



AUG 21 2018

The Honorable Michael L. Parson
Governor of Missouri
Capitol Building Room 216
Post Office Box 720
Jefferson City, Missouri 65102

Dear Governor Parson:

Thank you for your waiver requests of certain statutory and regulatory provisions of the Workforce Innovation and Opportunity Act (WIOA) and the accompanying plan to improve the statewide workforce development system, submitted on May 25, 2018 (copy enclosed). This letter provides the Employment and Training Administration's (ETA) official response to the State's request and memorializes that Missouri will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by Missouri and ETA. This action is taken under the Secretary's authority to waive certain requirements of WIOA Title I; Subtitles A, B, and E; and Sections 8 – 10 of the Wagner-Peyser Act in WIOA Section 189(i).

Requested Waiver: Waiver of the obligation of eligible training providers (ETPs) to collect performance data on all students in a training program at WIOA Sections 116(d)(4)(A) and 122, and 20 CFR 677.230(a)(4) and (5) and 20 CFR 680.

The State's request to waive the obligation of ETPs to collect and report performance data on all students in a training program is approved. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Missouri to implement its plan to improve the workforce development system. Therefore, ETA approves this waiver for Program Years (PYs) 2018 and 2019 (July 1, 2018, through June 30, 2020). The State must provide information regarding how the Governor will take into account the outcomes of all students in an ETP program of study, with respect to their employment and earnings, as required for the demonstration of continued eligibility in 20 CFR 680.460(f)(1)(iii) and WIOA Section 122. The State will continue to collect and report data for all WIOA-funded participants in accordance with all statutory and regulatory requirements, including WIOA Sections 116 and 122, and as specified at 20 CFR 677.230 and 680.460. While ETA recognizes the importance of informing consumer choice through the provision of quality data on training outcomes, we also recognize that the systems and willingness to collect the required performance data from providers may discourage training provider participation, which is a critical component of the workforce development system.

Requested Waiver: Waiver to allow structured work experience to be included in the definition of “program of training service” as outlined in 20 CFR 680.420.

The Department appreciates your interest in structured work experiences, and strongly agrees that work experiences provide key skills that help people achieve employment goals.

The Department envisions a workforce system that provides flexibilities for states in developing and maintaining a skilled workforce. I am pleased to report that WIOA already envisions a broad range of work experiences that can be tailored to develop the skill needs of the individual, such as transitional jobs or internship programs. The Missouri Department of Economic Development has indicated that the work experiences it provides include apprenticeships (including pre-apprenticeships), on-the-job training (OJT), internships, and other work-based learning. Many of these services can qualify as training services under WIOA section 134(c)(3)(D), which provides a non-exhaustive list of training services for adults and dislocated workers. One example of a training service that may be inclusive of the services Missouri identified is “programs that combine workplace training with related instruction.” Participants in work experience that qualifies as training services should be incorporated into the State’s calculation for the measurable skill gain performance indicator. By doing so, this allows for the State to collect and report on the measurable skills gains for these participants using the skill gain type in 20 CFR 677.155(a)(1)(v)(D), defined as “satisfactory or better progress report, towards established milestones, such as completion of OJT or completion of 1 year of an apprenticeship program or similar milestones, from an employer or training provider who is providing training,” among other skill gain types.

As a result of the flexibilities already contained in WIOA, there is no need for a waiver. ETA staff stand ready to assist Missouri in implementing these policies to enable local areas to count structured work experiences as training programs.

Requested Waiver: Waiver of the time frame design for calculating the Measureable Skill Gain performance indicator as required by WIOA 116(b)(2)(A)(i)(V) and 20 CFR 677.155(a)(1)(v).

Missouri proposed a waiver of the timeframe for calculating a measurable skill gain so that any measurable skill gain achieved within 60 days of enrollment could be counted toward the year in which the enrollment took place. Unfortunately, this request falls outside of the Secretary’s waiver authority and, therefore, cannot be approved. WIOA Section 189(i)(3)(A)(i) prohibits the Secretary from waiving requirements related to the basic purposes of Title I of WIOA, which include the promotion of accountability using the core indicators of performance 20 CFR 675.100(f).

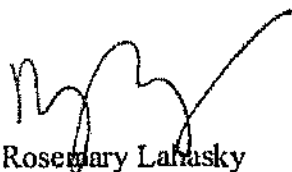
Requested Waivers: Waivers associated with the requirement at WIOA Section 129(a)(4)(A) and 20 CFR 681.410 that the States and each local area expend 75 percent of all Governor’s reserve and local formula youth funds on out-of-school youth (OSY).

The State’s request to waive the requirement that states and local areas expend 75 percent of all Governor’s reserve and local formula youth funds on OSY is approved. In addition, ETA approves calculation of the OSY expenditure target at the state-level rather than by each local area. ETA reviewed the State’s waiver request and plan and has determined that the requirements requested to be waived impede the ability of Missouri to implement its plan to improve the workforce development system. Therefore, ETA approves the requested waivers for

PYs 2018 and 2019 (July 1, 2018, through June 30, 2020). Missouri may lower the target rate for Governor's reserve and local youth funds to 50 percent and calculate a 50 percent state-level OSY expenditure target.

ETA is available for further discussion and to provide technical assistance to the State to support achieving its goals. The Department of Labor has proposed additional flexibility in its Fiscal Year 2019 Budget to give governors more decision-making authority to meet the workforce needs of their states. If you have questions or wish to explore additional flexibility, feel free to contact my office at 202-693-2772.

Sincerely,



Rosemary Lafusky
Acting Assistant Secretary

Enclosure

cc:

Robert B. Dixon, Director, Missouri Department of Economic Development
Mardy L. Leathers, Director, Division of Workforce Development
Christine Quinn, Chicago Regional Administrator, Employment and Training Administration
Lori Harris, Federal Project Officer, Employment and Training Administration



Eric R. Greitens
Governor

Department of Economic Development

Robert B. Dixon
Director

Division of
Workforce Development

Mardy L. Leathers
Director

May 25, 2018

Ms. Christine Quinn, Regional Administrator
Employment & Training Administration
U.S. Department of Labor
230 South Dearborn Street, 6th Floor
Chicago, Illinois 60604

Dear Ms. Quinn:

The State of Missouri is submitting a modification request to our Workforce Innovation and Opportunity Act (WIOA) Combined State Plan. This request is submitted in accordance with the WIOA Section 189(i)(3)(B) and the Workforce Agency Regulations at 20 Code of Federal Regulations 679.620. The attached document details the waivers requested by the State of Missouri. The waiver requests were posted for public comment from March 30, 2018 to April 30, 2018. There were no public comments.

These waivers will assist the State to further develop our workforce system. The waivers will allow Missouri to focus on refining the Eligible Training Provider System, improve measurable skill gain, and better position Missouri to serve at-risk youth. Additionally, the waivers would provide greater flexibility and increase capacity to respond to participants training needs. This request is being made under the Secretary's authority at WIOA Section 189 (i)(3)(B) to waive certain requirements of WIOA Title I, Sections 116 (related to performance), 122 (related to the Eligible Training Provider List), and Section 129 (related to Out-of-School Youth). In order to officially submit this waiver information to the federal portal, Missouri requests the state plan portal remain open or to re-open Missouri's state plan in the portal if needed.

Your review and consideration of the attached waiver request is appreciated. Please contact me with any questions.

Sincerely,

Mardy Leathers
Director

Attachment

- c: Governor Eric Greitens
- Lori Harris
- DWD Senior Staff

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State of Missouri Talent and Investment Agency WIOA Waiver Requests

The State of Missouri seeks approval of the following statutory waivers in accordance with the Workforce Innovation and Opportunity Act (WIOA) at Section 189(i)(3) and the WIOA Regulations at 20 Code of Federal Regulation 20 CFR 679.600 thru 679.640. These waiver requests will assist Missouri to further develop its workforce system while continuing to focus on creating a demand-driven system.

Regulatory Requirements to be Waived – Eligible Training Provider Performance for Non-WIOA

Missouri requests the consideration of a waiver from the requirements in WIOA, Sections 116 (related to performance) and 122 (related to the Eligible Training Provider List), and at 20 Code of Federal Regulations (CFR) 677.230 and 20 CFR 680.400-680.530. In whole these regulations constitute a burdensome requirement for the collection and reporting of performance outcomes for all students, above and beyond WIOA participant students, participating in training programs listed on Missouri's Eligible Training Provider System.

Background:

Missouri has been innovative in the implementation of significant improvements to its Eligible Training Provider List- denoted as the Eligible Training Provider System (ETPS) in Missouri. Since 2013, the workforce agency discontinued contracting with the State education agency to bring the ETPS in-house at the Division of Workforce Development (DWD). The system was taken from a paper application process to one fully completed on-line, including the online approval denotation and enabling local workforce development boards to select specific schools approved for their area. Missouri ETPS is recognized by school staff as a fully enhanced customer friendly user experience. In June of 2017 Missouri's ETPS policy guidance was launched for WIOA compliance. Since January 2018 the system is being enhanced to integrate with Missouri's new case management system to automate participant outcome reporting with the WIPS federal software.

The DWD has developed close leadership and working relationships with the Missouri Community College Association throughout this ETPS deployment process. Several significant challenges remain:

- Ensuring there is sufficient diversity of training programs to provide a robust market place for WIOA participants.
- Developing a fair and equitable approach to setting performance thresholds using context provided by providers and observed behavior of students.
- Reducing the burden on training providers to submit performance information which they do not uniformly research, follow-up with or verify outcomes.
- Significant proprietary schools that are effective training providers but do not have the resources to develop follow-up research, surveys or other outcome validation with students.
- Reticence for providers to be placed on the ETPS given this reporting burden for all students.

- While Missouri is fully prepared to report WIOA student outcomes and to begin to establish reasonable performance thresholds, subsequent years of actual data are needed for normalizing this information. The training providers themselves are reliant upon our case management system to provide reliable outcomes. Requiring the same oversight of all other, non-WIOA participants, is an unfunded burden that schools and the workforce system should not be responsible for eventually providing in collaboration with developing the context of the results for WIOA participants.

Waiver Goals and Outcomes:

- Remove the most significant disincentive for schools and training providers to participate in the ETPS, in anticipation of maximizing the available marketplace of training curriculum.
- Developing contextual research and establishing performance thresholds in partnership with Higher Education, the individual public and proprietary schools, and other labor market analysis to create truly engaged sector strategy connections to the ETPS.
- Enhanced ability of staff at local job centers to more effectively respond in meeting the needs of job seekers and employers alike.

Individuals impacted by the Waiver:

Missouri job seekers, the Job Center and DWD staff, and subcontracted service providers, especially the training provider staff will benefit from this waiver.

Monitoring Progress and Implementation of the Waiver:

DWD will provide annual on-site programmatic reviews that will include sampling and evaluation of how this waiver has impacted local programs, processing applications, enabling students and performance outcomes are being met.

Regulatory Requirements to be Waived – Excluding Work Experience for Measurable Skill Gain

Missouri requests the consideration of a waiver to include structured work experience in resulting the Measurable Skill Gain performance measure. WIOA Section 680.420 What is a “program of training services?” includes: One or more courses or classes, or a structured regimen, that provides the services in §680.200 and leads to:

- An industry recognized certification of certification, a certificate of completion of a registered apprenticeship, a license recognized by the State involved or the federal government, an associate or baccalaureate degree;
- Consistent with §680.350, a secondary school diploma or its equivalent;
- Employment; or

- Measurable skill gains toward a credential described in paragraph (a) or (b) of this section or employment.”

Because work experience does not count toward the Measurable Skill Gain performance indicator, there exists a disincentive to enrolling participants in work experience. Work experience in the WIOA Title I Adult and Dislocated worker programs is not considered education or training and so the measurable skill gain indicator does not apply to those participants engaged only in work experience under WIOA Title I Adult and Dislocated Worker programs. Missouri submits waiver consideration to argue that work experience should be considered at least a type of work-based training.

Background:

Missouri’s workforce development system has a history of contracted services being skilled at providing excellent outcomes in Work Experience programs. A foundation of experienced workforce development professionals can result in the design and delivery of structured work experience that is as meaningful in skill attainment as other activities that count in the measure.

Waiver Goals and Outcomes:

- If approved, this waiver will permit the number of participants in work experience program components to persist or even expand.
- Remove the disincentive to include work experience as a part of a continuum of program elements that result not only in demonstrated measurable skill gain, but employment and retention for participants.
- Contribute to maintaining or expanding success levels in the Measurable Skill Gain performance indicator.

Individuals impacted by the Waiver:

Missouri job seekers wishing to be part of a work experience program, the Job Center and DWD staff, and subcontracted service providers, will benefit from this waiver.

Monitoring Progress and Implementation of the Waiver:

DWD will provide annual on-site programmatic reviews that will include sampling and evaluation of how this waiver has impacted local programs and the processing of participant enrollment in work experience.

Regulatory Requirements to be Waived – Changing the time Limitations for Measurable Skill Gain

Background

Missouri requests the consideration of a waiver of the time frame design in WIOA regulations (training guidance) for calculating the Measurable Skill Gain indicator. Under the existing regulations, participants enrolled later in the program year, such as June 1, are provided only 30 days to achieve a skill gain before beginning the next program year. If the same participant achieves a gain in July, they are still counted as a negative for the first year of participation. Missouri proposes the provision of a window of time for at least 60 days from the point of enrollment to achieve a skill gain.

Training and Employment Guidance Letter (TEGL) 10-16, Change 1, Section 6(E) states:

The Measurable Skill Gain indicator is the percentage of participants who, during the program year, are in education or training programs that lead to a recognized postsecondary credential or employment and who are achieving measurable skill gains, defined as academic, technical, occupational, or other forms of progress toward such a credential or employment.

Missouri proposes a solution to permit implementation of the waiver and at the same time permit submitted data to pass the Workforce Information Performance System software. Participants deemed eligible and scheduled for enrollment in the Measurable Skill Gain indicator, by May 1 each program year, allowed to delay enrollment for WIPS edit checks reporting until July 1 of the next program year.

Goals and Outcomes

This waiver will increase the administrative ease of collecting data for the Measurable Skill Gain indicator, assist case managers in understanding how to enroll participants in the measure and it would increase the likelihood of achieving negotiated goals for this measure. Ultimately it eliminates a redundancy about the current method of calculation time-frame.

Individuals Impacted by the Waiver

All individuals enrolled in the Measurable Skill Gain indicator and thus the WIOA program categories they fall into.

Monitoring Process and Implementation of the Waiver

Missouri has a robust data capture capacity to enable a comparison of using the old method compared to the method sought within the waiver sufficiently to determine its benefits. Administratively, it will provide guidance, training and staff support for implementing the waiver.

Regulatory Requirements waived – Reduce Out-of-School Youth Expenditure Mandate

This waiver request will assist Missouri to further enhance its existing efforts designed to establish a talent pipeline that will address the labor market needs of local Missouri businesses and attract new business to the state supported by a skilled workforce

Missouri is requesting the following waivers to this regulatory provision:

- A waiver of the requirement to expend 75 percent of funding on the out-of-school (OSY) population. Missouri is requesting that this percentage be lowered to 50 percent.
- A waiver of the requirement that local funding must meet the 75 percent minimum expenditure requirement. It is requested to allow a state-level Out-of-School Youth target instead of requiring individual areas to each meet the minimum expenditure requirement.
- A waiver of the requirement to expend 75 percent of Statewide Activities funding on the OSY population. It is requested to eliminate this percentage to allow flexibility of funding for special projects that meet the vision and mission of the state.

Background:

The State of Missouri has demonstrated its commitment to emerge as a leader in the country with the expansion of its apprenticeship program. In 2016, Missouri received a federal grant of \$1.5 million dollars to support Missouri's registered apprenticeship program. Recently, the Missouri Division of Workforce Development (DWD) has earmarked another \$3.9 million in funding to expand the program. The agency has pledged to support opportunities for students and workers in high growth industries in the state including the healthcare, information technology, and advanced manufacturing sectors.

DWD and the Missouri Department of Elementary and Secondary Education (DESE) are developing registered apprenticeships for youth and young adults aged sixteen and older. Both pre-apprenticeships and apprenticeships allow high school junior and seniors to simultaneously further education options and earn wages. Youth apprentices face a lower risk of dropping out of high school, and are engaged in a transition to post-secondary education. The Missouri Research and Information Center (MERIC) has found that job openings that require education and skill level beyond high school are in high growth occupational fields and pay higher salaries.

This waiver request will provide Local Workforce Development Boards (LWDBs) the flexibility to serve more youth and young adults in work-based learning and the apprenticeship model regardless of school status. It will facilitate the provision of the necessary funding and the ease of current regulations essential to designing programs that will aid youth and youth adults in the preparation for long-term participation in the Missouri labor force. Economic growth in Missouri and its high-growth industries will be sustained with the infusion of skilled workers ready to fill current job openings and adequately trained for future openings.

Actions the State has undertaken to remove State of local barriers:

There are currently no state or local statutory or regulatory barriers to implementing the requested waiver. The state of Missouri regulations, policy guidance and issuances are in compliance with federal law.

Waiver Goals and Outcomes:

To increase the number of youth and young adults prepared to enter post-secondary training or registered apprenticeships. With the approval of this waiver, it will create a supply of workers introduced in high school to apprenticeship models that will serve as a springboard to the state's high growth industries and occupations. The United States Department of Labor and the state of Missouri have identified the apprenticeship model as a priority and a key mechanism to train a skilled workforce.

To increase the number of youth and young adults enrolled in pre-apprenticeship and apprenticeship, regardless of school status. With the approval of this waiver, the state of Missouri and Local Workforce Development Boards will have the flexibility to utilize federal funding to increase the number of youth and young adults enrolled in pre-apprenticeship and apprenticeship activities. Local Boards and youth staff will also have the ability to provide the comprehensive services needed and personal contact required to ensure student success.

Individuals, groups or populations benefiting from this waiver:

Missouri students and eligible youth population, Missouri's employers and high-growth industries will benefit from this waiver.