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Texas Workforce Commission

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Waiver Plan

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**STATE OF TEXAS
WAIVER REQUEST
WORKFORCE INVESTMENT ACT
Common Measures and Integrated Performance Waiver**

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Statutory and Regulatory Provisions to be Waived

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TWC is requesting a waiver to reporting the 17 measures required under WIA §136(b), and the performance measures applicable to Employment Service (ES), veterans' services, and Trade services. The requested waiver is similar to the waiver granted to the State of Pennsylvania in December 2003. TWC will report performance using only the federal Common Measures integrated across the aforementioned programs.

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Actions Undertaken to Remove State or Local Statutory or Regulatory Barriers

There are no state or local statutory or regulatory barriers to implementing the requested waiver. TWC regulations and policy statements are in compliance with current federal law.

Goals and Expected Programmatic Outcomes of Waiver

Section 136(b) of WIA provides that state performance measures for WIA shall consist of 17 specific core indicators of performance and customer satisfaction. Recently, the DOLETA modified its collection and reporting requirements for WIA to implement the Common Measures. DOLETA was able to replace six of the 17 statutorily required WIA measures with Adult Common Measures because they were essentially modifications of the existing statutory measures. However, DOLETA was not able to simply substitute Youth Common Measures for the seven WIA statutory youth measures. As a result, states are currently required to report 20 measures for WIA even though DOLETA's stated vision for WIA is that states would report the three Adult Common Measures for WIA Adult and WIA Dislocated Worker programs, while the three Youth Common Measures would be used for the WIA Youth program. Texas supports that vision and seeks a waiver to allow it to move toward this model of reporting. Specifically, TWC is requesting a waiver of the current performance measures for WIA, ES, Trade, and DVOP/LVER services. Texas proposes to report integrated outcomes across these programs using the Common Measures exclusively.

Approval of this waiver request will limit duplication of the overwhelming data reporting requirements currently in effect. This will allow TWC to promote integration, improve consistency and reliability of data, and foster greater flexibility when contracting performance measures with the Boards. In addition, limiting performance reporting to the Common Measures will simplify service delivery as well as data collection, reporting, and validation at the local level. Approval of this waiver is the next step in the plan for service and performance integration, building upon the previously approved waiver granting TWC the flexibility to determine which measures to pass down to the Boards.

TWC has reviewed the integrated reporting system that Pennsylvania is using and believes it offers significant advantages over siloed reporting. While similar to DOLETA's original Management Integrated Longitudinal Evaluation system, Pennsylvania's model appears more streamlined.

1 TWC believes that the work it has already done to implement integrated Common Measures for
2 its state reporting puts it in a position to move to such reporting this year. TWC has been at the
3 leading edge of workforce service innovations for the past 10 years and wishes to continue its
4 leadership through implementation of integrated performance reporting. TWC is requesting
5 permission to pilot the Workforce Investment Streamlined Reporting System (WISPR) system.
6 As an alternative to the new system, Texas would consider using the Pennsylvania reporting
7 model or one recommended by DOLETA.
8

9 As a result of this waiver request, the following reports would be impacted as follows:
10

- 11 • WIA – ETA 9090 quarterly report and WIA Standardized Record Data (WIASRD) would
12 be discontinued.
- 13 • WIA – ETA 9091 annual report would still be reported but only those portions that are
14 relevant to the Common Measures.
- 15 • Trade Act – Trade Act Participant Report would be discontinued.
- 16 • ES – All five ETA 9002 quarterly reports would be discontinued (though the 9002E
17 might need to be continued for a few additional quarters).
- 18 • Jobs for Veterans Act – All three of the VETS 200 quarterly reports would be
19 discontinued.
20

21 The reports being discontinued would, of course, be replaced by the new WISPR.
22

23 TWC proposes to fulfill reporting requirements in much the same way as Pennsylvania does for
24 all DOLETA-funded programs. Texas will ensure that customer records continue to be available
25 so that DOLETA can disaggregate the data for its program-based reporting requirements.
26

27 Goals

- 28 • **Increase integration of services to customers**

29 Boards are responsible for implementing many federal and state workforce development
30 programs, allowing them the opportunity to integrate service delivery. However, programs
31 are partially driven by how performance is measured. Programs with different measures of
32 success require different means of management. Similarly, the excessive number of
33 performance measures (particularly the continuation of the historic WIA measures with the
34 new Common Measures) compel staff to spend additional time focusing on *program*
35 outcomes—time that could be better used by focusing on the needs of employers and job
36 seekers. Reporting only Common Measures removes that barrier and consequently improves
37 service delivery. The requested waiver will allow for the complete integration of
38 performance reporting across all TWC-administered programs. Boards will be able to
39 respond to the needs of employers and job seekers without the limitations imposed through
40 siloed performance reporting.
41

- 42 • **Increase accountability at the state, local, and service provider levels**

43 Because Boards are responsible for numerous workforce development programs, co-
44 enrollment of customers in multiple programs is becoming increasingly commonplace.
45 Therefore, TWC believes using integrated performance measures will promote accountability
46 by evaluating Boards through consistent and reliable data.

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2 • **Provide greater flexibility to Boards in designing and implementing one-stop**
3 **services**

4 By eliminating program-specific measures and applying Common Measures across all
5 programs, TWC will promote service delivery designs that are based on employer needs
6 rather than siloed program requirements.
7

8 • **Improve services to youth and increase focus on out-of-school youth**

9 As noted, DOLETA has chosen to implement Youth Common Measures with existing
10 statutory WIA Youth measures. This results in 10 youth outcome measures. In addition to
11 being excessive, there are conflicts between the statutory WIA Youth measures and the new
12 Youth Common Measures. Under the historic WIA Youth measures, if a younger youth exits
13 while still in secondary school, the youth is excluded from performance. Under Common
14 Measures, these same youth would be included in performance. The Youth Common
15 Measures encourage states to focus more of their efforts on out-of-school youth. Having the
16 seven statutory WIA Youth measures waived will make it easier for Texas to transition to
17 this new focus.
18

19 • **Reduced Administrative Reporting Costs**

20 DOLETA has indicated that there is some information that does not reflect the needs of the
21 WIA program. Continuing to capture and report this information is an inefficient use of
22 resources. Further, while DOLETA's most-recent set of performance reporting
23 specifications have removed most of the inconsistencies between the reports, nearly a dozen
24 reports are still required.
25

26 Further, TWC believes that requiring the use of a unique job seeker identifier across all
27 siloed reports, as well as the use of a Common Date of Exit, will link the reports together
28 more efficiently. Currently, states are required to merge customer data across programs
29 while not receiving the benefits of integration (e.g., reduced reporting). Texas believes that
30 true implementation of Common Measures requires integrated reporting, which
31 Pennsylvania's model provides.
32

33 **Programmatic Outcomes**

34 This waiver allows administrative relief by removing barriers to co-enrollment and promoting
35 more integrated case management. The new federal Common Measures have a number of
36 advantages over existing performance measures, and TWC strongly supports the concept that
37 programs with similar outcome objectives should be measured in a similar fashion.
38

39 In addition, this waiver streamlines administrative processes, allowing TWC to focus the
40 maximum amount of resources on employment outcomes. It will further TWC's implementation
41 of the federal goal to simplify and streamline the performance accountability system. Additional
42 administrative cost savings will be realized when TWC and the Boards are able to discontinue
43 administration of the Customer Satisfaction Surveys and the number of performance reports
44 generated.
45

1 TWC has developed and is currently using a set of systemwide performance measures based on
2 the new federal Common Measures. The past year has been spent preparing to implement
3 Common Measures for state reporting purposes and in anticipation of new federal reporting
4 requirements. Further, these measures are being used by the Texas Legislature, across all
5 workforce programs, to evaluate the Texas workforce system.
6

7 **Individuals Affected by the Waiver**

8 Employers, job seekers, and local staff benefit from the waiver. The removal of siloed
9 performance measures, and the implementation of integrated Common Measures, will allow staff
10 to better focus on the needs of employers, find job seekers to match those needs, and maximize
11 integrated services to achieve the best outcomes. Furthermore, moving to Common Measures
12 will foster increased focus in adult programs on employment, and youth programs on education
13 and skill attainment.
14

15 Youth will likely see the most immediate benefits of the waiver. Focusing only on Youth
16 Common Measures will remove a significant barrier to aligning Texas' WIA Youth program
17 with DOLETA's vision of serving primarily out-of-school youth, as well as fostering youths'
18 long-term connections to the workforce system. The hardest-to-serve youth groups, such as
19 MSFW youth and current and former foster care youth, will derive the most benefit from long-
20 term connection to the workforce.
21

22 **Processes Used to Monitor the Progress in Implementing the Waiver**

23 TWC has a monitoring and performance accountability system that measures results for
24 employers and other customers that use the Texas workforce system. TWC continuously
25 analyzes performance reports and compares actual performance with contract targets. It will
26 continue to make adjustments to monitoring performance requirements to ensure that
27 performance goals and objectives are met. Information regarding the new reporting system and
28 the waiver will be shared with the Boards through training and technical assistance, the
29 distribution of policy through Workforce Development Letters (WD Letter), and TWC Quarterly
30 Workforce Forums.
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32 TWC will monitor progress under this waiver by reviewing monthly performance reports,
33 through regularly scheduled conference calls with the Boards' executive directors, and through
34 its monitoring and performance accountability system.
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**STATE OF TEXAS
WAIVER REQUEST
WORKFORCE INVESTMENT ACT
Board Performance Measures Waiver**

Statutory and Regulatory Provisions to be Waived

TWC is seeking a waiver from WIA §136(c)(1) and a modification of Section 136(h)(1).

Actions Undertaken to Remove State or Local Statutory or Regulatory Barriers

There are no state or local statutory or regulatory barriers to implementing the requested waiver. TWC regulations and policy statements are in compliance with current federal law.

Goals and Expected Programmatic Outcomes of Waiver

TWC requests a waiver from WIA §136(c) to allow greater flexibility when contracting performance measures with the Local Workforce Development Boards (Boards). Section 136(b) of WIA provides that state performance measures for WIA shall consist of 17 specific core indicators of performance and customer satisfaction. Section 136(c) provides that local performance measures shall consist of the same core indicators of performance and customer satisfaction as the state.

Specifically, TWC is requesting the flexibility to modify Board performance measures. TWC will continue to track and report the 17 core indicators of performance and customer satisfaction at both the state and Board level. However, TWC may choose not to use all 17 measures in its Board contracts. TWC is interested in developing Board contracted measures that support integration, such as the Federal Common Measures' definitions for entered employment and job retention.

The requirement to contract the 17 core indicators of performance and customer satisfaction to the Boards unnecessarily silos service delivery. TWC believes that as long as programs have different measures of success they will require different means of management.

Federal job training programs seldom define performance measures in a common manner, resulting in confusion and an increased reporting burden at the state and local level. For example, "entered employment" is tracked for many Workforce Solutions Office partner programs; however, the definition and methodology varies among programs. Approval of this waiver would result in Board performance measures with common definitions and methodologies. By promoting a common outcome, service delivery designs for multiple programs can be streamlined. This will help integrate service delivery through the Workforce Solutions Offices.

While this proposed waiver would provide TWC with flexibility in selecting Board performance measures, Section 136(h) continues to provide for sanctions for a Board's failure to meet any of the 17 WIA performance measures. With the approval of this waiver, the 17 performance measures would no longer be contracted to the Boards. However, TWC will continue to apply the sanction provisions at Section 136(h) to the Boards' new contracted measures.

1 **Goals**

2 • **Increase integration of services to customers**

3 Boards are responsible for implementing many federal and state workforce development
4 programs, allowing them the opportunity to integrate service delivery. However,
5 programs are partially driven by how performance is measured. Programs with different
6 measures of success require different means of management. Rather than focusing on the
7 needs of employers and finding job seekers to fill those needs, staff must focus on the
8 specific outcome expectations of the program that funds the services the customer
9 receives.

10
11 • **Increase accountability at the state, local, and service provider levels**

12 Because Boards are responsible for numerous workforce development programs, co-
13 enrollment of customers in multiple programs is becoming increasingly commonplace.
14 Therefore, TWC believes that the most effective way to evaluate Boards and to promote
15 accountability is to use integrated performance measures.

16
17 • **Provide greater flexibility to Boards in designing and implementing one-stop
18 services**

19 By eliminating program-specific measures and applying integrated performance measures
20 across all programs, TWC will promote service delivery designs that are based on
21 employer needs rather than siloed program requirements.
22

23 **Programmatic Outcomes**

24 The approval of this waiver would result in the continued administrative relief that would
25 remove barriers to co-enrollment and promote more integrated case management across multiple
26 programs. The new Federal Common Measures have a number of advantages over existing
27 performance measures, and TWC strongly supports the concept that programs with similar
28 outcome objectives should be measured in a similar fashion.
29

30 TWC has developed a set of system-wide performance measures based on the new Federal
31 Common Measures. These new measures are used by the Texas Legislature at the beginning of
32 the new fiscal year to evaluate the Texas workforce system. Texas' new measures are system
33 measures applied across all programs. For example, there is a system-wide Entered Employment
34 Rate that is based on an unduplicated list of exiters from all workforce programs (using the
35 federal "soft exit" methodology). These measures make no distinction between customers served
36 by Employment Service, WIA, Temporary Assistance for Needy Families, Supplemental
37 Nutrition Assistance Program, other various state-level programs, or a combination of programs.
38

39 Approval of this waiver would continue to allow the streamlining of administrative processes,
40 resulting in maximized resources focused on employment outcomes.
41

42 **Individuals Affected by the Waiver**

43 Employers, job seekers, incumbent workers, and local staff may benefit from the waiver. The
44 removal of 17 siloed performance measures, and the implementation of more integrated
45 measures, will allow staff to focus on the needs of employers, find job seekers to match those
46 needs, and maximize integrated services to achieve the best outcomes.

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Processes Used to Monitor the Progress in Implementing the Waiver

TWC has a monitoring and performance accountability system that measures results for employers and other customers using the Texas workforce system. TWC continuously analyzes performance reports and compares actual performance with contract targets. TWC will continue to make adjustments to monitoring performance requirements to ensure that performance goals and objectives are met. TWC will monitor progress under this waiver by reviewing monthly performance reports, through regularly scheduled conference calls with Board executive directors, and through its monitoring and performance accountability system.

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**STATE OF TEXAS
WAIVER REQUEST
WORKFORCE INVESTMENT ACT
Reallocation Waiver**

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Statutory and Regulatory Provisions to be Waived:

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TWC is seeking a waiver from the provisions of WIA Sections 128(c)(3) and 133(c) and the provisions of 20 C.F.R. §667.160 (regarding reallocation among local areas). This waiver would provide flexibility to TWC in redistributing funds among the local workforce development areas (workforce areas). Upon approval, this waiver will allow, through administrative efficiencies, for the opportunity to further workforce system integration.

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Actions Undertaken to Remove State or Local Statutory or Regulatory Barriers:

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There are no state or local statutory or regulatory barriers to implementing the requested waiver. TWC regulations and policy statements are in compliance with current federal law.

Goals and Expected Programmatic Outcomes of Waiver

TWC requests to continue this waiver of the WIA statutes relating to the redistribution of recaptured local funds and proposes to base the redistribution of WIA funds on TWC's allocation rules (40 TAC §§800.51–800.75). TWC ensures that financial reporting will be consistent with current DOLETA requirements and that federal funds will be effectively managed for maximum service provision and program performance.

Goals

• **Recaptured funds will be redistributed to workforce areas based on factors established by TWC.**

The waiver request also allows TWC to ensure that funds are redistributed to those workforce areas with the greatest need. In doing so, TWC will determine the amounts to be redistributed to workforce areas based on factors such as:

- Requested amount;
- Demonstrated need for and ability to use additional funds to serve low-income individuals, public assistance recipients, dislocated workers, and unemployment insurance claimants;
- Demonstrated capacity to expend the formula funds;
- A Board's established plan for working with at least one of the Governor's industry clusters as specified in the Board's plan; and
- Performance in the current and prior program years.

• **Facilitates maximum expenditure of recaptured federal funds.**

TWC seeks to redistribute workforce funds to workforce areas that have achieved not only targeted expenditure levels but also established performance targets. Redistributing funds based solely on whether a workforce area achieves its expenditure target does not address performance issues, such as whether the workforce area met employers' needs for a highly skilled and job-ready workforce.

• **Improved administrative efficiencies.**

1 Approval of this waiver will serve to minimize administrative processes and costs of
2 contracting by using similar redistribution procedures that support workforce system
3 integration.
4

5 **Programmatic Outcomes**

6 The statutory reallocation requirements can be fulfilled; however, the amount of funds available
7 for reallocation may be so small that it is cost prohibitive. By utilizing TWC's allocation rules
8 for the redistribution of WIA funds, TWC can ensure that federal funds will be more effectively
9 and efficiently managed for maximum service provision and program performance. Approval of
10 this waiver may not result in significantly higher performance outcomes; however, it will provide
11 the opportunity for recaptured funds to be redistributed to workforce areas where the greatest
12 potential impact may be realized. This waiver will streamline administrative practices, which
13 will allow for greater efficiency in meeting the workforce development needs of employers and
14 job seekers. Furthermore, it will enhance the quality of services in those workforce areas that
15 have demonstrated consistent performance outcomes. Approval of this waiver will result in a
16 reduction of unnecessary administrative processes.
17

18 **Individuals Affected by the Waiver**

19 Workforce areas that provide quality services will have access to additional resources to meet the
20 needs of employers, job seekers, and incumbent workers. In addition, the waiver will allow
21 TWC to continue to promote the cost benefits of improved administrative efficiencies,
22 encouraging the increased leveraging of resources within the workforce areas.
23

24 **Process for Monitoring Implementation of the Waiver**

25 TWC has a monitoring and performance accountability system that measures results for
26 employers and other customers using the Texas workforce system. TWC continuously analyzes
27 performance reports and compares actual performance with contracted targets. TWC will
28 continue to make adjustments to monitoring performance requirements to ensure that
29 performance goals and objectives are met for WIA services, including those programs created
30 through the use of this waiver. TWC will monitor progress under this waiver by reviewing
31 monthly expenditure and performance reports submitted by the Boards, through regularly
32 scheduled conference calls with Board executive directors, and through its monitoring and
33 performance accountability system.
34

35 In June 2006, TWC adopted rules to integrate our deobligation and reallocation policies for all
36 Board administered funds – we established consistent procedures to apply to all workforce funds
37 administered by the Boards, in support of a fully integrated system.
38

- 39 • Deobligations has a multi-level review
 - 40 ○ Expenditures are reviewed on a monthly basis (performance is also considered)
 - 41 ○ If expenditures are trending low, staff provide technical assistance to the Boards
 - 42 ○ Boards are given an opportunity to get expenditures back on track
 - 43 ○ When it becomes clear that the Board will not be able to meet the expenditure
 - 44 benchmark, discussion regarding the possible deobligation occurs and we receive
 - 45 concurrence from the Board ED that they will not be able to use the funds
 - 46 ○ Final action is taken in a public meeting of the Commission

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- Reallocations has a multi-level review
 - Expenditures are reviewed on a monthly basis (performance is also considered)
 - If expenditures are trending high, staff provide technical assistance to the Boards
 - Boards are given an opportunity to explain why expenditures appear to be high
 - The Board may identify that the numbers of participants to be served is higher than anticipated and additional funds are needed
 - Staff verify through the performance reports that the number of participants is consistent with the Board’s explanation of need
 - Final action is taken in a public meeting of the Commission

This process has worked well for a number of years with all Board administered funds. This same process for reallocation would be used for WIA funds upon approval of the waiver.

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**STATE OF TEXAS
WAIVER REQUEST
WORKFORCE INVESTMENT ACT
Local Activity Funds Waiver**

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Statutory and Regulatory Provisions To Be Waived

TWC requests a waiver of WIA §134(a)(3).

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Actions Undertaken to Remove State or Local Statutory or Regulatory Barriers

There are no state or local statutory or regulatory barriers to implementing the requested waiver. TWC regulations and policy statements are in compliance with current federal law.

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Goals and Expected Programmatic Outcomes of Waiver

Texas is working hard to develop an employer-driven workforce system. As such, TWC and the Boards are seeking opportunities to develop workforce solutions that address employers' needs for qualified workers. Under this waiver, Boards can design customized solutions to meet the skills needs of the employers in their local workforce development areas. However, these needs are frequently difficult to address with WIA formula funds because of the categorical nature of these funding streams. By allowing Boards to designate up to 10 percent of local Dislocated Worker and up to 10 percent of local Adult funds as Local Activity Funds, DOLETA will provide the Boards with enhanced flexibility to develop an employer-driven system customized to meet local business needs. This will allow Boards greater opportunities to develop and implement innovative service strategies to meet the specific skills demands of business and industry to be competitive in the 21st century economy. Use of these funds for incumbent worker skills training is an important tool as a layoff aversion strategy.

Goals

The ability for Boards to set aside additional formula funds as Local Activity Funds not only increases their flexibility to meet employers' existing skill demand needs, but will enable Boards the flexibility to meet emergent needs. Moreover, the increased flexibility also furthers the reforms initiated through WIA including integrated, seamless service delivery; a demand-driven workforce system; and maximum flexibility in tailoring service delivery and making strategic investment in workforce development activities to meet the needs of state and local economies and labor markets.

By increasing the amount of Local Activity Funds available, a Board can provide more innovative and customized services for layoff aversion by providing incumbent worker training. Texas has had instances of a manufacturer closing an entire line of products, laying off hundreds of workers. With the addition of new skills, especially upgrading technological skills of incumbent workers, employers are able to retain employees and avert a potential layoff. TWC believes many Texans' skills need to be upgraded for them to remain employed and their employers to avoid layoffs and be competitive in the 21st century economy.

Earlier in this State Plan, Texas identified the skills gap that exists with many of its residents, thus creating some difficulty for employers seeking qualified workers to compete in the evolving

1 global who marketplace. Technology skills are critically needed, especially for those individuals
2 whose native language may not be English. Special projects are needed to close this gap.

3
4 TWC will allow Boards to designate up to 10 percent of local Dislocated Worker and up to 10
5 percent of local Adult funds as Local Activity Funds for incumbent worker training only as part
6 of a layoff aversion strategy. Use of adult funds are restricted to serving incumbent workers and
7 all training delivered under this waiver is restricted to skills attainment activities for the purpose
8 of layoff aversion.

9
10 **Programmatic Outcomes**

11 Under the requested waiver, Boards will continue to be held accountable for meeting all WIA
12 performance targets. Board performance and expenditures of the formula funds must be
13 satisfactory before the authority to designate any amount of formula funds as Local Activity
14 Funds allowed under the waiver will be granted by the state.

15
16 Board requests to TWC to designate formula funds as Local Activity Funds must include a
17 description of the projects, services, and activities that will be provided with these funds, in
18 addition to projected performance outcomes.

19
20 TWC's case management and reporting system for employment and training services, The
21 Workforce Information System of Texas (TWIST), is used to track service activity and
22 performance reporting. TWIST will continue to be used for both formula funds and Local
23 Activity Funds. TWC contract managers will utilize TWIST to monitor service levels and
24 performance outcomes.

25
26 **Individuals Affected by the Waiver**

27 Setting aside funds that may be designated by Boards as Local Activity Funds will benefit
28 employers and incumbent workers. For example, many employers consider WIA services to be
29 overly bureaucratic or process oriented, thus making it unattractive for them to turn to the
30 workforce system for employment assistance. In fact, employers' needs often cannot be
31 addressed by the categorical eligibility requirements in WIA Adult or Dislocated Worker
32 funding. By using Local Activity Funds, Boards will have the added flexibility from statutory
33 requirements placed upon the formula funds, enabling them to better address employers' distinct
34 and emergent needs.

35
36 This waiver will afford Boards the opportunity to engage more employers in high-growth, high-
37 demand industry sectors, as the Boards will have strengthened ability to be responsive to
38 employers in tailoring their employment solutions. Additionally, the flexibility will allow
39 Boards to partner with faith-based and community-based organizations, which are often
40 discouraged from working with the workforce system because of complicated eligibility
41 requirements relative to the funding. Furthermore, the waiver will encourage the Boards to
42 partner with more employers, as well as labor and community organizations, to promote
43 universal access to Workforce Solutions Office system services.

44
45 The State will ensure that Boards do not dilute services to Adults or Dislocated Workers. Texas
46 intends to meet all required performance measures for Adults and Dislocated Workers.

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Processes Used To Monitor the Progress of Implementing the Waiver

TWC’s monitoring and performance accountability system measures results for employers and other customers of the Texas workforce system. Moreover, TWC continuously analyzes performance reports and compares actual performance with contract targets. TWC will continue to make adjustments to monitoring performance requirements to ensure that performance goals and objectives are met for WIA services, including services created by the use of the waiver. Further, TWC will monitor progress under the waiver through review of monthly expenditure and performance reports submitted by the Boards and through its monitoring and performance accountability system.

1 workforce for our state and our nation to remain competitive in the global economy of the
2 21st century.

3
4 Employers selected for participation in incumbent worker training may be selected on factors
5 such as:

- 6 • Businesses or industries that provide the greatest positive impact for the region Industries
7 that pay family supporting wages and benefits and offer job and training ladders
- 8 • Industries that create greater economic spin-off activity, i.e., the multiplier effect
- 9 • Businesses that have announced layoffs or have submitted WARN notices.

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12 These goals can be achieved by providing education, training, and other services necessary to
13 upgrade the individual's knowledge, skills and abilities and enhance their employment
14 opportunities, including promoting job retention for incumbent workers.

15 16 **Programmatic Outcomes**

17 The intent of the waiver is to maximize the flexibility of WIA funding for Texas to develop
18 projects that address employers' specific needs. Greater flexibility in the use of the Rapid
19 Response funds will help ensure that the Texas workforce system can be truly employer driven.
20 It is anticipated that additional employers will turn to the workforce system for customized
21 solutions to their employment and training concerns, since service delivery will be streamlined
22 and less complicated. Texas intends to continue meeting all required performance measures for
23 services to Dislocated Workers.

24 25 **Description of the Individuals Affected by the Waiver**

26 The additional flexibility afforded under the waiver will permit Texas to design customized
27 solutions to meet the training needs of employers, while enhancing the skill needs of adult and
28 dislocated workers. No dilution of funding for services to dislocated workers would occur, and
29 TWC will ensure that Rapid Response activities are provided to affected employers and workers
30 as required under WIA.

31
32 Employees and employers served through this waiver will be offered all available workforce
33 services including referrals to services offered by partner agencies.

34 35 **Describe the Processes Used to Monitor the Progress of Implementing the Waiver**

36 TWC's monitoring and performance accountability system measures results for employers and
37 other customers of the Texas workforce system. Moreover, TWC continuously analyzes
38 performance reports and compares actual performance with contracted targets. TWC will
39 continue to make adjustments to monitoring performance requirements to ensure that
40 performance goals and objectives are met for WIA services, including services created through
41 the use of the waiver. Furthermore, TWC will monitor progress under the waiver through review
42 of monthly expenditure and performance reports and through its monitoring and performance
43 accountability system.

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**STATE OF TEXAS
WAIVER REQUEST
WORKFORCE INVESTMENT ACT
Customized Training Waiver**

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Statutory Provisions to be Waived

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TWC requests a waiver of WIA § 101(8)(c), which defines customized training and requires employers to pay not less than 50% of the cost of the training.

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Actions Undertaken to Remove State or Local Statutory or Regulatory Barriers

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There are no state or local statutory or regulatory barriers to implementing the requested waiver. TWC regulations and policy statements are in compliance with current federal law.

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Goals and Expected Programmatic Outcomes of Waiver

TWC oversees two customized training programs: Skills Development Fund and Self-Sufficiency Fund. These programs provide job seekers with the necessary skills to meet the demands of business and industry for skilled employees. TWC directly administers the Skills Development Fund and Self-Sufficiency Fund programs by developing partnerships with employers, public community and technical colleges, community-based organizations, and others. These statewide programs focus on creating new jobs for job seekers and on retraining existing employees according to the employers' needs.

Following the approach TWC uses for administering the Skills Development Fund, Boards pull together employers and training programs to enhance the skills of workers based on the occupational needs of businesses and industries. TWC has extensive experience in working with employers and in designing workforce development programs that meet specific employer needs. However, the current 50 percent employer match requirement limits the ability to market customized training programs to local employers. Local employers too often conclude that the 50 percent match requirement creates costs that outweigh the benefits of participating in a WIA customized training program.

The proposed sliding scale for the employer match will create the necessary flexibility for employers to provide the required match at a rate that more appropriately represents a particular business' or industry's cost benefit ratio of contributing to a match amount to receive skilled employees. Allowing businesses and industries to apply the sliding scale to determine the match amount will increase employer participation in WIA customized training programs at the local level. The sliding scale will answer employers' primary reason for not participating in the customized training. Boards will increase their participation rates for skilled job seekers that received training and found employment. Employers will benefit by having a labor pool with the marketable skills they require.

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2 The proposed employer match sliding scale will range from 10 to 50 percent, based on quality
3 characteristics of the customized training. Quality characteristics will be based on goals of the
4 State Strategic Plan for Workforce Development that adhere to the principles of training workers
5 in high demand, high skill, high wage occupations and industries. TWC will develop the sliding
6 scale and the process by which it will be applied. TWC is committed to ensuring that participants
7 in customized training programs will acquire the skills to meet workplace requirements for long
8 term employment and work toward sustaining employment in high-skill, high wage occupational
9 areas.

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11 The sliding scale will include:

- 12 • No less than 10 percent match for employers with 50 or fewer employees;
- 13 • No less than 25 percent match for employers with 51-250 employees; and
- 14 • For employers with more than 250 employees, the current statutory requirements (50
15 percent contribution) will apply.

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17 TWC will use the appropriate program fund for the appropriate WIA-eligible population and will
18 provide customized training to individuals age 18 or older with WIA Adult funds and provide
19 priority to low-income individuals when funds are limited. TWC and Boards will provide
20 customized training to dislocated workers with WIA Dislocated Worker funds and will ensure
21 that customized training provided with statewide funds serve WIA eligible individuals.
22

23 **Goals**

- 24 • Increase flexibility at the local level to serve business and industry through a value added
25 approach to their specific needs;
- 26 • Equip workers with relevant job training with transferable skills that lead to high-skill,
27 high-wage occupations and industries;
- 28 • Improve ability of Boards to work with the private sector and respond quickly to changes
29 in their areas; and
- 30 • Increase local flexibility for design and control of training programs.

31 32 **Programmatic Outcomes**

- 33 • Increase the percentage of employers using customized training as a means to hire and
34 retain skilled workers.
- 35 • Increase the percentage of workers trained and hired through customized training
36 programs.
- 37 • Although existing data on Board customized training programs is not extensive at this
38 time, it will be used as baseline data to measure progress on outcomes post waiver
39 approval and implementation.

40 41 **Individuals Impacted by this Waiver**

42 Employers will benefit from the waiver due to the reduced match requirement. This will make
43 customized training a more attractive option for acquiring workers trained to their specifications.
44 The waiver will impact the provision of training services through customized training to Adults,
45 Older Youth and Dislocated Workers eligible for services under WIA. In particular, WIA

1 eligible individuals with multiple barriers to employment, low basic skills, and English language
2 proficiency stand to benefit the most from customized training.

3
4 Trade/NAFTA has impacted workers along the Texas-Mexico Border. Of special concern are the
5 workers formerly in the garment industry and other labor-intensive industries with multiple
6 barriers to employment, in particular, non-English speaking skills. Customized training addresses
7 the specialized needs of job seekers, providing them with the skills necessary to meet employer
8 expectations and the needs of business and industry.

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10 **Process To Monitor Progress in Implementing the Waiver**

11 TWC, with input from Boards, employers, and service providers, develops customized training
12 programs. TWC has a successful monitoring and performance accountability system that
13 measures results for job seekers and employers using the Texas Workforce Network. Technical
14 assistance during the implementation phase of the waiver will cover areas such as procurement,
15 contracting and program design. TWC continuously analyzes performance reports and compares
16 actual performance with contract benchmarks. TWC will continue to make adjustments to
17 monitoring performance requirements to ensure that performance goals and objectives are met
18 for all WIA customized training programs. TWC will monitor progress on this waiver by
19 reviewing monthly expenditure and performance reports submitted by Boards and from regularly
20 scheduled conference calls with Board executive directors. Provisions in the contracts for
21 customized training programs address specific performance measures. Notice to Boards would
22 occur via issuance of WD Letter(s), as well as through provision of training and/or technical
23 assistance. These steps would be taken prior to the effective date of the waiver implementation.

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- Boards will have the flexibility to move funds where they are needed.

Process used to Monitor Progress and Implementing the Waiver

TWC has a successful monitoring and performance accountability system that measures results for job seekers and employers using the Texas Workforce Network. TWC continuously analyzes performance reports and compares actual performance with contract benchmarks. TWC will continue to make adjustments to monitoring performance requirements to ensure that performance goals and objectives are met for all WIA Adult and Dislocated Worker programs. TWC will monitor progress on this waiver by reviewing monthly expenditure and performance reports submitted by Boards and from regularly scheduled conference calls with Board executive directors. Provisions in the contracts for the programs funded with statewide activity funds address specific performance measures. Notice to Boards would occur via issuance of WD Letter(s), as well as through provision of training and/or technical assistance. These steps would be taken prior to the effective date of the waiver implementation.

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**STATE OF TEXAS
WAIVER REQUEST
WORKFORCE INVESTMENT ACT
On-the-Job Training Waiver**

Provisions to be Waived

TWC requests a waiver of WIA §101(31)(B).

Actions Undertaken to Remove State or Local Statutory Regulatory Barriers

There are no state or local statutory or regulatory barriers to implementing the requested waiver. TWC regulations and policy statements are in compliance with current federal law.

Goals and Expected Programmatic Outcomes of Waiver

For Texas employers to expand and for new companies to join the Texas business community, bringing with them much-needed jobs, Texas workers must be equipped with the skills necessary to respond to the demands of a market-driven system. To assist low-income and hard-to-serve participants with acquiring the knowledge and skills necessary to fill these jobs, Texas is requesting a waiver of the 50 percent reimbursement rate to employers for providing on-the-job training (OJT) opportunities for adults, dislocated workers, and older youth. Boards will target employers for participation in OJT when OJT is the best means of meeting the needs of the participant and the employer. OJT duration is based upon the local demand occupation for which the participant will be trained, that participant's prior work experience, and the service strategy of the Board. This waiver will allow Boards to provide employers with a reimbursement rate of 50 or 75 percent of the employer match, based on employer size.

To encourage employers to place low-income individuals and hard-to-serve dislocated workers in OJT, Boards will be permitted to offer the following reimbursement rates:

- 75 percent for employers with 250 or fewer employees
- For employers with 251 or more employees, reimbursement will remain at 50 percent.

Boards will be required to apply the waiver on a case-by-case basis based on the employer's circumstances.

Permitting expanded OJT reimbursement rates allows TWC to:

- increase the number of employers using OJT as a means of hiring and retaining a skilled workforce;
- increase the number of workers trained and hired through OJT programs;
- elevate skill levels for workers, resulting in increased worker viability;
- increase responsiveness to private sector labor market issues; and
- increase local-level flexibility to offer business training solutions tailored to respond to a business's specific needs.

Additionally, the waiver allows TWC and Boards to:

- ensure fiscal responsibility by allowing the flexibility of spending funds in a manner that best fits local needs;

- 1 • place performance first by ensuring that those who are most in need of services—e.g., low-
2 income adults, recipients of public assistance, dislocated workers, and youth—receive them;
3 and
- 4 • spend taxpayer dollars wisely by targeting spending to the greatest need.

5 6 **Individuals Affected by the Waiver**

7 The waiver is expected to benefit the following:

- 8 • WIA eligible individuals, including low-income individuals, recipients of public assistance,
9 dislocated workers, and older youth, by providing job skills and employment opportunities;
10 and
- 11 • Employers by making OJT a viable training solution, which will enhance opportunities for
12 both businesses and WIA participants.

13 14 **Processes Used to Monitor the Progress in Implementing the Waiver**

15 Boards implementing this waiver will be required to develop policies regarding the 75 percent
16 reimbursement rate for OJT. Development of the policies must include input from appropriate
17 stakeholders such as employers, labor organizations, and local economic development
18 organizations. The policies must include employer size criteria and ensure equitability for
19 employers and job seekers. As required by TWC rule, Boards must take such actions in an open
20 meeting. Boards that have previously created policies to implement the on-the-job training
21 waiver, are not required to adopt new policies if their existing policies conform to this waiver.

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23 As required by TWC rule, Boards must monitor their own activities and those of their contract
24 service providers, including for adherence to Board-established policies. Additionally, in
25 accordance with its rules, TWC regularly conducts program monitoring activities to ensure that
26 programs achieve both intended and expected results. As an element of its monitoring activities,
27 TWC reviews relevant records or a sample of the records to ensure compliance with applicable
28 requirements, including Board-established policies.

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**STATE OF TEXAS
WAIVER REQUEST
WORKFORCE INVESTMENT ACT
High Concentration of Youth Waiver**

Provisions to be Waived

TWC requests a waiver of WIA §129(b)(2)(C) and 20 CFR §665.200(h), which require the provision of additional assistance to workforce areas that have high concentrations of eligible youth.

Actions Undertaken to Remove State or Local Barriers

There are no state or local statutory or regulatory barriers to implementing the requested waiver. TWC regulations and policy statements are in compliance with current federal law.

Goals and Expected Programmatic Outcomes of Waiver

The reduction to 5 percent in the WIA allotment for PY'12 governor's reserve funds restricts the state's ability to effectively fund and carry out all of the required statewide WIA activities. The current funding level in the governor's reserve is insufficient to cover the cost of providing additional assistance to workforce areas that have high concentrations of eligible youth. With the reduction in the governor's reserve, TWC will provide an additional \$5,566,465 in WIA youth funds to workforce areas. Historically, TWC has provided approximately \$500,000 in support of this required statewide activity, which represented about 5.8 percent of previous governor's reserve funds derived from the WIA youth allotment. With the reduction of the governor's reserve to five percent, maintaining the previous level of commitment would equate to 18 percent of the governor's reserve funds from the WIA youth allotment.

Based on the formula allocation factor that allocates one-third of these funds on the basis of relative number of disadvantaged youth, the funds are already directed at workforce areas with high concentrations of eligible youth. Local Workforce Development Boards (Boards) are now receiving over \$5.2 million in additional WIA youth funds to support enhanced services for eligible youth. Additionally, TWC has increased the expenditure requirement for activities for out-of-school youth from 30 percent to 60 percent, thus ensuring that youth most in need are prioritized within each workforce area's WIA youth allocation.

The state's reduced funds are being used for the following required activities:

- Carrying out statewide rapid response activities;
- Disseminating TWC's list of Eligible Training Providers;
- Conducting evaluations;
- Providing technical assistance to workforce areas;
- Assisting in the establishment and operation of the Workforce Solutions Office delivery system; and
- Operating fiscal and management accountability information systems;

TWC's goal in seeking this waiver is to ensure that the state can prioritize the use of governor's reserve funds for the required activities deemed most essential to the basic functions of the workforce investment system.

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Individuals Affected by the Waiver

The waiver will provide TWC with more flexibility in directing governor’s reserve funds to those activities that best preserve basic functions of the statewide workforce investment system.

Processes Used to Monitor the Progress in Implementing the Waiver

TWC will monitor progress and ensure accountability for federal funds in connection with this waiver by reviewing monthly expenditure, performance, and other reports through regular contact with the U.S. Department of Labor Employment and Training Administration’s regional office liaisons, and through TWC’s monitoring and performance accountability system.

- 1 ○ automated, Internet –based application system application items and error
- 2 handling requirements; and
- 3 ○ documents posted in the public view of the automated system;
- 4 • Providing information to providers by mail and through the applicable provider
- 5 associations; and
- 6 • Providing training and technical assistance to Board contacts responsible for application
- 7 and approval.
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**STATE OF TEXAS
WAIVER REQUEST
WORKFORCE INVESTMENT ACT
Incentive Grants Waiver**

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Provisions to be Waived

TWC requests a waiver of WIA §134(a)(2)(B)(iii) and 20 CFR §665.200(e) requiring provision of incentive grants to local workforce development areas (workforce areas).

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Actions Undertaken to Remove State or Local Barriers

There are no state or local statutory or regulatory barriers to implementing the requested waiver. TWC regulations and policy statements are in compliance with current federal law.

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Goals and Expected Programmatic Outcomes of Waiver

The reduction to five percent in the WIA allotment for PY'12 governor's reserve funds restricts the state's ability to effectively fund and carry out all of the required statewide workforce investment activities. Historically, TWC has provided approximately \$575,000 for exemplary awards, incentive grants, and performance awards, in support of this required statewide activity. Based on the reduction to 5 percent, maintaining this previous level of commitment would now represent a more significant portion of the Governor's Reserve funds derived from the WIA allotment. The current funding level in the governor's reserve is insufficient to cover the cost of incentive grants to workforce areas. The state's reduced funds are being used to cover the following required activities:

- Carrying out statewide rapid response activities;
- Disseminating TWC's list of eligible providers of training services;
- Conducting evaluations;
- Providing technical assistance to workforce areas;
- Assisting in the establishment and operation of the Workforce Solutions Office delivery system; and
- Operating fiscal and management accountability information systems.

TWC's goal in seeking this waiver is to ensure that the state can prioritize the use of governor's reserve funds for the required activities deemed most essential to the basic functions of the workforce investment system.

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Individuals Affected by the Waiver

The waiver will provide TWC with more flexibility in directing governor's reserve funds to those activities that best preserve basic functions of the statewide workforce investment system. There will be no negative impact to participants.

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Processes Used to Monitor the Progress in Implementing the Waiver

TWC will monitor progress and ensure accountability for federal funds in connection with these waivers by reviewing monthly expenditure, performance, and other reports through regular contact with the DOLETA's regional office liaisons, and through TWC's monitoring and performance accountability system.

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**STATE OF TEXAS
WAIVER REQUEST
WORKFORCE INVESTMENT ACT
Older and Out-of-School Youth Waiver**

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Provisions to be Waived

TWC requests a waiver of 20 CFR §664.510 on the use of Individual Training Accounts for older and out-of-school youth.

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Actions Undertaken to Remove State or Local Barriers

There are no state or local statutory or regulatory barriers to implementing the requested waiver. TWC regulations and policy statements are in compliance with current federal law.

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Goals and Expected Programmatic Outcomes of Waiver

- Improve youth services through increased customer choice in accessing training opportunities in demand occupations;
- Increase the number of training providers for Older and Out-of-School Youth;
- Provide Boards more flexibility in securing service providers;
- Promote better utilization of service providers in rural areas; and
- Eliminate duplicate processes for service providers.

The number of training providers in workforce areas will increase. Training services for youth will be available in a faster and more efficient manner. Many Boards find it difficult to secure training providers willing to competitively bid to provide training to Older and Out-of-School Youth. When Boards are required to competitively procure training services, the time period for matching training providers to youth who are in need is lengthened considerably. By allowing Boards to utilize eligible training providers that have already been competitively procured, Older and Out-of-School Youth will be able to access training services more quickly. Additionally, youth will be able to choose the training provider they prefer, if there is more than one certified training provide to choose from. TWC will continue to make youth program elements described in WIA § 129(c)2 available.

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Individuals Affected by the Waiver

- Older and Out-of-School Youth will benefit because they will be able to select from a list of certified training providers and will receive services more quickly.
- Boards will benefit because they will be able to utilize training providers that have already been competitively procured.
- Training providers will benefit because they will not have to follow two separate procedures to provide training for Adult and Dislocated Workers, which requires certification, and for Older and Out-of-School Youth, which requires competitive bidding.

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Processes Used to Monitor the Progress in Implementing the Waiver

TWC will issue a WD Letter that will provide direction to the Boards on the use the of ETPS for Older and Out-of-School Youth; identify the criteria for determining when the use of Individual Training Accounts is appropriate; provide guidance to Boards on how to assist youth in choosing

1 the appropriate training provider; and provide direction to Boards in modifying their local
2 integrated plan. Progress on the waiver will be monitored through regular dialogue with Boards
3 and training providers.

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