



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY  
LANSING

JEFF DONOFRIO  
DIRECTOR

**OFFICIAL**  
**Policy Issuance (PI): 18-46, Change 1**

**Date:** June 23, 2020

**To:** Michigan Works! Agency (MWA) Directors

**From:** Krista Johnson, Division Administrator **(SIGNED)**  
Talent Development Division  
Workforce Development

**Subject:** Trade and Economic Transition Dislocated Worker Grant (DWG)

**Programs Affected:** Workforce Innovation and Opportunity Act (WIOA) Dislocated Worker

**Rescissions:** None

**References:** The U.S. Department of Labor (USDOL) Training and Employment Guidance Letter (TEGL) 2-18, issued August 8, 2018

The WIOA of 2014, Public Law (PL) 113-128 (29 United States Code Section 3101, *et. seq.*)

The WIOA Final Rule 20 Code of Federal Regulation (CFR) Part 682, *et al.*

TEGL 2-15, Operational Guidance for National DWGs, pursuant to the WIOA (or Opportunity Act), issued July 1, 2015

TEGL 19-16, Guidance on Services Provided through the Adult and Dislocated Worker Programs under the WIOA and the Wagner-Peyser Act Employment Service, as amended by Title III of the WIOA, and for Implementation of the WIOA Final Rules (March 1, 2017)

**Background:** Trade and Economic Transition (Economic Transition) DWGs are offered under the WIOA National DWG program.

Under the WIOA Section 170(b), Employment Recovery DWGs, such as the Economic Transition DWG, generally provide resources to states and other eligible applicants to deliver employment and training assistance to workers affected by major economic dislocations. The Consolidated Appropriations Act of 2017 (PL 115-31), which appropriates the funds being used for Economic Transition DWGs, includes statutory language specifying that these grants are available to address cases where there are worker dislocations across multiple sectors or multiple local areas. Economic Transition DWGs are intended to implement innovative training and employment services to help address dislocations that can be traced to broader workforce needs or economic changes that may reach across multiple sectors, and that may not be limited to one employer, one industry, or one geographic area.

Michigan originally identified retail trade and financial services as two sectors undergoing a significant economic transition. Exponential growth in E-commerce, particularly online shopping, has forced the restructuring of end-consumer focused industries. In Michigan, major retailers have slashed jobs as they strive to find the optimal mix of brick-and-mortar stores and online services. Studies indicate this trend will continue; one projecting e-retail sales will account for 17.5 percent of all retail sales worldwide by 2021, up from 10.2 percent in 2017.

**This major structural change in consumer purchasing decisions related to the growth of E-commerce is directly tied to job losses.** The phenomenon cuts across many industries but is particularly hard-hitting in the retail trade and financial services sectors. Retail trade is comprised of twelve subsectors and is the third largest industry in Michigan. One subsector, "Clothing and Clothing Accessories Stores," sustained the largest employment drop of any subsector in any category between 2010 and 2017, and is projected to lose another 11.1 percent of their workforce by 2026.

This key structural transformation in consumer purchasing patterns will continue the economic concept of "creative destruction" as traditional jobs are eliminated, and new jobs (requiring different skillsets) are added. The Economic Transition DWG asks grantees to take a holistic approach to address workforce challenges that deploy innovative career and training services that move dislocated workers into in-demand careers and professions.

Subsequent to the implementation of the Economic Transition DWG, Michigan identified Manufacturing as an additional sector undergoing significant economic transition due to increased automation and changing consumer preference. As a result, the State submitted a modification request to the USDOL requesting approval to include the Manufacturing sector in the State's Economic Transition DWG.

**Policy:**

On May 15, 2020, the USDOL approved the addition of workers dislocated from the Manufacturing sector as eligible participants for the purposes of the Economic Transition DWG.

Based upon proposals submitted in response to PI 18-46, the State previously awarded \$2,861,470 in Economic Transition DWG funds to the MWAs.

WD will periodically review expenditures and work with the MWAs to determine if funding levels are appropriate and may recapture and reallocate funds. To ensure expenditure by the September 30, 2020, deadline, and to meet demand, the WD-retains the right to recapture and reallocate unexpended Economic Transition DWG funds at any time after January 31, 2020, based on enrollment and expenditure trends.

### **Eligible Participants**

Participants must be eligible dislocated workers within the meaning of the WIOA at Section 3(15). Additionally, participants must have a previous qualifying dislocation from either: Retail Trade (North American Industry Classification System [NAICS] 2-digit codes 44-45), Finance and Insurance (NAICS 2-digit code 52), or Manufacturing (NAICS 2-digit codes 31-33).

The information contained in this policy change should be shared with appropriate local staff. No further action is required.

### **Inquiries:**

Questions regarding this policy should be directed to Mr. Rick Niedieck at [NiedieckR@michigan.gov](mailto:NiedieckR@michigan.gov).

This policy is available on the [LEO website](#).

The information contained in this policy will be made available in alternative format (large type, audio tape, etc.) upon special request to this office. Please contact Ms. Carla Burdick at 517-241-9852 or via email at [BurdickC@michigan.gov](mailto:BurdickC@michigan.gov).

WD is funded by State and Federal funds; more details are available on the Legal Disclaimer page at [www.michigan.gov/workforce](http://www.michigan.gov/workforce).

### **Expiration**

#### **Date:**

September 30, 2020

KJ:RN:cjb