customized and on-the-job training.
- Allow states to choose the most appropriate mix of youth services needed within each local and regional economy.

ETA provides technical assistance on waivers and work-flex and provides information on the waiver strategies states have utilized to date. Approved waivers are on the ETA's waiver Web site at www.waivers.doleta.gov.

An Integrated and Enhanced Performance Accountability System that Provides Improved System Results

In an effective accountability system, a clear link exists between the state's program and service delivery design and the results achieved. Further, the performance information should be available and easily understood by all customers, stakeholders, and operators of the workforce investment system.

ETA is aware that while great strides have been made in our reporting system in recent years, the accountability outcomes for the workforce investment system have not yet reached all goals. In addition, some areas report that the reporting requirements for the various programs operated by the workforce investment system are seen as impediments to the integrated service delivery system required for the demand-driven workforce systems that support regional economic competitiveness. To begin to address this issue, DOL has implemented a set of common performance measures for many of its workforce programs, including WIA Title IB, the Wagner-Peyser Act, and the Trade Adjustment Assistance Act. While the common measures now provide the ability to describe in a similar manner the core purposes of all the programs operated by the workforce investment system--did people find jobs; did people stay employed; and did earnings increase--DOL plans to propose additional ways to streamline program performance definitions and reporting requirements.

The common measures are the foundation of ETA's evolving performance accountability system. However, ETA will continue to collect from states and grantees other data on program activities, participants, and outcomes necessary for program management, including data that support the existing WIA performance measures that are required to convey full and accurate information on the performance of workforce programs to policymakers and stakeholders.

With this in mind, states will continue to be held accountable for performance against the WIA performance measures. Negotiated performance levels should be included in the Plan for Program Years 2007 and 2008 for both the WIA and the Wagner-Peyser Act programs.

In addition, ETA published its plan for the introduction of the Workforce Investment Streamlined Performance Reporting (WISPR) system in the November 6, 2006 Federal Register. The proposed WISPR system will organize customer information that is maintained by states in order to run their day-to-day operations, and includes a minimum level of information collection that is necessary to comply with Equal Opportunity requirements, hold states and grantees appropriately accountable for the Federal funds they receive, and allow ETA to fulfill its oversight and management responsibilities. WISPR will replace the current quarterly reporting requirements of the following seven ETA activities: Wagner-Peyser Act, Veterans Employment and Training Service, the Workforce Investment Act (WIA) Adult, WIA Dislocated Worker, WIA Youth, and Trade Adjustment Assistance Act programs, and National Emergency Grants. As part of the planning process, states should focus on implementation activities for WISPR and also how to effectively utilize this improved data source for program and system planning.

6. **Extension of Existing Waivers.** Most states have WIA Title I waivers that expire on June 30, 2007. States may request an extension through June 30, 2009, by including in their State Plan modification submission an abbreviated waiver request that references the original waiver plan submission and provides a brief rationale for the extension.
7. **Unified Planning: Additional Instruction to Be Provided.** ETA, after further consultation with its Federal Partners, will issue additional instructions for those states interested in submitting a modification using the unified planning guidance issued on April 12, 2005. New legislation for one or more of the Federal Partner programs precludes states from exercising some of the options provided in the unified planning guidance. Updated contact information for programs identified in the unified planning guidance will also be provided. In the interim, if states have questions related to submitting a modification using the unified planning guidance, they should contact the Federal Coordinator for Plan Review and Approval (contact information is provided in Section 12 below).
8. **Technical Assistance on State Planning Guidance.** Soon after this TEGL is issued, ETA will be offering technical assistance on its national strategic direction and the State Plan modification process, providing states the opportunity to seek clarification and to ask questions concerning the instructions contained in this TEGL.

9. **Negotiation of Levels of Performance.** States that have completed negotiations with ETA can include their agreed-upon levels of performance for Program Years 2007 and 2008 for WIA and Wagner-Peyser Act programs in the State Plan as part of their modification request. States that negotiate levels of performance for PY 2007 and 2008 after the submission of the modification request can have their agreed-upon performance levels incorporated into the State Plan at a later date. Further guidance about the negotiation of the measures will be issued separately. Guidance regarding the negotiation of measures of One-Stop Career Center services to Veterans, and measures for the Jobs for Veterans state grant specific outcomes will be issued separately by the Veterans Employment and Training Service (VETS).

10. **Submission of Modifications, New Waiver Requests, and Waiver Extension Requests.** The due date for submission of the modification request is April 1, 2007. ETA encourages states to submit modification requests in electronic format to reduce the processing burden and to ensure timely receipt by ETA. States can submit a State Plan electronically either by posting it on an Internet Web site that is accessible to ETA or by transmitting it through electronic mail to ETA.

Posting State Plans on an Internet Web Site. Under this option, a state need only post its State Plan on an Internet Web site; inform the Federal Coordinator and the appropriate ETA Regional Administrator through electronic mail of the URL and the location of the document on the Web site; provide contact information in the event of problems with accessing the Web site; and certify that no changes will be made to the version of the State Plan posted on the Web site after it has been submitted to ETA, unless ETA grants prior approval for such changes.

Transmitting State Plans by Electronic Mail. States submitting their plans by electronic mail should send it to WIA.PLAN@DOL.GOV with a copy sent to the appropriate ETA Regional Administrator.

Other Considerations When Using Electronic Submission. State Plan certifications with electronic signatures are acceptable. If a state chooses not to use an electronic signature, then the signature page must be submitted in hard copy. If a state chooses to submit its State Plan by transmitting it through electronic mail, the state must submit it in Microsoft Word or PDF format.

Hard Copy or CD-ROM Submission. If the state chooses to submit a hard copy or a CD-ROM, the modification request should be sent (with an original signature) to Janet Sten, Federal Coordinator for Plan Review and Approval, USDOL/ETA, Office of Workforce Investment, Division of Workforce System Support, Room S4231, 200 Constitution Avenue, NW, Washington, DC 20210. A copy should also be sent to the appropriate ETA Regional Administrator. If the State Plan on the CD-ROM does not include the signature of the governor on the signature page, the state must submit separately an electronic signature or a signature page in hard copy. Plans submitted on a CD-ROM must be in Microsoft Word or PDF format.

The Federal Coordinator will confirm receipt of the State Plan within two workdays of its receipt and indicate the date for the start of the review period. When a state submits an incomplete State Plan, the period for review will not start until all required components of the State Plan have been received.

As noted above, part of the State Plan modification submission can include waiver extension requests and new waiver requests.

11. **OMB Approval of Planning Guidances under Paperwork Reduction Act.** The reporting requirements for submission of modifications using the stand-alone planning guidance, “Planning Guidance and Instructions for Submission of Two Years of the Strategic Five-Year State Plan for Title I of the Workforce Investment Act of 1998 and the Wagner-Peyser Act,” are approved by the Office of Management and Budget (OMB) (OMB Approval No. 1205-0308) pursuant to the Paperwork Reduction Act of 1995, expiration date October 31, 2008.

The reporting requirements for submission of modifications using the unified planning guidance, “Revisions to the Workforce Investment Act Title I, Wagner Peyser Act and the Senior Community Service Employment Program Unified Planning Guidance,” are approved by OMB (OMB Approval No. 1205-0407) pursuant to the Paperwork Reduction Act of 1995, expiration date October 31, 2008.

12. **Inquiries.** Questions regarding this guidance should be directed to Janet Sten, the Federal Coordinator for Plan Review and Approval, at sten.janet@dol.gov, or Robin Fernkas at fernkas.robin@dol.gov. Both can be reached by calling (202) 693-3045.

Attachment

Attachment

WIA Waivers and Work-flex Plan Options

Waivers

States may want to consider requesting one or more of the following waivers:

1. Waiver of the funds transfer limitation at WIA Section 133(b)(4) to permit states to approve local area requests to transfer up to 100 percent of local area formula allocation funds between the WIA Adult and Dislocated Worker programs.
2. Waiver of the language that limits the authority to provide the activities identified in WIA Section 134 to the state to permit local areas to request the use of a portion of local area formula funds for adults and dislocated workers to provide incumbent worker training identified at WIA Section 134(a)(3)(A)(iv).

The Department has approved this waiver in amounts ranging from 10 to 50 percent. States will be required to report performance outcomes for incumbent workers served under this waiver.

3. Waiver of the language limiting the authority to provide the activities at WIA Section 134(a)(1)(B) to statewide reserve funds to permit the use of a portion of the funds reserved for rapid response activities at WIA Section 133(a)(2) to provide incumbent worker training.

The Department has approved this waiver in amounts ranging from 10 to 50 percent. States will be required to report performance outcomes for incumbent workers served under this waiver.

4. Waiver of the reporting requirements at 20 CFR 667.300(a) to provide relief in the collection of certain participant data elements for incumbent workers trained with local area WIA formula funds.

Under the waiver, states will not need to collect from these participants the following data elements in the Workforce Investment Act Standardized Record Data (WIASRD): single parent (117), unemployment compensation eligible status at participation (118), low income (119), TANF (120), other public assistance (121), homeless individual and/or runaway (125), and offender (126).

5. Waiver of the required 50 percent employer match for customized training at WIA Section 101(8)(C) to permit a match based on a sliding scale.

Under the waiver, the following sliding scale is permitted: 1) no less than 10 percent match for employers with 50 or fewer employees, and 2) no less than 25 percent match for employers with 51-100 employees. For employers with more than 100 employees, the current statutory requirements continue to apply.

6. Waiver of WIA Section 101(31)(B) to permit states to reimburse the employer on a graduated scale based on the size of the business.

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 more than 50 but fewer than 100 employees. For employers with 100 or more employees, the current statutory requirements will continue to apply.

7. Waiver of the provision at WIA Section 181(e) that limits the use of funds for capitalization of businesses to permit the use of WIA funds to capitalize a small business up to \$5,000.

Under the waiver, this activity must be conducted in concert with entrepreneurial or microenterprise training for the individuals benefiting from the capitalization.

8. Waiver of the provision at WIA Section 181(e) that prohibits the use of funds for economic development activities that are not directly related to training for eligible individuals.

This waiver permits the use of funds for economic development activities that have a direct tie to workforce development and human capital solutions, such as work related to identifying skill requirements of business and developing industry-recognized competency models. Funds may not be used for activities such as infrastructure development or business financing, except under the conditions described in waiver #7 above.

9. Waiver of the reallocation provisions at WIA sections 128(c)(2) and 133(c)(2), and 20 CFR 667.160 to provide states additional flexibility in the targeting of WIA funds.

Under the waiver, states will be permitted to implement the following features: 1) mid-year deobligation and reallocation of local area funds;

2) recapture of funds from local areas that have not expended at least 80 percent of their local funds in the first year; 3) use of recaptured funds for statewide activities or reallocation to other eligible local areas; 4) use of additional factors in determining local area eligibility for a reallocation of recaptured funds, including demonstrated need and ability to use additional funds.

10. Waiver of the requirement that local programs provide each of the ten youth program elements at WIA section 129(c)(2) as options available to youth participants.

Under this waiver, states will be required to develop a strategic youth plan inclusive of the program elements or program services that will be provided and the specific outcomes to be attained from such services.

11. Waiver of the prohibition on the use of Individual Training Accounts for older and out-of-school youth at 20 CFR 664.510.

Work-flex Authority

Work-flex authority allows Governors to waive any of the statutory or regulatory requirements under Title I of WIA applicable to local areas, except those described at 20 CFR 661.430(a)(1), any of the statutory or regulatory requirements applicable under Sections 8 through 10 of the Wagner-Peyser Act, except for those listed at 20 CFR 661.430(a)(2), and any of the statutory or regulatory requirements under the Older Americans Act of 1965, except those described at 20 CFR 661.430(a)(3). Once a state is identified as a work-flex state, it has the authority to identify additional local level provisions to waive without further approval from the Secretary of Labor.