

The Idaho Department of Labor has proposed changes to its performance goals for the coming 2010 Program Year. It is also proposing a waiver to increase the wage reimbursement rate for eligible employers participating in on-the-job training (OJT) activities under the Workforce Investment Act.

These changes have been proposed as a result of the impact caused by the recent economic factors that have had an effect on the job seekers and employers in the state and the rest of the nation. It is believed that changes in the on-the-job training reimbursement process will allow more employers to participate in this activity and allow for an increased number of individuals being hired as a result. The change in performance goals should also reflect more realistic participant outcomes during the program year for those participants that have had to endure the recent economic setbacks.

No changes have been made to the state's Workforce Investment Act (WIA) Plan.

The state's Workforce Development Council approved these proposed measures to the state's Workforce Investment Act program during its May 3, 2010 meeting. The changes are posted on the Idaho Department of Labor's website at the following link - <http://labor.idaho.gov/wia1/PY10wiaplan.pdf> . The state solicited public comments on the proposed changes from May 13, 2010 through June 1, 2010. However, no comments were received by the state during this time.

Mr. Richard Trigg
Regional Administrator
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San Francisco CA 94103-1516

Via e-mail - WIA.PLAN@dol.gov & Trigg.richard@dol.gov

May 14, 2010

Dear Mr. Trigg:

Idaho's Strategic State Plan for Title I of the Workforce Investment Act (WIA) and the Wagner-Peyser Act will expire on June 30, 2010. In accordance with TEGL 21—09, the state of Idaho's plan meets criteria for the automatic extension for PY 2010.

The state will be submitting a waiver to increase the on-the-job reimbursement rates for employers for PY2010. As per the guidance from TEGLs 21-09 and 26-09, the state has included (as Attachment #1 to this letter) its request to waive this Workforce Investment Act requirement under the ETA's waiver authority which allows states flexibility to design and implement workforce strategies to meet unique state needs. This waiver request meets the required elements as noted under CFR 661.420(c).

Also included in this letter are Idaho's proposed new performance goals for the PY 2010 for both WIA and Wagner-Peyser programs. These new goals are reflective of the downturn in the nation's economy which has not left Idaho unscathed. These goals are listed on Attachment #2 and are being submitted in accordance with TEGL 23-09.

The specific performance goals that we recommend changing from Program Year 2009 include:

- Dislocated Worker - Entered Employment (from 85% to 80%)
- Dislocated Worker – Employment Retention (from 91% to 85%)
- Youth – Literacy and Numeracy Gains (from 30% to 25%)
- Wagner Peyser – Entered Employment (from 65% to 62%)

An analysis of the rolling four quarters on the current Program Year's 9090 WIA Quarterly Report revealed Idaho's outcomes in the areas of employment, retention and earnings have steadily declined due to the down turn in the economy. Our WIA Management Information System's interim performance report for the current program year beginning July 1, 2009 through mid-May, 2010, indicates an Entered Employment Rate of only 70.3% for our dislocated worker population.

Program Year 2009's Labor Exchange 9002 Report also shows a steady decline in Entered Employment outcomes from 64.3% in the first quarter down to 57.9% in the third quarter.

During this time, Idaho has been among the states experiencing the highest rate of growth in job loss and unemployment. Unemployment rates in March 2010 in the Boise City and Coeur d'Alene MSAs, which receive the vast majority of program dollars is 10%, which is higher than the national average. This is up from 6.9% and 8.5%, respectively, in March 2009.

Also on a steady decline in the current Program Year are Literacy and Numeracy Gains. Idaho staff have struggled with the out-of-school basic skills deficient youth population. One issue noted by staff is that this particular population typically are dropouts who are difficult to entice to take lengthy pre- and post-tests in an academic-related realm. Though necessary services are nonetheless provided to increase their basic skills deficiencies, Idaho continues to struggle to overcome the challenge of having participants take tests to demonstrate skill increases.

A committee has been formed to address this issue. Several strategies to to increase this outcome are underway. Statewide staff training was developed and administered to all youth case management staff. Additionally, we are exploring alternative testing instruments and methods that will be more appealing to youth. Despite these efforts, because it is possible for a youth who refused testing the first year to affect the Literacy and Numeracy Gains outcomes for the subsequent two years, we anticipate only modest gains in Program Year 2010.

Both the waiver request and proposed goals will be posted on the Idaho Department of Labor's website to allow for public comment, as required by regulation. After the comment period, public submissions will be reviewed and incorporated as part of the waiver request and the performance goals as necessary. As noted earlier, these items are posted on the Idaho Department of Labor's Web site (labor.idaho.gov) at the following:

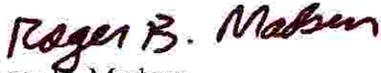
- "What's News", then click on "[Proposed Waiver Request and Performance Goals for PY2010](#)", which includes an e-mail address for public comment

As prescribed in TEGs 21-09, 23-09 and 26-09, this letter will be forwarded to WIA.PLAN@dol.gov in accordance with the directives for electronic submission of new waiver requests and proposed performance levels.

If you have any questions regarding the waiver request, please contact Cheryl Brush, Assistant Deputy Director for Workforce Development at (208) 332-3570, ext. 3312 or via e-mail at Cheryl.Brush@labor.idaho.gov. If you have any questions regarding the state's proposed

performance levels, please contact Jeanie Irvine, Technical Program Manager, at (208) 332-3570, x3323 or via e-mail at Jeanie.Irvine@labor.idaho.gov.

Sincerely,



Roger B. Madsen
Director

cc: Dana Durfee, Federal Project Officer via-email – Durfee.dana@dol.gov
Rogelio Valdez, IDOL Deputy Director
Cheryl Brush, IDOL Asst. Deputy Director Workforce Development
Dwight Johnson, IDOL Employment and Training Administrator
Jeanie Irvine, IDOL Technical Support Manager

Attachments

**State of Idaho
Workforce Investment Act
Waiver Request for PY 2009 through 2011**

**Waiving the Maximum Employer Reimbursement Rate for On-the-Job Training
Participation from 50% to up to 90%**

Pursuant to WIA Section 189 (i)(4)(B) and the WIA Federal regulations at 20 CFR 661.420, the State of Idaho requests a general waiver to modify the requirements found in WIA Section 101(31)(B) and 20 CFR 663.710 which limit the employer reimbursement for the costs associated with on-the-job training to 50 percent of the OJT participant's wage rate. Idaho proposes to adjust the OJT reimbursement rate from the current maximum rate of 50 percent to a new reimbursement rate of up to 90 percent.

A. Statutory or Regulatory Requirements to be Waived

The State of Idaho is requesting a waiver of the requirement of the 50 percent employer reimbursement limit for on-the-job training, as identified at WIA Section 101 (31)(B) and 20 CFR 663.710

Specifically, the state will establish the on-the-job training reimbursement costs based on a sliding reimbursement scale for employers. Under the waiver, the following OJT employer reimbursement amounts will be permitted:

- a) up to 90% for employers with 50 or fewer employees;
- b) up to 75% for employers with 50 - 250 employees;
- c) for employers with 251 or more employees, reimbursement would remain at the 50% statutory level

The sliding scale would be based on the following factors:

- Labor market demand for the occupation for which OJT is being delivered;
- Labor market demand for the industry in which training is being delivered;
- Percentage of successful completers who are hired by the employer or employers;
- Size of the potential employer's workforce; and
- Demographic characteristics of the trainees with an emphasis on encouraging training individuals with multiple barriers to employment.

No reimbursement greater than 50 percent will remain in effect longer than three months. The waiver will apply to Program Year 2010 and 2011.

B. Goals of the Waiver and Expected Programmatic Outcomes if Waiver is Granted

The proposed waiver will provide the state of Idaho a greater flexibility in responding to local labor markets. WIA funds will be utilized in a manner that maximizes the state's response to the needs of businesses in need by delivering job training and workforce development services that are relevant to the local economy.

The goal of this waiver request is enhance the attractiveness of OJT. Some businesses may view OJTs to be another "government program" with too many regulations and too much paperwork. Employers may not believe it worth the effort to utilize an OJT when hiring only one or two people. This waiver would reverse this trend towards OJTs with the benefits of increased reimbursement outweighing the upfront paperwork, allowing businesses to train job seekers who may have challenging barriers.

By allowing an increase in the current employer OJT reimbursement rate for businesses, Idaho's workforce system will be able to more effectively market WIA funded on-the-job training to support job creation in that sector of the employer community that supports the overwhelming majority of the state's jobs. The proposed increase creates the necessary flexibility for employers to be reimbursed at level more reasonably suited to their needs, resulting in an increase in business participation in on-the-job training programs and eventually improving the percentages of job seekers that receive training and training related employment.

This waiver request has the following goals and programmatic outcomes:

- Allow the state to continue to improve services to customers who would benefit through an OJT;
- Improve the state's capacity to market demand-driven services and build relationships with businesses;
- Increase employment opportunities for harder to serve individuals persons, such as the long term unemployed, older workers, and those with limited or sporadic job histories, by allowing businesses to receive higher reimbursement for training and hiring this population;
- Increase opportunities for the One Stop system to enhance relationships with businesses;
- Increase percentages of employers using OJT as a means of hiring and retaining a skilled workforce;
- Increase number and percentages of workers trained and hired through OJT programs;
- Elevate skill proficiencies for workers that will result in increased worker viability;
- Increase responsiveness to labor market issues in the private sector; and
- Increase flexibility at the local level to offer businesses training solutions tailored to respond to the specific needs of the business.

C. State or Local Statutory or Regulatory Barriers

There are no state or local statutory or regulatory barriers to implementing the proposed waiver.

D. Descriptions of Individuals Impacted by the Waiver

Employers will benefit from this waiver allowing OJT at a reduced cost. It will allow businesses to more rapidly adapt to changes in technology and the marketplace. Businesses will be capable of expanding and remaining competitive with affordable OJT options uniquely designed to achieve their specific developmental goals. This waiver will make OJT a much more viable option, especially for small businesses looking to expand.

The waiver will target all individuals (Dislocated Workers, Adults and Youth) who are eligible for services under WIA that can benefit from the availability of OJT options.

E. Opportunity for Public Comment and the Process for Monitoring Implementation of the Waiver

The Idaho Department of Labor, as the state's Administrative Entity for WIA, will monitor the implementation and impact of the waivers, through a combination of reporting from the local level, state oversight and evaluation. To ensure fiscal integrity, there will be both adequate oversight and complete, consistent reporting. The State will review applicable policies and procedures and modify them accordingly.

Consistent with the general waiver request, the state is adhering to publication requirements to ensure the broadest participation possible through this process. The state's Workforce Development Council approved this waiver during its May 3, 2010 meeting. Opportunities for public comment are currently being solicited and will be reviewed and incorporated into the waiver as necessary.

**IDAHO WORKFORCE INVESTMENT ACT AND WAGNER PEYSER
PERFORMANCE MEASURES**

PROPOSED PERFORMANCE GOALS FOR PY 2010

WIA Adult Programs

1. Entered Employment Rate	78%
2. Retention Rate	82%
3. Average 6 Month Earnings	\$9,000

WIA Dislocated Worker Program

4. Entered Employment Rate	80%
5. Retention Rate	85%
6. Average 6 Month Earnings	\$12,000

WIA Youth

7. Placement in Employment or Education	70%
8. Youth Attainment of a Degree or Certificate	50%
9. Literacy and Numeracy Gains	25%

Wagner Peyser

1. Entered Employment Rate	62%
2. Retention Rate	72%
3. Average 6 Month Earnings	\$10,200