

**KENTUCKY STATE PLAN
2012-2017**

FULL WAIVER PLANS

KENTUCKY WAIVER PLANS

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KENTUCKY WAIVER REQUEST FOR PERIOD: JULY 1, 2012 - JUNE 30, 2017

Kentucky requests continuance of previously approved waiver:

**1. Waiver Request
Workforce Investment Act
Subsequent Eligibility of Training Providers**

The Commonwealth of Kentucky Education and Workforce Development Cabinet, the administrative entity for the Workforce Investment Act (WIA) is requesting an extension of the current waiver to extend the period of Initial Eligibility of Training Providers, deferring the requirement of the Subsequent Eligibility of Training Providers.

A. Statutory Regulations to be Waived:

Kentucky requests a waiver of WIA Section 122(c)(5) and WIA Regulations 20 CFR 663.530 requiring a time limit for initial eligibility for training providers, followed by the implementation of a subsequent eligibility process. This waiver requests an extension of the initial eligibility period, deferring the implementation of the subsequent eligibility process. Additionally, the waiver provides an opportunity for training providers to re-enroll as initial eligible providers.

B. Goals to be Achieved by the Waiver:

- Provide quality performance data to align resources to support state and regionally identified targeted industry sectors;
- Increase the data pool for calculation of performance on providers and programs; and,
- Continue to offer customer choice while developing the new on-line data collection system and phasing in “substantially similar” meaningful performance measures.

C. State or Local Statutory or Regulatory Barriers:

There are no state or local statutory or regulatory barriers.

D. Description of the Goals of the Waiver and Expected Programmatic Outcomes:

As workforce development resources have become scarce and demand has skyrocketed it is imperative that Kentucky’s investment in training and skill enhancement yield maximum benefits. In consultation with local boards, local partners, employers, training providers and the Kentucky Workforce Investment Board (KWIB), a new policy was proposed to guide operation of the statewide ETPL in Kentucky. The policy will require eligibility requirements for training providers that take into account the performance of providers and whether the training programs relate to occupations that are in demand. The policy will require training providers to submit student level data for all students as a condition of eligibility.

The commonwealth understands the need for accountability and supports efforts to ensure customers are making informed decisions based on quality data. However, the mandate to provide the data could be a severe hindrance to the entire training system, until the alternative

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options are made available. This waiver is not being requested in order to circumnavigate the accountability requirements of WIA, but to ensure that Kentuckians can continue to access training services in their local areas with the highest degree of informed customer choice. Employers will be assured that they are receiving a skilled and trained workforce.

The vast majority of providers do not have internal systems or capacity to produce the “all students” performance data to meet the re-certification requirements under Subsequent Eligibility. An extension of this waiver will provide the additional time necessary to fully develop and implement a system for collecting “substantially similar” performance indicators. Technical assistance and a providers’ tool-kit will be available to ensure continued participation by providers offering an array of training programs meeting the needs of both employers and training participants. The system in development will allow providers to submit readily available data for the “all students” population and generate meaningful performance reports without placing an undue burden on providers.

E. Description of the Individuals Impacted by the Waiver:

All WIA-eligible customers will be positively impacted by this waiver. Individual customers will continue to have a choice in selecting their training providers, employers will continue to have a steady flow of newly skilled workers entering the job market, and training providers will be able to continue serving present and new customers.

F. Description of the Process to Monitor Progress:

This waiver will be incorporated into the administrative entity’s monitoring procedures including a periodic review of how well the measures/standards are being met. Periodic reviews and reports will provide participant outcomes (common measures) by training provider to ensure participants are able to obtain employment.

The Office of Employment and Training (OET) is the agency responsible for monitoring the goals established in this waiver request. OET is also responsible for monitoring the local area processes during the annual on-site review.

G. Opportunity for Local Boards to Comment on Waiver Request:

This waiver request was originally initiated by the local area boards. All ten local areas committed their support to the waiver request.

H. Public Comment on the Waiver Request:

Notice of this waiver request is incorporated into the 2012-2017 State Plan and was posted for a ten-day comment period on the Kentucky Education and Workforce Development Cabinet Web site at: <http://educationcabinet.ky.gov/> and the Kentucky Workforce Investment Board’s Web site at: <http://www.kwib.ky.gov/>.

Kentucky is very proud of its commitment to support local flexibility whenever possible. We believe that the approval of the extension of this waiver will continue to empower the local boards to be even more responsive to the volatile economic situations they are experiencing and provide the options and resources to meet the training needs of the WIA customer.

KENTUCKY WAIVER REQUEST FOR PERIOD: JULY 1, 2012 - JUNE 30, 2017

Kentucky requests continuance of previously approved waiver:

**2. Waiver Request
Workforce Investment Act
Individual Training Accounts for Older Youth and Out-of-School Youth**

The Commonwealth of Kentucky Education and Workforce Development Cabinet, the administrative entity for the Workforce Investment Act (WIA) is requesting an extension of the current waiver to waive the regulatory prohibition of using Individual Training Accounts (ITAs) for older and out-of-school youth.

A. Statutory Regulations to be Waived:

Kentucky requests a waiver of WIA Regulations 20 CFR 664.510 on the use of Individual Training Accounts (ITAs) for older youth and out-of-school youth program participants. The commonwealth will continue to make the 10 youth program elements available as described at WIA Section 129(c)(2).

B. Goals to be Achieved by the Waiver:

- Ensures the local workforce investment areas have the flexibility to design and deliver programs based on the needs of their customers, rather than restrictions based solely on age.
- Reduces the paperwork and tracking processes requirement in dual enrollment (Youth/Adult) as is necessary for older youth to access training through the Adult ITA and Eligible Training Provider List (ETPL) process.
- Offers youth the real-life learning experience of making an informed decision that has a direct impact on his/her life. Using the ITA/ETPL process with older youth and out-of-school youth offers case managers the opportunity to discuss the process of decision-making (training provider, finances, etc.) and the possible results.

C. State or Local Statutory or Regulatory Barriers:

There are no state or local statutory or regulatory barriers.

D. Description of the Goals of the Waiver and Expected Programmatic Outcomes:

Under WIA, the focus of youth programs have changed from the provision of short-term, stand-alone job training to providing year-round, long-term services designed to assist both in-school and out-of-school youth to make the transition to post-secondary training and careers. Older youth and out-of-school youth continue to be the most difficult populations to serve because their interest lies in obtaining self-sufficient, full-time employment rather than a structured setting that youth contracts provide. Many of these youth would benefit from the real-life informed decision-making involved in using ITAs and the ETPL.

Although the older youth may access ITAs through dual enrollment in youth and adult services, this waiver would allow the flexibility for youth funds to be expended on youth services and retain adult funds for adult services. The option for dual enrollment in youth and adult services would remain accessible if the need of the individual so indicates or funding in one stream becomes limited.

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This waiver is not being requested to circumnavigate the older youth and out-of-school youth requirements of WIA, but to bring service delivery for youth closer to the intent of the Act—to serve the customer efficiently according to their individual needs.

In the past, this waiver has allowed continued flexibility in utilizing Youth funds to provide training services while retaining the limited Adult funds to be used for Adult training services. It has increased the efficiency and customer choice for older youth and out-of-school youth. The workforce system has a full array of services to offer older and out-of-school youth that have benefited them in decision-making processes, such as choosing a rewarding career, selecting a training provider and making smart financial decisions.

E. Description of the Individuals Impacted by the Waiver:

The waiver can positively impact all older and out-of-school WIA eligible youth. These customers will receive the type of services that most closely and immediately meet their needs without unnecessary paperwork and tracking.

F. Description of the Process to Monitor Progress:

This waiver will be incorporated into the administrative entity's monitoring procedures including a periodic review of how well the measures/standards are being met. All WIA enrolled youth are entered and tracked in Kentucky's MIS system, Employ Kentucky Operating System (EKOS). Performance outcomes for youth served under this waiver are reported in the Workforce Investment Act Standardized Record Data (WIASRD).

The Office of Employment and Training (OET) is the agency responsible for monitoring the goals established in this waiver request. OET is also responsible for monitoring the local area processes during the annual on-site review.

G. Opportunity for Local Boards to Comment on Waiver Request:

This waiver request was originally initiated by the local area boards. All ten local areas have committed their support to the waiver request.

H. Public Comment on the Waiver Request:

Notice of this waiver request is incorporated into the 2012-2017 State Plan and was posted for a ten-day comment period on the Kentucky Education and Workforce Development Cabinet Web site at: <http://educationcabinet.ky.gov/> and the Kentucky Workforce Investment Board's Web site at: <http://www.kwib.ky.gov/>. No public comments were received regarding the issue.

Kentucky is very proud of its commitment to support local flexibility whenever possible. We believe that the approval of the extension of this waiver will continue to empower the local boards to be even more responsive to the volatile economic situations they are experiencing and provide the options and resources to serve the most hard-to-serve youth populations.

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Kentucky requests continuance of previously approved waiver:

**3. Waiver Request
Workforce Investment Act
Common Measures**

The Commonwealth of Kentucky, Education and Workforce Development Cabinet, the Administrative entity for the Workforce Investment Act (WIA), is requesting an extension of the waiver of the 17 state and local performance measures under WIA. The commonwealth will continue reporting and tracking the common measures as described in TEGL 17-05.

This waiver request is being written in the format identified in Section 189(i)(4)(B) of the Act and §661.420(c) of the regulations.

A. Statutory Regulations to be waived:

The Commonwealth is seeking to waive the provisions of WIA Section 136(b) and (c) and accompanying Regulations §666.100(a) and §666.300(a) that specify the state and local performance currently required for WIA Title I programs.

B. Goals to be Achieved by the Waiver:

- Provide a more simplified and streamlined performance measurement system,
- Reduce paperwork and labor costs associated with performance data collection
- Provide a more useful program management tool,
- Consistency with demand-driven performance outcomes
- Greater degree of efficiency in program delivery

C. State or Local Statutory or Regulatory Barriers:

There are no State or Local statutory or regulatory barriers to the requested waiver. Nothing in this waiver is intended to prevent the State or any local workforce board from implementing additional measures to assess performance.

D. Goals to be achieved by the Waiver and Expected Programmatic Outcomes:

This continuation of this waiver will allow Kentucky to renew its performance focus and will facilitate system integration across partner programs. The common measures provide a simplified and streamlined performance measurement system that is more cost effective and understandable to the Local Workforce Investment Boards (LWIBs). Case management, customer service, and operational effectiveness have been enhanced through the implementation of this waiver.

This waiver is viewed as a continuous improvement measure that has had the following far reaching benefits and outcomes:

- Facilitate the goal of a fully integrated workforce system;
- Provide clear and understandable information to stakeholders concerning public funds and return on investment;
- Improve case management integration, service coordination and information sharing;

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- Simplified and streamlined performance measurement system;
- Assist in the realignment of youth program designs to better implement DOL’s Youth Vision and targeting out-of-school youth;
- Use a single set of measures for youth, thus eliminating the need to track younger versus older youth;
- Reduce labor intensive data collection;

E. Description of Individuals Impacted by the Waiver:

All customers of the workforce system will benefit from this waiver. The quality and quantity of services to participants will continue to be enhanced by focusing on fewer targeted outcomes. State and local program administrators will continue to benefit as the State progresses toward a fully integrated workforce system that concentrates on demand-driven accountability measures.

F. Description of the Process to Monitor Progress:

The Office of Employment and Training (OET) will continue to monitor the impact of the waiver, as well as progress toward meeting expected outcomes. This will be accomplished as follows:

- Employ Kentucky Operating System (EKOS) is a participant tracking system used for case management, tracking services, follow-up scheduling and activity reporting. EKOS currently monitors the data collection and reporting of the Common Measures at both state and local levels, thus allowing the Commonwealth the ability to customize data validation reports for all requirements.
- The OET will review applicable policies, procedures and manuals and modify them accordingly.
- The Commonwealth will report performance on the Common Measures to DOL quarterly and annually via the WIA Performance System.
- The Commonwealth of Kentucky’s incentive and sanction policies will be developed around the Common Measures to reward excellence in performance and require timely corrective action to increase the performance of failed measures.

G. Opportunity for Local Board to Comment on Waiver Request:

The continuation of this waiver impacts all 10 local workforce boards in Kentucky. This waiver request was originally initiated by the local area boards. All 10 local areas have committed their support to the waiver request.

H. Public Comment on the Waiver Request:

Notice of this waiver request is incorporated into the 2012-2017 State Plan and was posted for a ten-day comment period on the Kentucky Education and Workforce Development Cabinet Web site at: <http://educationcabinet.ky.gov/> and the Kentucky Workforce Investment Board’s Web site at: <http://www.kwib.ky.gov/>. No public comments were received regarding the issue.

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Kentucky requests continuance of previously approved waiver:

**4. Waiver Request
Workforce Investment Act
Transfer Authority**

The Commonwealth of Kentucky Education and Workforce Development Cabinet, the administrative entity for the Workforce Investment Act (WIA) is requesting an extension of the current transfer authority waiver of local workforce investment boards of up to 50 percent in Adult and Dislocated Worker funds. Kentucky believes that empowering the local boards to transfer larger amounts of funds than the Act currently permits, will provide them greater flexibility to respond to changes in the local labor market.

In compliance with WIA Section 189(I)(4)(B) and WIA Regulations 661.420(c), please accept the following as a request for a waiver extension.

- A. Statutory Regulations to be Waived:
WIA Section 133(b)(4) and WIA Regulations §667.140 state that a local board may transfer, if such a transfer is approved by the Governor, not more than 20% of the funds allocated to Adult and Dislocated Worker employment and training activities.

Kentucky requests that the local boards have the option to continue to transfer up to 50% of a program year allocation for adult employment and training activities and up to 50% of a program year allocation for dislocated worker employment and training activities between the two programs.
- B. Goals to be Achieved by the Waiver:
Continue to allow increased local flexibility to manage funding and respond to changes in the labor market.
- C. State or Local Statutory or Regulatory Barriers:
There are no existing state or local statutory or regulatory barriers to this waiver request extension.
- D. Description of the Goals of the Waiver and Expected Programmatic Outcomes:
The waiver will provide local workforce investment boards the continued ability to better respond to changes in the economic environment and the local labor market. The only programmatic impact will be the flexibility to channel resources to the population with the greatest need at that time.
- E. Description of the Individuals Impacted by the Waiver:
All Adult and Dislocated Workers will be positively impacted by the waiver since local boards will be able to move significant funding to reflect the needs of the area.
- F. Description of the Process to Monitor Progress:

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The Office of Employment and Training, Division of Workforce and Employment Services (DWES), will be the entity responsible for monitoring all transfers of funds. This waiver extension will be incorporated into DWES's current monitoring procedures.

All transfers must be requested in writing by the local area and submitted to DWES financial staff. Funding availability and costs limitations is verified before granting the transfer.

- G. Opportunity for Local Boards to Comment on Waiver Request:
This waiver request was originally initiated by the local area boards. All ten local areas have committed their support to the waiver request.

- H. Public Comment on the Waiver Request:
Notice of this waiver request was incorporated into the 2012-2017 State Plan modification and posted for a ten-day comment period on the Kentucky Education and Workforce Development Cabinet Web site at: <http://educationcabinet.ky.gov/> and the Kentucky Workforce Investment Board's Web site at: <http://www.kwib.ky.gov/>. No public comments were received regarding the issue.

Kentucky is very proud of its commitment to support local flexibility whenever possible. We believe that the approval of the extension of this waiver will continue to empower the local boards to be even more responsive to the volatile economic situations they are experiencing.

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Kentucky requests continuance of previously approved waiver:

5. Waiver Request

Workforce Investment Act

Minimize the collection of participant data for incumbent worker training programs

The Commonwealth of Kentucky Education and Workforce Development Cabinet, the administrative entity for the Workforce Investment Act (WIA) is requesting an extension of the current waiver to reduce the data collection burden for employers served under WIA-dislocated worker funded and rapid response funded incumbent worker training programs. In compliance with WIA Section 189(I)(4)(B) and WIA Regulations 661.420(c), please accept the following as a request for a waiver extension.

A. Statutory Regulations to be Waived:

Reporting requirements at 20CFR 667.300(a) to permit the Commonwealth to discontinue the collection of the following Workforce Investment Act Standardized Record Data (WIASRD) elements: single parent (117), unemployment compensation eligible status at participation (118), low income (119), TANF (120), other public assistance (121), homeless individual and/or runaway (125), and offender (126). Under the waiver, the Commonwealth will continue to collect and report information on incumbent workers trained with local WIA dislocated worker funds and rapid response funds awarded to local areas for layoff aversion, in the WIASRD Section II, Program Activities and Services Information, and Section III, Program Outcomes Information, to account for the use of funds.

B. Goals to be Achieved by the Waiver:

The waiver will minimize collection of data that do not supply significant program information. The waiver will apply to incumbent worker participants served through rapid response and formula funds. This waiver will simplify the process of serving businesses and incumbent workers and allow positive program outcomes to be captured without the burden of extensive collection of data not applicable to incumbent workers or incumbent worker training.

C. State or Local Statutory or Regulatory Barriers:

There are no state or local statutory or regulatory barriers.

D. Description of the Goals of the Waiver and Expected Programmatic Outcomes:

The goal of this waiver is to minimize the data capture requirements impacting skills upgrade training programs through incumbent worker training so that employers are not unnecessarily burdened with federal data collection requirements that do not provide relevant program information. The goal is to simplify the process of serving businesses and industries and the incumbent workers. Expected program outcomes include allowing local area flexibility to offer incumbent worker services and enhancing services to businesses along with increasing flexibility to engage and work with businesses in improving skills of the employer's workforce. Additionally, eliminating the requirement to capture information that does not impact program outcome, this waiver will allow local areas to timely assist employers in averting layoffs and improving employer customer satisfaction.

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- E. Description of the Individuals Impacted by the Waiver:
All incumbent worker trainees, employers seeking incumbent worker training services, and the local workforce investment boards. Incumbent worker services will be positively affected by the adoption of the proposed waiver. Services will be provided to increased numbers of the employed workers who are in need of skills upgrading and retraining. Local boards will improve linkages with employers and economic development in their areas and assist in layoff aversion.
- F. Description of the Process to Monitor Progress:
This waiver will be incorporated into the administrative entity's monitoring procedures including a periodic review of how well the measures/standards are being met.
- G. Opportunity for Local Boards to Comment on Waiver Request:
This waiver request was originally initiated by the local area boards. All ten local areas have committed their support to the waiver request.
- H. Public Comment on the Waiver Request:
Notice of this waiver request was incorporated into the 2012-2017 State Plan and posted for a ten-day comment period on the Kentucky Education and Workforce Development Cabinet Web site at: <http://educationcabinet.ky.gov/> and the Kentucky Workforce Investment Board's Web site at: <http://www.kwib.ky.gov/>. No public comments were received regarding the issue.

Kentucky is very proud of its commitment to support local flexibility whenever possible. We believe that the approval of the extension of this waiver will continue to empower the local boards to be even more responsive to the volatile economic situations they are experiencing and eliminate the burden of collection of federal data that do not provide relevant program information.

KENTUCKY WAIVER REQUEST FOR PERIOD: JULY 1, 2012 - JUNE 30, 2017

Kentucky requests continuance of previously approved waiver:

6. Waiver Request

Workforce Investment Act

Use up to 20% of Rapid Response Funds to Serve Incumbent Workers

The Commonwealth of Kentucky Education and Workforce Development Cabinet, the administrative entity for the Workforce Investment Act (WIA) is requesting an extension of the current waiver to allow up to 20 percent of Rapid Response funds to be shifted, as needed, to local workforce investment areas for the purpose of providing incumbent worker training. In compliance with WIA Section 189(I)(4)(B) and WIA Regulations 661.420(c), please accept the following as a request for a waiver extension.

A. Statutory Regulations to be Waived:

Kentucky requests the waiver of WIA Section 134(a)(2)(A) and WIA Regulations 20 CFR 665.310 through 20 CFR 665.330 that establish allowable statewide Rapid Response activities and uses for set-aside Rapid Response funds.

B. Goals to be Achieved by the Waiver:

Promotes maximum investment of available funds as well as increases levels of service. Focuses on employer and worker layoff aversion and competitiveness through skills upgrade training, therefore, strengthening regional economies and promoting flexibility of local workforce investment areas to further expand incumbent worker activities.

C. State or Local Statutory or Regulatory Barriers:

There are no state or local statutory or regulatory barriers.

D. Description of the Goals of the Waiver and Expected Programmatic Outcomes:

With the increasing global competitiveness, it is imperative that businesses and industries have the most skilled and knowledgeable employees. With skill-upgrading, businesses will be able to remain viable and prevent layoffs and closures. With this waiver, Kentucky will be able to strengthen the regional economy and retain and train the current workforce. Creating more flexibility within WIA regulations through this waiver is critical to meeting Kentucky's goals related to layoff aversion, skill enhancement and business services.

By upgrading the skills of incumbent workers, they will quickly move into more specialized jobs within their industries, creating new job possibilities for the lower skilled workforce to enter.

The average incumbent worker will gain a great deal from this waiver. The worker will retain employment thus avoiding the mental, physical, and financial stress that comes from unemployment. The worker will gain upgraded skills that will allow him/her to better work within an expanding and more complicated economy. And in the event that a worker does get laid off after receiving incumbent worker training, they will need fewer (if any) dislocated worker program dollars to get them back on their feet and in a new career.

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It is expected that the measures and standards will be developed in the areas of post-training retention, promotion, and wage increase. Specific skill enhancements, productivity gains and layoff avoidance will also be intended outcomes. The use of rapid response funds will not diminish the ability of Kentucky to provide dislocated worker services as needed.

E. Description of the Individuals Impacted by the Waiver:

Employers and incumbent workers will be impacted by the waiver. Employers will have the human resources to remain competitive, and perhaps expand. Workers will keep good jobs, improve their skills, and increase their confidence that they can compete in a more technologically sophisticated, knowledge based global economy.

The state and local areas continue to assess the essential needs of businesses and industries facing layoffs or closures and the economic impact such action would have on the community and/or state. Requests from businesses and industries to provide assistance with upgrading the skills of their employees are reviewed on a case-by-case assessment. The state and local areas consider the type of training to be delivered and the skills that will result. The assessment includes an analysis of the needs of the employer and how to best meet those needs and provide a positive impact for the community and/or state. Before a commitment to incumbent worker training is made, other One Stop Career Center services are considered. Additionally, services provided by other partners, especially economic development, educational institutions and other training providers, are examined to evaluate the most practical and profitable avenue to address the employers' needs.

Criteria considered before awarding funds to provide incumbent worker training include, but are not limited to: 1) will the training provide the employer with the skilled workforce to maintain operations and avoid layoffs or closure; and, 2) commitment from the employer to either retain the employee, increase the employee's wages, or provide some benefit to the employee.

Incumbent Worker Training in Kentucky continues to prove successful in many areas and diverse economic sectors. It plays a vital role in Kentucky's workforce development transformation by keeping job skills updated and supplying businesses with the needed skill sets to make workers more competitive. Positive impact is achieved in both large and small businesses. The following are only a few of the examples of incumbent worker training provided:

- Ford Motor Company - Louisville: Incumbent Worker training provided to the Ford Motor Company in 2003-2004 to upgrade employees in Lean Manufacturing resulted in the company maintaining its operations in Kentucky while some other states experienced closure of their Ford facilities.
- Titan – Owensboro: There continues to be a great demand for high-skilled welders in the energy industry. Through incumbent worker training, Titan was able to graduate 46 entry level welding students and 13 from a specialty welding class. Entry level welders started at \$8.00 per hour and are now earning \$18.00 per hour. The specialty welders received a two to five percent wage increase. (2008)
- Stidham Cabinet, Inc. – Corbin: A family-owned business with 55 employees. The company was experiencing a decline in business that could result in layoffs. Incumbent worker training provided the up-grade in skills of the employees in the

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operation of multiple machines. The results are the ability to competitively compete for contracts and hire additional employees. (2009)

- Monomoy-Fortis Plastics – Henderson: An incentive package was developed by the local WIB and partner agencies to save 147 production jobs slated to leave the area. Through a proposal of incumbent worker training and other valuable services, the industry made the decision to invest in retaining and retraining the existing workforce. A successful layoff aversion! (2009)

F. Description of the Process to Monitor Progress:

This waiver will be incorporated into the administrative entity's monitoring procedures including a periodic review of how well the measures/standards are being met. Incumbent Worker funds are tracked by funding stream. Quarterly Incumbent Worker reports are required to be submitted to the Office of Employment and Training. The reports contain the number of companies and participants served in addition to the grant number, funding amount and expenditures. Incumbent Workers are entered and tracked in Kentucky's MIS system, Employ Kentucky Operating System. Performance outcomes for incumbent workers served under this waiver are reported in the Workforce Investment Act Standardized Record Data (WIASRD).

G. Opportunity for Local Boards to Comment on Waiver Request:

This waiver request was originally initiated by the local area boards. All ten local areas have committed their support to the waiver request.

H. Public Comment on the Waiver Request:

Notice of this waiver request was incorporated into the 2012-2017 State Plan modification and posted for a ten-day comment period on the Kentucky Education and Workforce Development Cabinet Web site at: <http://educationcabinet.ky.gov/> and the Kentucky Workforce Investment Board's Web site at: <http://www.kwib.ky.gov/>. No public comments were received regarding the issue.

Kentucky is very proud of its commitment to support local flexibility whenever possible. We believe that the approval of the extension of this waiver, with modifications, will continue to empower the local boards to be even more responsive to the volatile economic situations they are experiencing. In addition to layoff aversion, this waiver will enhance the state's efforts toward job retention and rapid re-employment as well as provide new job prospects for presently employed individuals. The state and national economy will benefit from the increased productivity and upward mobility of workers.

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Kentucky requests continuance of previously approved waiver:

7. Waiver Request

Workforce Investment Act

Use up to 10% of Local Dislocated Worker Funds to Serve Incumbent Workers

The Commonwealth of Kentucky Education and Workforce Development Cabinet, the administrative entity for the Workforce Investment Act (WIA) is requesting an extension of the current waiver to allow up to 10 percent of local dislocated worker funds as described by WIA Section 133(b)(2)(B) to be expended on incumbent worker training activities pursuant to the rules adherent to statewide activities described by WIA Section 134 (a) (3). These funds will be connected to layoff aversion activities. In compliance with WIA Section 189(I)(4)(B) and WIA Regulations 661.420(c), please accept the following as a request for a waiver extension.

A. Statutory Regulations to be Waived:

Should the above request related to incumbent worker training funds be deemed to be not in accord with any provision of WIA Section 134 or WIA federal regulations at 20 CFR 667.160, 663 or 665, Kentucky requests waiver of the federal regulations.

B. Goals to be Achieved by the Waiver:

Promotes maximum investment of available funds as well as increases levels of service. Focuses on employer and worker layoff aversion and competitiveness through skills upgrade training, therefore, strengthening regional economies and promoting flexibility of local workforce investment areas to further expand incumbent worker activities.

C. State or Local Statutory or Regulatory Barriers:

There are no state or local statutory or regulatory barriers.

D. Description of the Goals of the Waiver and Expected Programmatic Outcomes:

With the increasing global competitiveness, it is imperative that businesses and industries have the most skilled and knowledgeable employees. With skill-upgrading, businesses will be able to remain viable and prevent layoffs and closures. With this waiver, Kentucky will be able to strengthen the regional economy and retain and train the current workforce. Creating more flexibility within WIA regulations through this waiver is critical to meeting Kentucky's goals related to layoff aversion, skill enhancement and business services.

By upgrading the skills of incumbent workers, they will quickly move into more specialized jobs within their industries, creating new job possibilities for the lower skilled workforce to enter.

The average incumbent worker will gain a great deal from this waiver. The worker will retain employment thus avoiding the mental, physical, and financial stress that comes from unemployment. The worker will gain upgraded skills that will allow him/her to better work within an expanding and more complicated economy. And in the event that a worker does get laid off after receiving incumbent worker training, they will need fewer (if any) dislocated worker program dollars to get them back on their feet and in a new career.

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It is expected that the measures and standards will be developed in the areas of post-training retention, promotion, and wage increase. Specific skill enhancements, productivity gains and layoff avoidance will also be intended outcomes. The use of rapid response funds will not diminish the ability of Kentucky to provide dislocated worker services as needed.

E. Description of the Individuals Impacted by the Waiver:

Employers and incumbent workers will be impacted by the waiver. Employers will have the human resources to remain competitive, and perhaps expand. Workers will keep good jobs, improve their skills, and increase their confidence that they can compete in a more technologically sophisticated, knowledge based global economy.

The state and local areas continue to assess the essential needs of businesses and industries facing layoffs or closures and the economic impact such action would have on the community and/or state. Requests from businesses and industries to provide assistance with upgrading the skills of their employees are reviewed on a case-by-case assessment. The state and local areas consider the type of training to be delivered and the skills that will result. The assessment includes an analysis of the needs of the employer and how to best meet those needs and provide a positive impact for the community and/or state. Before a commitment to incumbent worker training is made, other One Stop Career Center services are considered. Additionally, services provided by other partners, especially economic development, educational institutions and other training providers, are examined to evaluate the most practical and profitable avenue to address the employers' needs.

Criteria considered before awarding funds to provide incumbent worker training include, but are not limited to: 1) will the training provide the employer with the skilled workforce to maintain operations and avoid layoffs or closure; and, 2) commitment from the employer to either retain the employee, increase the employee's wages, or provide some benefit to the employee.

Incumbent Worker Training in Kentucky continues to prove successful in many areas and diverse economic sectors. It plays a vital role in Kentucky's workforce development transformation by keeping job skills updated and supplying businesses with the needed skill sets to make workers more competitive. Positive impact is achieved in both large and small businesses. The following are only a few of the examples of incumbent worker training provided:

- Ford Motor Company - Louisville: Incumbent Worker training provided to the Ford Motor Company in 2003-2004 to upgrade employees in Lean Manufacturing resulted in the company maintaining its operations in Kentucky while some other states experienced closure of their Ford facilities.
- Titan – Owensboro: There continues to be a great demand for high-skilled welders in the energy industry. Through incumbent worker training, Titan was able to graduate 46 entry level welding students and 13 from a specialty welding class. Entry level welders started at \$8.00 per hour and are now earning \$18.00 per hour. The specialty welders received a two to five percent wage increase. (2008)
- Stidham Cabinet, Inc. – Corbin: A family-owned business with 55 employees. The company was experiencing a decline in business that could result in layoffs. Incumbent worker training provided the up-grade in skills of the employees in the

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operation of multiple machines. The results were the ability to competitively compete for contracts and hire additional employees. (2009)

- Monomoy-Fortis Plastics – Henderson: An incentive package was developed by the local WIB and partner agencies to save 147 production jobs slated to leave the area. Through a proposal of incumbent worker training and other valuable services, the industry made the decision to invest in retaining and retraining the existing workforce. A successful layoff aversion! (2009)

F. Description of the Process to Monitor Progress:

This waiver will be incorporated into the administrative entity's monitoring procedures including a periodic review of how well the measures/standards are being met. Incumbent Worker funds are tracked by funding stream. Quarterly Incumbent Worker reports are required to be submitted to the Office of Employment and Training. The reports contain the number of companies and participants served in addition to the grant number, funding amount and expenditures. Incumbent Workers are entered and tracked in Kentucky's MIS system, Employ Kentucky Operating System. Performance outcomes for incumbent workers served under this waiver are reported in the Workforce Investment Act Standardized Record Data (WIASRD).

G. Opportunity for Local Boards to Comment on Waiver Request:

This waiver request was originally initiated by the local area boards. All ten local areas have committed their support to the waiver request.

H. Public Comment on the Waiver Request:

Notice of this waiver request was incorporated into the 2012-2017 State Plan and posted for a ten-day comment period on the Kentucky Education and Workforce Development Cabinet Web site at: <http://educationcabinet.ky.gov/> and the Kentucky Workforce Investment Board's Web site at: <http://www.kwib.ky.gov/>. No public comments were received regarding the issue.

Kentucky is very proud of its commitment to support local flexibility whenever possible. We believe that the approval of the extension of this waiver, with modifications, will continue to empower the local boards to be even more responsive to the volatile economic situations they are experiencing. In addition to layoff aversion, this waiver will enhance the state's efforts toward job retention and rapid re-employment as well as provide new job prospects for presently employed individuals. The state and national economy will benefit from the increased productivity and upward mobility of workers.

KENTUCKY WAIVER REQUEST FOR PERIOD: JULY 1, 2012 - JUNE 30, 2017

Kentucky requests continuance of previously approved waiver:

8. Waiver Request

Workforce Investment Act

Required 50 percent employer match for OJT training

The Commonwealth of Kentucky Education and Workforce Development Cabinet, the administrative entity for the Workforce Investment Act (WIA) is requesting to continue the waiver to change the required 50 percent employer match for OJT Training to a match based on a sliding scale. Through this approach, WIA would reimburse up to 90 percent to employers with 50 or fewer employees and up to 75 percent of the costs for employers with 51-250 employees. Businesses with over 250 employees would be reimbursed at the 50 percent rate. In compliance with WIA Section 189(I)(4)(B) and WIA Regulations 661.420(c), please accept the following as a request for a waiver extension.

- A. Statutory Regulations to be Waived:
Kentucky requests the waiver of WIA Section 101(31)(B).
- B. Goals to be Achieved by the Waiver:
Will create a better opportunity for smaller businesses or businesses with smaller budgets to take advantage of the opportunities available through WIA. Grants optimal flexibility to local areas to better serve businesses and their needs.
- C. State or Local Statutory or Regulatory Barriers:
There are no state or local statutory or regulatory barriers.
- D. Description of the Goals of the Waiver and Expected Programmatic Outcomes:
OJT training optimizes the resources available under workforce development initiatives to meet the needs of employers, as well as job seekers. OJT training focuses on employers' and job seekers' needs while minimizing programmatic barriers. The current 50 percent employer contribution requirement limits the ability to market OJT training programs to employers, especially those from small businesses. Oftentimes, employers conclude that the 50 percent contribution requirement creates costs that outweigh the benefits of participating in a WIA OJT training program.

The proposed sliding scale for the cost reimbursement will create the necessary flexibility for employers to provide the required contribution at a rate that more appropriately fits the small employer budget. Local areas will be able to more effectively market WIA-funded OJT training services to the private sector in support of building relations with employers in high demand, high growth industries.

The specific goals to be achieved by the waiver are to: 1) Improve the ability of the Commonwealth to respond to changes in employer and industry needs; 2) Increase employer/Board collaboration to address industry needs and worker training; 3) Allow the smaller employer to grow and expand; 4) Provide the employer with a trained workforce; and 5) Provide greater flexibility in designing and implementing WIA programs.

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- E. Description of the Individuals Impacted by the Waiver:
Employers, WIA customers, and job seekers will be positively affected through this waiver. Kentucky's smaller employers will benefit due to the increased reimbursement rate. The time the employer has to devote to the OJT employee, will make them more valuable to the present and future employers. As more employers are able to access OJT training, it will provide training to more adults and dislocated workers eligible for services under WIA.
- F. Description of the Process to Monitor Progress:
This waiver will be incorporated into the administrative entity's monitoring procedures including a periodic review of how well the measures/standards are being met.
- G. Opportunity for Local Boards to Comment on Waiver Request:
This waiver request was originally initiated by the local area boards. All ten local areas have committed their support to the waiver request.
- H. Public Comment on the Waiver Request:
Notice of this waiver request was incorporated into the State Plan modification and posted for a ten-day comment period on the Kentucky Education and Workforce Development Cabinet Web site at: <http://educationcabinet.ky.gov/> and the Kentucky Workforce Investment Board's Web site at: <http://www.kwib.ky.gov/>. No public comments were received regarding the issue.

Kentucky is very proud of its commitment to support local flexibility whenever possible. We believe that the approval of this waiver will empower the local boards to be even more responsive to the volatile economic situations they are experiencing. This waiver will enhance the state's efforts toward job retention and provide new job prospects for the presently employed individuals. The state and national economy will benefit from the increased productivity and upward mobility of workers.

KENTUCKY WAIVER REQUEST FOR PERIOD: JULY 1, 2012 - JUNE 30, 2017

Kentucky requests continuance of previously approved waiver:

**9. Waiver Request
Workforce Investment Act
Required 50 percent employer match for customized training**

The Commonwealth of Kentucky Education and Workforce Development Cabinet, the administrative entity for the Workforce Investment Act (WIA) is requesting an extension of the current waiver to change the required 50 percent employer match to a match based on a sliding scale. Through this approach, the employer match would range from a minimum of 10 percent to a maximum of 50 percent, based on the employer's size. Specifically, Kentucky shall establish the required portion of the costs, which shall not be less than 10 percent of the costs for employers with 50 or fewer employees and not less than 25 percent of the costs for employers with 51-250 employees. Businesses with over 250 employees would be charged the 50 percent rate. In compliance with WIA Section 189(I)(4)(B) and WIA Regulations 661.420(c), please accept the following as a request for a waiver extension.

- A. Statutory Regulations to be Waived:
Kentucky requests the waiver of WIA Section 101(8)(C)
- B. Goals to be Achieved by the Waiver:
Will create a better opportunity for smaller businesses or businesses with smaller training budgets, opportunities available through WIA. Grants optimal flexibility to local areas to better serve businesses and their needs.
- C. State or Local Statutory or Regulatory Barriers:
There are no state or local statutory or regulatory barriers.
- D. Description of the Goals of the Waiver and Expected Programmatic Outcomes:
Customized training optimizes the resources available under workforce development initiatives to meet the needs of employers, as well as job seekers. Customized training focuses on employers' and job seekers' needs while minimizing programmatic barriers. The current 50 percent employer contribution requirement limits the ability to market customized training programs to employers, especially those from small businesses. Oftentimes, employers conclude that the 50 percent contribution requirement creates costs that outweigh the benefits of participating in a WIA Customized training program.

The proposed sliding scale for the employer contribution will create the necessary flexibility for employers to provide the required contribution at a rate that more appropriately fits the small employer budget. Local areas will be able to more effectively market WIA-funded customized training services to the private sector in support of building relations with employers in high demand, high growth industries.

The specific goals to be achieved by the waiver are to: 1) Improve the ability of the Commonwealth to respond to changes in employer and industry needs; 2) Increase employer/Board collaboration to address industry needs and worker training; 3) Allow the

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smaller employer to grow and expand; 4) Provide the employer with a trained workforce; and 5) Provide greater flexibility in designing and implementing WIA programs.

E. Description of the Individuals Impacted by the Waiver:

Employers, WIA customers, and job seekers will be positively affected through this waiver. Kentucky's smaller employers will benefit due to the reduced contribution requirement. The training provided to individuals will make them more valuable to current and future employers. As more employers are able to access customized training, it will provide training to more adults and dislocated workers eligible for services under WIA.

F. Description of the Process to Monitor Progress:

This waiver will be incorporated into the administrative entity's monitoring procedures including a periodic review of how well the measures/standards are being met.

G. Opportunity for Local Boards to Comment on Waiver Request:

This waiver request was originally initiated by the local area boards. All ten local areas have committed their support to the waiver request.

H. Public Comment on the Waiver Request:

Notice of this waiver request was incorporated into the 2012-2017 State Plan and posted for a ten-day comment period on the Kentucky Education and Workforce Development Cabinet Web site at: <http://educationcabinet.ky.gov/> and the Kentucky Workforce Investment Board's Web site at: <http://www.kwib.ky.gov/>. No public comments were received regarding the issue.

Kentucky is very proud of its commitment to support local flexibility whenever possible. We believe that the approval of the extension of this waiver will continue to empower the local boards to be even more responsive to the volatile economic situations they are experiencing. This waiver will enhance the state's efforts toward job retention and provide new job prospects for presently employed individuals. The state and national economy will benefit from the increased productivity and upward mobility of workers.

KENTUCKY WAIVER REQUEST FOR PERIOD: JULY 1, 2012 - JUNE 30, 2017

Kentucky requests continuance of previously approved waiver:

10. Waiver Request

Workforce Investment Act

Statewide Reserve Performance Incentive Awards to Local Areas

The Commonwealth of Kentucky Education and Workforce Development Cabinet, the administrative entity for the Workforce Investment Act (WIA) is requesting a continuation of the current waiver requiring provision of incentive grants to local workforce investment areas be waived. In compliance with WIA Section 189(I)(4)(B) and WIA Regulations 661.420(c), please accept the following as a request for a waiver for PY 12 statewide reserve funds through the current approved waiver date of December 31, 2012.

Statutory and/or regulatory requirements to be waived

The Kentucky Education and Workforce Development Cabinet (EDWC) is requesting that WIA §134(a) (2) (B) (iii) and 20 CFR §665.200(e) requiring provision of incentive grants to local workforce investment areas be waived.

Actions undertaken to remove state or local barriers

There are no state or local barriers.

Goals and expected programmatic outcomes of waiver

The reduction to five percent in the WIA allotment for PY 11 and 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 and current obligated statewide innovative projects. The current unobligated 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 Kentucky's list of eligible providers of training services
- Conducting evaluations
- Providing technical assistance to workforce areas
- Assisting in the establishment and operation of the one-stop delivery system
- Operating fiscal and management accountability information systems

Kentucky'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 and any carryover funds from Governor's Reserve in PY 10 be reserved for identified innovative statewide projects. (This waiver is currently in place through December 31, 2012 for funds under PY 2012.)

Individuals impacted by the waiver

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

Process for monitoring progress in implementation

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

Notice to affected local boards

An email was issued to Local Workforce Investment Board chairs and local WIA Directors on May 1, 2012 notifying them that the Commonwealth intends to post this waiver for comment on the Kentucky Workforce Investment Board's website for two weeks beginning the week of May 1.

Public Comment

Notice was posted to the Kentucky Workforce Investment Board (KWIB) - www.kwib.ky.gov and the Education and Workforce Development - <http://educationcabinet.ky.gov/> websites for review and comment from May 4, 2012 to May 18, 2012. A total of 11 comments were received. A general response to the comments was issued on June 8, 2012. Kentucky received notice on August 6, 2012 that the waiver had been approved for PY 2012 funds through December 31, 2012.

Notice of this waiver request was incorporated into the 2012-2017 State Plan and posted for a ten-day comment period on the Kentucky Education and Workforce Development Cabinet Web site at: <http://educationcabinet.ky.gov/> and the Kentucky Workforce Investment Board's Web site at: <http://www.kwib.ky.gov/>. No public comments were received regarding the issue.