



AUG - 4 2010

The Honorable Deval Patrick
Office of the Governor
Massachusetts State House
Room 280
Boston, Massachusetts 02133

Dear Governor Patrick:

The Employment and Training Administration (ETA) is pleased to be able to respond positively to your request for a waiver of statutory and regulatory requirements under the Workforce Investment Act (WIA). This action is taken under the Secretary's authority to waive certain requirements of WIA Title I, Subtitles B and E, and sections 8-10 of the Wagner-Peyser Act. The request is written in the format identified in WIA section 189(i)(4)(B) and 20 CFR 661.420(c), and appears to meet the standard for approval at 20 CFR 661.420(e). The following is the disposition of the State's submission (copy enclosed). The waiver approval that follows applies to both WIA formula funds and funds made available under the American Recovery and Reinvestment Act of 2009.

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

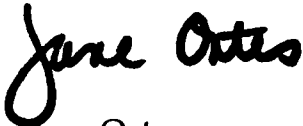
The State is requesting a waiver to permit an increase in employer reimbursement for on-the-job training through a sliding scale based on the size of the business. The State is granted this waiver effective July 1, 2010 through June 30, 2011. Under the waiver, the following reimbursement amounts will be permitted: 1) up to 90 percent for employers with 50 or fewer employees, and 2) up to 75 percent for employers with 51-250 employees. For employers with more than 250 employees, the current statutory requirements (50 percent reimbursement) will continue to apply. When determining the funding source for on-the-job training, the State must use the appropriate program funds for the appropriate WIA-eligible population. The State may provide on-the-job training to low-income adults with WIA Adult funds, and may provide on-the-job training to dislocated workers with WIA Dislocated Worker funds. On-the-job training provided with statewide funds must serve WIA eligible individuals.

The approved waiver is incorporated by reference into the State's WIA Grant Agreement, as provided for under paragraph 3 of the executed Agreement, and this constitutes a modification of the State Plan. A copy of this letter should be filed with the State's WIA Grant Agreement and the approved State Plan. In addition, as required by TEGL No. 14-00, Change 3, the State should address the impact these waivers have

had on the State's performance in the WIA annual performance report, due on October 1 of each year.

We look forward to continuing our partnership with you and achieving better workforce outcomes. If you have any questions related to the issues discussed above, please contact Holly O'Brien, the Regional Administrator for Region I, at (617) 788-0166 or Obrien.Holly@dol.gov.

Sincerely,

A handwritten signature in black ink that reads "Jane Oates". The signature is written in a cursive, flowing style.

Jane Oates
Assistant Secretary

Enclosure



THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE OF LABOR AND WORKFORCE DEVELOPMENT
DEPARTMENT OF WORKFORCE DEVELOPMENT

DEVAL L. PATRICK
GOVERNOR

TIMOTHY P. MURRAY
LT. GOVERNOR

JOANNE F. GOLDSTEIN
SECRETARY

MICHAEL TAYLOR
DIRECTOR

July 9, 2010

Ms. Janet Sten,
Federal Coordinator for
Plan Review and Approval
Division of Workforce System Support
Employment and Training Administration
U.S. Department of Labor
200 Constitution Ave., NW, Room S-4231
Washington, D.C. 20210

Dear Ms. Sten:

The Massachusetts Department of Workforce Development (DWD), on behalf of the Executive Office of Labor and Workforce Development (EOLWD), is submitting for approval, a request for a waiver of WIA statutory and regulatory requirements pursuant to WIA Section 101(31)(B). The waiver would change the statutorily defined employer reimbursement rate for On-the-Job Training (OJT) from up to 50 percent of the wage rate to a sliding scale, ranging from 50 to 90 percent, based on company size. The waiver request has been developed in accordance with the WIA guidelines in Section 189(i) (4) (B) and the WIA Federal regulations at 20 CFR 661.420.

We believe that this waiver supports the continued success of our state and local partnerships in serving the workforce development needs of individuals and businesses in Massachusetts by providing flexibility and enhanced service options that allow for improved deployment of resources at a time when the demand for services is increasing and resources are limited.

Contact Information

Please refer questions regarding the content of this communication to Alice Sweeney, Director of Special Programs, Division of Career Services at 617-626-6449 or asweeney@detma.org.

Thank you for your consideration of this request; we look forward to a positive response.

Sincerely,

A handwritten signature in black ink that reads "Michael Taylor". The signature is written in a cursive, slightly slanted style.

Michael Taylor

Attachment: Massachusetts Waiver Request - On the Job Training (OJT) Employer
Reimbursement Waiver

cc: Holly O'Brien, Acting Regional Administrator, DOLETA Region I
Christina M. Graff Eckenroth, Workforce Development Specialist, DOLETA Region I
Rosemary Chandler, Director, Division of Career Services
Alice Sweeney, Director of Special Programs, Division of Career Services

Commonwealth of Massachusetts

Executive Office of Labor and Workforce Development

Waiver Request: On the Job Training (OJT) Employer Reimbursement

The Massachusetts Department of Workforce Development (DWD), on behalf of the Executive Office of Labor and Workforce Development (EOLWD), is requesting a waiver to the current allowable employer reimbursement rate of up to 50 percent of the wage rate of an On-the-Job Training (OJT) participant for the extraordinary costs of providing training and additional supervision related to the OJT as described in WIA Section 101(31) (B). The waiver request has been developed in accordance with the WIA guidelines in Section 189(i) (4) (B) and the WIA Federal regulations at 20 CFR 661.420.

Massachusetts is proposing a sliding scale of reimbursement to the employer based on employer size. Under the waiver, the following sliding scale will be implemented: up to 90% reimbursement for employers with 50 or fewer employees; up to 75% reimbursement for employers with 51 – 250 employees; and for employers with more than 250 employees, the statutorily defined 50% limit will continue to apply.

The waiver is requested for use with all WIA formula funds: Adult, Dislocated Worker, and on a limited basis, Youth funds. The U.S. Department of Labor has approved a similar waiver per TEGL No. 38-09 for the OJT NEG. We look forward to approval of this waiver for Massachusetts and, upon approval request that the waiver period be effective immediately.

A. The statutory and/or regulatory requirements for which the waiver is requested:

WIA Section 101(31)(B) and the accompanying regulations as promulgated at 20 CFR Subpart G 663.710(b) state that employers may be reimbursed up to 50 percent of the wage rate of an OJT participant for the extraordinary costs of providing the training and additional supervision related to the OJT.

B. Description of the actions the state or local area has undertaken to remove state or local barriers:

There is no state or local statutory or regulatory barrier to implementing the proposed waiver.

C. Description of the waiver goals; relationship of goals to the strategic plan goals; and expected programmatic outcomes:

The waiver is consistent with national policy to develop a workforce system that is responsive to the demands of both individual and employer customers. The Commonwealth anticipates the following goals will be achieved with approval of the waiver request:

- Maximize the flexibility needed to impact local economic vitality and direct resources where demand for services is greatest by assisting local areas in marketing OJT as a vehicle to engage employers, particularly in targeted sectors, to hire and provide training to new workers. This will build the capacity and future viability of both the workforce and the industries themselves.
- Assist with the transformation of the current workforce system to a demand-driven, sector based and regionally driven talent development pipeline.
- Increase training and transitional employment opportunities for unemployed workers and hard-to serve youth and adults.
- Equip individuals with relevant job training and transferable skills in high-skill, high-wage, high-demand occupations and industries.
- Increase business usage of the local workforce system by providing added incentives to hire and train new workers.

Local workforce investment partners have provided feedback with regard to employer needs for assistance with economic competitiveness in the current economic downturn. Allowing businesses to be reimbursed on a sliding scale will address the primary reason for prior limited use of OJT and increase employer participation. Employer feedback indicates that they will be more likely to use this opportunity if reimbursement was greater than 50%.

Small to medium-sized employers are responsible for 51% of all the jobs in Massachusetts, therefore the Commonwealth estimates that small to medium-sized employers will comprise a significant percentage of OJT opportunities.

As cited above, Massachusetts has applied for OJT NEG funds that provide for the same sliding reimbursement scale as described in this request. Extending the option to the use of local formula funds will allow for a more consistent expansion of training options available to potential employers interested in hiring and training new workers.

D. Description of the individuals impacted by the waivers:

The need for training is especially acute for those workers most in need: dislocated workers transitioning to new occupations and industries, long-term unemployed individuals in need of advancing outmoded skills in order to catch up with emerging technologies, and low-income and entry-level workers seeking to start their careers in the weakest economic climate in the past seventy years. Approval of the waiver will increase training options for WIA-eligible job seekers.

The reduced match requirement for employers, particularly new start-ups and other small to medium-sized businesses will provide an attractive and cost-effective financial incentive, increasing the opportunity to utilize the OJT model to hire and train new workers. This waiver will allow Massachusetts' businesses to more rapidly adapt to both technological and general marketplace changes by improving their capacity to expand and remain competitive with affordable OJT options uniquely designed to achieve their specific developmental goals.

E. Description of the process used to: Ensure meaningful public comment, including comment from business and labor; provide notice to any local board affected by the waiver; provide affected local boards the opportunity to comment; and monitor implementation:

The Department of Workforce Development (DWD) actively sought the input of local regions during the development of this waiver request. As with all major workforce policies and procedures, the State has solicited dialogue and input from local workforce boards, one-stop career center operators and workforce investment partners concerning the impact of this waiver; the local workforce areas overwhelmingly support this request. This waiver request has been circulated statewide for review and comment and is posted on the State Workforce Website at: www.massworkforce.org.

DWD will monitor implementation of this waiver and work with the 16 local workforce investment regions to develop the appropriate state and local policies to govern its use by local regions.