



OFFICIAL

Emailed: 06/20/12 (pv)

Workforce Development Agency, State of Michigan (WDASOM)
Policy Issuance (PI): 12-02

Date: June 20, 2012

To: Michigan Works! Agency (MWA) Directors

From: Gary Clark, Director, Office of Talent Development Services
Workforce Development Agency
SIGNED

Subject: Workforce Investment Act (WIA) Layoff Aversion Strategies and Policy Guidelines for Incumbent Worker Training (IWT) Programs, including IWT Waiver Approval Process

Programs Affected: WIA

References: The WIA of 1998;
WIA Final Rule 20 CFR Part 652, et al;
Training and Employment Guidance Letter (TEGL) 26-09, WIA Waiver Policy and Waiver Decisions for PY 2009 and 2010
TEGL 30-09, Layoff Aversion Definition and Appropriate Use of WIA Funds for IWT for Layoff Aversion Using a Waiver
U.S. Department of Labor (USDOL) Employment and Training Administration (ETA) Rapid Response Layoff Aversion Guide

Rescissions: None

Background: Some individuals may need assistance to maintain or retain a good job by enhancing their skills or learning new technologies and procedures in an ever changing economic environment. Without appropriate training that allows existing workers to gain the necessary skills to operate new processes or technologies, employers may find it necessary to lay off workers with obsolete skills. Layoff aversion is one of the functions of the workforce system.

Layoff aversion is the prevention or minimizing of unemployment for employees of companies that have announced layoffs, or are struggling and at risk, for layoffs. Layoff aversion focuses on saving jobs, putting



Workforce Development Agency, State of Michigan

Victor Office Center | 201 North Washington Square, 5th Floor | Lansing, Michigan 48913

michigan.gov/bwt | 517.335.5858 | TTY 888.605.6722

people back to work, shortening the length of layoff, and revitalizing communities.

The overall goal of layoff aversion is to save jobs. A workforce's knowledge and skills are the core drivers of economic competitiveness. Implementation of programs and policies to develop the workforce, investment of limited resources, and arrangement of service delivery to continually improve employee skills is paramount.

Companies and corporations make business decisions daily that affect employment, sales, suppliers, customers, vendors, and ultimately communities. Local Workforce Development Boards (WDBs) have the unique opportunity to implement proactive programs, thereby saving jobs and helping their communities grow and prosper.

The USDOL has granted Michigan a waiver to allow a portion of local Dislocated Worker (DW) and Rapid Response funds to conduct IWT, but only for the purpose of averting layoffs. The USDOL has indicated that serving unemployed workers must be the workforce system's focus, and resources should not be diverted to other uses at the expense of those most in need. However, to the extent that some dislocations can be averted, the USDOL believes that some flexibility is warranted. Thus, documented layoff aversion strategies, including IWT may be used to serve communities.

Policy:

This policy provides a definition for layoff aversion, the benefits of averting layoffs, information on identifying layoff risks, guidance on the allowable application of WIA funds to conduct layoff aversion services, including IWT with an approved waiver, and outlines the process for requesting an IWT waiver using local DW funds.

Definition of Layoff Aversion

A layoff is averted when:

- 1) A worker's job is saved with an existing employer that is at risk of downsizing, relocating or closing; or
- 2) A worker at risk of dislocation transitions to a different job with the same employer or a new job with a different employer and experiences no or a minimal spell of unemployment.

Benefits of Layoff Aversion

On average, Michigan pays out \$39 million in weekly Unemployment Insurance (UI) benefits, resulting in an average weekly benefit of approximately \$295. The average claimant receives UI benefits for

approximately 15 weeks, resulting in a cost of approximately \$11,300 per individual. The costs of UI benefits alone constitute a substantial motivator for the implementation of layoff aversion strategies throughout the state.

There are many additional benefits that accrue to workers, employers, taxpayers, and communities when layoffs are averted.

For workers, the loss of income and benefits associated with unemployment can be financially devastating and risks the well-being of the worker's family.

For employers, retaining a known reliable worker can save costs associated with severance; costs associated with having unfilled, vacant job openings; costs associated with recruiting and orienting a new employee with requisite skills to the procedures, culture, and systems of the company; and intangible costs, such as avoiding lower overall company morale for the remaining workers.

For taxpayers, averting layoffs saves outlays from unemployment funds and other taxpayer-funded services that the unemployed worker may draw.

Finally, for communities, averting layoffs is far less disruptive and costly compared to providing emergency food and health services to financially strained families, and the loss of property taxes associated with high home foreclosure rates.

Layoff aversion strategies authorized under the WIA (Sections 665.320(a)(2) and 665.320(d)) can be effective tools to assist employers in developing the skilled workforce necessary to:

- Adapt to the changing economy
- Stay in business; and
- Retain employees.

Additional benefits of a layoff aversion strategy include:

- Retaining jobs in the economy;
- Retaining critical industries in the region;
- Promoting new industry-sector growth strategies; and
- Promoting improved coordination between state agencies, WDBs, economic development, and other public and private partnerships.

Layoff Aversion Strategies and Services

There are a wide variety of approaches and strategies available to assist with layoff aversion, including early identification of at risk companies, assessing the needs of such companies, and delivering services to address risk factors.

Layoff aversion is an ongoing effort, not a one-time event. Layoff aversion activities should be conducted as local economies are contracting and expanding.

Establishing Early Warning Networks

Early warning is a multi-stakeholder approach to identifying companies at risk early enough to be able to mount an effective layoff aversion strategy. MWAs should establish an early warning system to identify and track vulnerable firms and industrial sectors that might benefit from layoff aversion strategies. Early warning systems include early warning networks and community partners such as local unions, state and local economic development organizations, locally elected officials, chambers of commerce, utility companies, banks, industry groups and other institutions. Monitoring industry economic health is an essential component of a successful layoff aversion strategy and assists in providing services earlier in the continuum.

The chart on the following page provides a checklist of early warning signs.

Early Warning Checklist: Causation Factors and Warning Signs	
<p>Facility:</p> <ul style="list-style-type: none"> • Obsolete physical plant • Outmoded operating procedure(s) • Lack of spare parts • Machinery old and outdated • Speed-ups lead to older worker layoffs • Repairs not made • Inefficient production process(es) • Equipment not up to quality standards • Environmental problems • Facility in a metropolitan or suburban area that is gentrifying <p>Market:</p> <ul style="list-style-type: none"> • Demand or sales declines • Products, processes or services become obsolete due to technological innovation • Increased domestic or foreign competition • Changes in state/national taxation, regulation, monetary policies • Change in international relations (markets or supplier/customers) • Inventory stagnant • Loss of market share • Industry sector declines 	<p>Community:</p> <ul style="list-style-type: none"> • Lack of access to raw materials, energy, products and services • Lack of skills in local work force • Lack of quality or availability of land or infrastructure • Local/state tax or regulatory policies • Lack of transportation • High insurance rates • Poor access to trucking/rail/water/air • Utility rates high, or lack of energy available <p>Organization:</p> <ul style="list-style-type: none"> • Managers, skilled workers or machinery moved to new plant • New plant is opened in low-cost location • Research and development are cut back • Fewer product lines produced • Parent corporation has major problems • Corporate merger acquisition creates excess capacity • Change in profit, market targets or distribution systems • Local subsidiary is milked for other investment • Hours and overtime eliminated • Managers replaced frequently • Irregular work or production schedules • Lack of workforce training, upgrading or training cutbacks • Sales staff/marketing cuts • Aging owner(s) • Shifts reduced • Increase in subcontractors, temporary workers • Lack of management and engineering talent

Economic Trend Monitoring Activities

Economic trend monitoring is used to analyze industry trends within a region. That is, whether a particular industry is growing, stable, or declining. Monitoring trends and understanding the early warning indicators can buy time to develop an alternative to job loss. The function of trend monitoring is to identify firms at risk of leaving, or closing, prior to actual decisions by companies to shut down or relocate.

Local areas should develop collaborative partnerships with organizations and intermediaries to assist with economic trend monitoring activities and identifying appropriate interventions. There is a wide array of data that can be useful in monitoring and analyzing industry trends.

Examples include:

Labor Market Information Sources	
<ul style="list-style-type: none"> • Labor force and unemployment data • Employment data by industry and occupation and projected employment in these categories • Population and related demographic data 	<ul style="list-style-type: none"> • Local economic trends and characteristics, including cost of living information • Occupational data by gender and race • Occupational wage rates and earnings data by industry and geographical area

Other Sources	
<ul style="list-style-type: none"> • <i>Dun & Bradstreet (D&B)</i> reporting stressed firms and industries. The <i>D&B Alert</i> tracks sudden changes in firms • <i>Moody's Industrial Manual</i> and <i>Standard and Poor's</i> provide basic information on major companies, such as facilities by location, and company performance data • <i>U.S. Industrial Outlook</i>, published by the Department of Commerce analyzes current and forecast trends for US industries by the 4-digit SIC code • WARN mass layoff notices 	<ul style="list-style-type: none"> • Trade Act petition information • Public loan defaults often mirrored by bank and other financing problems • Layoff data from unemployment filings showing inordinate patterns of layoffs in a sector or firm • Utility company reports of usage drops • Customer and supplier knowledge • Major business magazines, regional business journals, or local and regional newspapers capture changes in management or markets; strengths and weaknesses of products; legal, labor and compliance issues, etc.

Understanding the factors that influence the decisions to remain or to relocate can assist with identifying services to provide within a region. Factors influencing business decisions to remain or relocate include:

Factors influencing Business Decisions to Remain or Relocate	
<ul style="list-style-type: none"> • Diversity of cost and availability of housing • Quality and cost of education and training • Quality and price of governmental services • Availability and cost of land and buildings • Safety • Proximity to robust sales market • Proximity to supply networks and raw materials 	<ul style="list-style-type: none"> • Overall quality of the Community • Proximity to freeway corridors/transportation networks • Availability of appropriately skilled labor at the “right price” • Capacity and cost of public utilities • Proximity to governmental facilities, universities, community colleges and other institutions • Availability of public subsidies and tax advantages

Consideration of Layoff Aversion Services

Layoff aversion strategies might not be a fit for every employer. Industry sectors whose strength has the most significant impact on the future of the regional workforce are the most appropriate targets for layoff aversion efforts.

For example, efforts may focus on:

- Industries paying family sustaining wages and benefits and offer job and training ladders for low-income populations;
- Industries that create greater economic spin-off activity;
- Industries that drive productivity gains in the economy and provide customers for technology advances;
- Industries that offer diversification of the economy;
- Industries that provide a foundation for new industry clusters; and
- A combination of industries that provide the greatest positive impact for the region.

Delivery of Services to Address Layoff Aversion

Layoff aversion services include, but are not limited to:

- Asset Mapping,
- Prefeasibility studies,

- Employee Buyouts,
- IWT programs, and
- Succession Planning.

Asset Mapping

Asset mapping identifies resources in the community and provides local WDBs with an inventory of key resources in their local service delivery area. Key resources include entities that provide business services that align with an employer's future goals and focus on business retention, offering a broad base of advice and coaching on profitability, operations, and financing. WDBs must ensure that these resources are tapped only when it is determined that an employer targeted for assistance is in need of such services, at which time WDBs can facilitate a connection to provide the employer with contact information.

An asset mapping list includes entities with which the WDB already has relationships, such as local government; chambers of commerce; local, regional, or state economic development entities; local banks, and utility companies. Once core partners have been established and confidentiality agreements are in place, the partners can leverage other resources, whether public or private, to help the employer recover.

Additional resources include:

- Local elected officials
- Two and Four-Year Colleges and Universities
- Labor and Management Associations
- Telecommunications/Media Companies
- Accounting and Law Firms
- Investment Banks
- Community-Based Organizations, and
- Other State Agencies

It is recommended that WDBs and partners sign confidentiality agreements, when appropriate, and remain cognizant of the information shared about employers with entities involved in the asset mapping process.

Prefeasibility Studies

Local WDBs may devise and oversee development of prefeasibility studies for the aversion of closures. Prefeasibility studies provide objective evidence as to the likelihood of an employer remaining operational or having workers explore the purchase of the company and continue its operation. WDBs must ensure the confidentiality of information collected in developing a prefeasibility study, and involve labor and management, if applicable, in the process.

Typical prefeasibility studies assess the employer's business operations in the following areas:

- Organizational Structure
- Market
- Operations/Manufacturing
- Financial
- Legal, and
- Conclusions and Methodology

A study can also serve a number of important functions, such as providing objective evidence for the likelihood of business retention or expediting worker commitment to seeking new employment. If the report confirms that there are no alternatives to closure, such information may provide "closure" to workers who might have unrealistically hoped the plant could remain in operation.

WDBs may use outside entities to conduct prefeasibility studies, but must be cognizant of cost and consider requiring that an employer match resources in the form of money or time, which provides a good barometer of an employer's willingness to follow recommendations made by the outside entity and to comply with other programmatic requirements.

Prefeasibility studies can assess the viability of a company or group to purchase the plant and keep it in operation. When the initiative to purchase the company comes from employees, (unions representing employees, or management groups representing the larger workforce) the employee buyout process should be an organized effort, with a well-established buyout committee.

Using Incumbent Worker Training for Layoff Aversion

The following requirements apply to IWT programs funded through an approved waiver to use a portion of state-level rapid response funds or local DW funding:

Local WDBs may use the following considerations (assessments) to determine whether the proposed IWT is averting a layoff and whether the training itself is appropriate:

Employer and Worker Assessments

The company remains open, but it is phasing out a function which will lead to layoffs unless the workers can be retrained to perform new functions. For example, a large hospital that transitions from paper-based medical records to electronic medical records may need medical records staff with different or

more advanced skills than the staff that handles the paper-based records. Unless these workers can be retrained in electronic records, the hospital may choose to lay them off and hire other workers with the needed skills.

Assessments may determine:

- A worker's job has changing skill requirements as a result of external economic or market forces, significant changes in technology or operating processes, rapidly changing industry or occupational job requirements, or emergence of new products.
- Changing skill requirements are outside of normal skill growth and upkeep that would be provided by the employer.
- Training programs reasonably prepare workers to address these skill gaps.
- The employer demonstrates a commitment to retain employees or otherwise provide a tangible benefit to employees who receive IWT.
- Unless provided with training, the potentially laid-off worker does not have marketable, in-demand skills.
- New skills can be attained in a reasonable period of time.
- The worker has not received a formal layoff notice. (If a layoff notice is issued, such workers can be served with regular WIA DW funds.)
- There exists a strong possibility of a job, either with the existing employer or a new employer, if the potentially laid-off worker attains new skills.

Documenting "At risk"

Local WDBs must demonstrate that employers are "at risk" of downsizing or closing, or workers are "at risk" of dislocation prior to providing IWT. The term "at risk" means the possibility or potential of downsizing or closing exists within an industry or company.

Evidence that the employer or worker is "at risk" (a layoff could be avoided) justifies the appropriate use of the waived (local DW or state-level Rapid Response) funds.

The most common "at risk" indicators include declining sales, supply chain issues, adverse industry or market trends, changes in management philosophy or ownership, and workers lacking in-demand skills. The following charts provide a more comprehensive list of "at risk" indicators, in four key areas.

Regional Community	
<p><u>Raw Materials/Transportation:</u></p> <ul style="list-style-type: none"> • Lack of access to raw materials • Lack of quality or availability of land or infrastructure • Poor access to trucking, rail, water, or air <p><u>Workforce:</u></p> <ul style="list-style-type: none"> • Lack of skill in local talent pool/lack of in-demand skills • Lacking transportation • Inability to find skilled labor positions 	<p><u>Changes in Land Use:</u></p> <ul style="list-style-type: none"> • Rising land prices due to commercial or residential development • Neighboring plants being sold and converted to non-manufacturing uses <p><u>Business Climate Complaints:</u></p> <ul style="list-style-type: none"> • Management complaints about taxes, energy prices, unions, poor workers • Indications that a company is looking for enterprise zone, tax breaks • High utility and insurance rates <p><u>Regulatory:</u></p> <ul style="list-style-type: none"> • Local/state tax or regulatory policies • Changes in state/national taxation, regulation, or monetary policies

Industry	
<p><u>Market/Product Issues/Declining Sales:</u></p> <ul style="list-style-type: none"> • Products, processes of services become obsolete, due to technology innovations • Industry sector declines • Mature product • Demand or sales declines/loss of market share • Increased domestic or foreign competition, change in international relations (markets, suppliers, customers) • Three-year trend declines, worse than the rest of the industry • Loss of major customers • TAA certifications/ WARNs filed • Changes in state/national taxation, regulation, monetary policies • Supply chain problems • Stagnant inventory 	<p><u>Labor Issues:</u></p> <ul style="list-style-type: none"> • Expired union contract or contentious labor/management relationships • Gradual corporate downsizing over time • Management asking for shorter or longer contracts than usual • Company offering to initiate severance pay clause

Company/Organization

Mismanagement/Management Instability:

- Managers, skilled workers or machinery moved to a new plant
- Lack of management and engineering talent
- New plant is opened in a low-cost location
- Research and development are cut back
- Fewer product lines produced/lack of new products compared to similar companies
- Poor quality control, poor product design
- Parent corporation has major problems
- Corporate merger acquisition creates excess capacity
- Change in profit, market targets or distribution systems
- Local subsidiary is milked for other investment
- Weak management practices
- Nepotism, irregularities in promotions

Changes in Management Behavior:

- Increased labor relations problems
- Relocation of top managers and corporate officers to another location

Workforce:

- Hours and overtime are eliminated
- Irregular work or production schedules
- Shift reductions/eliminations (Outside of seasonal or regularly planned reductions)
- Managers replaced frequently
- High turnover in plant manager, engineer, and labor relations positions
- Lack of workforce training, upgrading, or training cutbacks
- Sales/marketing staff cut
- Increase in subcontractors, leasing agencies, or temporary workers
- Poor treatment of workforce by corporate parent or poor managers

Financial Problems/Disinvestment:

- Negative cash flow, accounts payable backlog
- Overdue loans/liens
- Profits used to improve or buy other plants
- Lack of equipment and building maintenance
- Excess dividends or payouts
- Supplies arriving C.O.D. or shortages in supplies causing production snags
- Paychecks bouncing
- Changes in profit targets or distribution

Quality Problems:

- High number of returns
- Customer complaints
- Increasing costs

Supply Chain Issues:

- Loss of longstanding supplier/contract/relationships
- Competing supply chains

Duplicate Capacity:

- Twin plant with the ability to make the same or related product
- Outsourcing of least skilled work
- Other corporate facility producing the same product in another area

Ownership Problems:

- No successor for aging or sick owner(s)
- Change of ownership/new investment strategy
- Ownership by a non-local conglomerate

Inadequate research and development:

- Lack of new products
- Losing product design and quality to other companies
- Lack of research to cut energy costs, overhead, and inventory

Facility/Infrastructure	
<p><u>Building & Equipment:</u></p> <ul style="list-style-type: none"> • Obsolete physical plant • Outmoded operating procedures • Lack of spare parts • Outdated/old machinery • Speedups lead to older worker layoffs • Repairs not made • Inefficient productions processes • Equipment not up to quality standards • Environmental problems • Facility is in a metropolitan or suburban area that is gentrifying <p><u>Removal of Equipment:</u></p> <ul style="list-style-type: none"> • Equipment moved to a twin plant or sold to a competitor • Loss of key equipment or minor pieces 	<p><u>Facilities/Transport Issues:</u></p> <ul style="list-style-type: none"> • Lease of property, expiring lease • Obsolete or land-locked facility • Location in a problem neighborhood • Complaint about inadequate regional transportation system <p><u>Unidentified visitors and/or cosmetic improvements:</u></p> <ul style="list-style-type: none"> • Equipment or building being surveyed or appraised • Cosmetic improvements such as office spruce-up, landscaping • Consultants or other visitors the owners will not identify

WDBs are in the best position to identify potential layoff situations, and may establish additional indicators for identifying companies at risk for layoff. Layoff aversion may begin as soon as an employer becomes aware of threats and opportunities that impact profitability or provide opportunities for growth.

IWT is an appropriate use of workforce funds to avert layoffs, mitigate their impacts, and maintain jobs if the local WDB identifies and documents at least one indicator from any of the four categories listed above. When identifying a potential risk(s), company sales alone may not accurately reflect the true financial stability of the organization. Given the recent recession that gripped the entire country and the slow economic rebound occurring in some pockets of the economy, it is possible for a company to begin showing signs of growth or expansion and still face barriers that threaten its continued financial well-being.

Requirement that IWT Be Limited to Skill Attainment Activities

IWT is restricted to skill attainment activities. Skill attainment activities for incumbent workers are defined as: *Skills that directly benefit the worker(s) receiving the training by making them more qualified in their field of employment and/or provide new skills for new product lines or processes that avert layoffs.*

The following criteria apply with regard to IWT skills attainment:

- 1) An individual is in an employment relationship with a participating employer or group of participating employers in a targeted sector utilizing IWT to upgrade the skills of their workers; and
- 2) An individual is receiving upgraded skills training:

- a) To increase his or her skills in an occupation in which the individual already is an incumbent; or
- b) To prepare for entry into a new occupation within the targeted workforce (i.e., the workforce of the participating employer or a group of employers).

Skill attainment refers to IWT that develops skills that directly benefit the workers receiving the training and contribute to a company's competitiveness and productivity, thereby averting layoffs.

Targeting and Aligning Layoff Aversion IWT within a Demand-Driven Strategy

Demand-driven strategies target industries based on an area's perceived comparative advantages and create relationships with key stakeholders in those industries. Ideally, demand-driven strategies help industries by improving operations, as well as enhancing industry development. Currently, many demand-driven programs identify shortages of skilled workers as a major impediment to growth.

Providing IWT is one of the most common strategies employed by practitioners to assist companies in regaining economic health. Small to mid-sized companies or businesses unable to provide resources toward training required as a result of technology or workforce change(s) may become vulnerable or "at risk." Demand-driven strategies can provide the linkages with, and resources to assist with job retention and layoff aversion efforts. Partners include community based organizations, economic developers, rapid response staff, financial institutions, chambers of commerce, educational institutions, and trade organizations, councils, or associations.

IWT Plan Requirements (Waiver Approval)

Prior to implementing IWT, WDBs must submit to the WDASOM a project plan. The plan must clearly articulate the following:

- 1) The WDBs overall Layoff Aversion Strategy, which should include, as appropriate, all strategies and services employed by the local area, as well as the identification of parties assisting with layoff aversion activities. Examples include: establishing an early warning network, economic trend monitoring, asset mapping, prefeasibility studies, IWT, and succession planning. **IWT cannot be the only layoff aversion strategy undertaken by a WDB. Rather, it must be one of multiple layoff aversion strategies provided in the local area.**
- 2) How the WDB will employ IWT as part of its demand-driven strategy.

- 3) How the WDB will ensure that IWT directly provides skill attainment activities for the participating workers.
- 4) Identification of any locally defined “at risk” indicators.

All IWT must include a contract/written agreement that outlines, at a minimum, the following for **each** participating employer:

- The number of participants to be trained.
- Who is providing the training.
- What training will be provided.
- Where the training will be provided.
- The length of the training to be provided (including the start and end date, number of days per week, and number of hours per day).
- The cost of the training program (to include only reasonable and allowable costs).
- The amount, if any, of employer matching support and how it will be provided.
- The “at risk” indicator(s) identified as justification for layoff aversion.
- Documentation of training outcomes for each incumbent worker, including the skill attainment goals of the project for each incumbent worker and the credential/certification to be received.
- How and when IWT funds are distributed to employers.
- A cancellation clause.

Funding may be utilized, with proper documentation, for the following:

- Employee skills, assessment, and testing
- Training development
- Classroom training
- Customized training consistent with the WIA and the WIA Regulations
- On-the-job training consistent with the WIA and the WIA Regulations
- Instructor wages
- Training materials and supplies
- Fees required to complete training

- Travel for trainers and trainees beyond normal commute
- Training facility costs (off-site or on-site)
- Cost for use of employer equipment during training, and
- Fees for technical or professional certifications and/or licensures.

IWT is designed in conjunction with a specific employer, or consortium of employers, to upgrade the skills of a particular workforce. Local areas should assess the need(s) of industries or companies using the parameters outlined above to deliver IWT and other appropriate services. When identifying at risk industries or companies and delivering layoff aversion services, partnerships with state and local service providers are to be developed in order to ensure a full spectrum of layoff aversion tactics, in addition to IWT, are provided.

WDBs may establish additional criteria in determining whether IWT is appropriate. WDBs must ensure that the employer(s) demonstrate a commitment to retaining employees or otherwise provide a tangible benefit to employees that receive IWT.

The prohibition against using WIA funds to encourage business relocation, as described in WIA rule 667.268 applies to IWT funds.

All training activities provided as part of an incumbent worker program must be competitively procured in accordance with federal, state, and local procurement policies.

IWT Participant Data Reporting Requirements

The WDASOM is required to report performance outcomes for any incumbent worker participant in the WIA Standardized Record Data (WIASRD) and the One-Stop Management Information System (OSMIS):

- All participants in IWT projects, regardless of the fund source, must be reported in the OSMIS.
- Unless IWT participants are co-enrolled in another program, they will not be factored into local WIA performance and will only be counted in State performance.
- Incumbent worker participants are subject to selection for the federally mandated WIA data validation. Therefore, all eligibility documentation requirements apply to incumbent workers.

Requesting an IWT Waiver

In order to deliver IWT as part of a local area's layoff aversion strategy, MWAs must submit a waiver request that includes the following components:

- 1) An IWT Plan as described on pages 14 and 15.
- 2) An example/template of the local area IWT contract.
- 3) The outcome(s) to be achieved by obtaining the waiver.
- 4) A description of the process MWA officials will implement to ensure accountability for federal funds through appropriate fiscal and programmatic monitoring of the waiver.
- 5) A description of the process the local area used to ensure meaningful public comment was sought from any individual or group affected by the waiver request and the general public, including business and organized labor.

When outlining items one through five above, the descriptions should contain sound program design, delivery, and monitoring consistent with the key reform principles of the WIA. The WIA key reform principles are outlined in Section 661.400 of the WIA Final Regulations.

The WDASOM will respond to IWT waiver requests on a case-by-case basis. Waiver requests that contain all of the required elements outlined in this policy issuance will be reviewed and a decision will be made by the WDASOM within 30 days of their receipt. The MWAs will be notified in writing of the WDASOM's decision regarding the request. Requests that do not contain all of the required information, or contain elements that do not align with the key reform principles, will be returned to the MWA along with a request for additional information. The 30-day review will begin once a complete waiver request is submitted.

Action: MWA officials shall take the appropriate actions necessary to implement the directives of this policy issuance. Prior to providing IWT activities for Program Year 2012 and subsequent program years, MWAs must request and receive a waiver consistent with the provisions of this policy issuance.

Inquiries: Questions regarding this policy issuance should be directed to your WIA state coordinator at (517) 335-5858. The information contained in this policy issuance will be made available in alternative format (large type, audio tape, etc.) upon request to this office.

**Expiration
Date:**

Continuing

GMC:JC:pv