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DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT  
LANSING

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**OFFICIAL**  
**Workforce Development Agency (WDA)**  
**Policy Issuance (PI) 15-11, Change 1**

**Date:** June 21, 2016

**To:** Chief Elected Officials (CEOs)  
Workforce Development Board (WDB) Chairs  
Michigan Works! Agency (MWA) Directors

**From:** Joe Billig, Director, Office of Talent Policy and Planning (**SIGNED**)

**Subject:** Designation of Workforce Development Areas Under the Workforce Innovation and Opportunity Act (WIOA) of 2014

**Programs Affected:** The WIOA Programs

**Rescissions:** WDA PI 15-11

**References:** The WIOA of 2014, Public Law (PL) 113-128  
  
34 Code of Federal Regulations (CFR) Parts 361 and 463, Workforce Innovation and Opportunity Act; Joint Rule for Unified and Combined State Plans, Performance Accountability, and the One-Stop System Joint Provisions; Notice of Proposed Rulemaking  
  
Training and Employment Guidance Letter WIOA No. 27-14, Operating Guidance for the Workforce Innovation and Opportunity Act, issued April 15, 2015, and subsequent change

**Background:** The WIOA was signed into law on July 22, 2014, and emphasizes a broad vision of workforce development programs that respond to the needs of employers by preparing workers with the skills and resources needed to compete for in-demand jobs. The Act also stresses the importance of alignment of the workforce investment, education, and economic development systems and promotes improvement in the structure and delivery of services. The WIOA provides Michigan with new opportunities to enhance the service delivery systems, enrich services to customers, and advance partner linkages.

Local workforce development areas are designated for the purpose of implementing the WIOA and administering workforce development programs through the MWAs. Under the federal legislation, the Governor, in consultation with the local CEO, is required to designate local workforce areas. The definition of CEO is the chief elected executive officer of a unit of general local government in a local area. To implement the WIOA, the CEO has the responsibility to request local workforce development area designation.

This policy change provides updated guidance regarding the definition of “performed successfully” based upon clarification received from the U.S. Department of Labor (USDOL).

**Policy:**

Designation of Local Workforce Development Areas

The process to designate local workforce development areas is data driven and includes the following activities:

- Analysis of the required workforce activities under the WIOA and criteria for a local workforce development area; and
- Assessment of the current local workforce investment area as designated under the Workforce Investment Act (WIA) and surrounding areas taking into account regionalization.

Pursuant to Section 106(b) of the WIOA, the Governor shall designate local workforce development areas within the State, through consultation with the State Board and after consultation with chief elected officials and local boards, and after consideration of comments received through the public comment process.

The transition from local area designation as a WIA local area to a WIOA local area occurs using two distinct methods.

1. Designation of workforce development areas that were designated as a local area under the WIA – **Initial Two-Year Designation**

If the CEO and the local board submit a request for **initial two-year designation**, the Governor must approve the request if, for the two (2) program years preceding the date of enactment of the WIOA (Program Years (PYs) 2012 and 2013), the following criteria are met:

- Was designated as a local area for purposes of WIA;
- Performed successfully; and
- Sustained fiscal integrity.

This initial designation shall apply for the balance of PY 2015 and all of PY 2016.

For the purpose of local area designation under the WIOA, the following definitions apply:

- Performed Successfully. For the purpose of initial local area designation, the term “performed successfully” means that the local area met or exceeded all levels of performance the Governor negotiated with the local board and the CEO; and, the local area has not failed any individual measure for the last two (2) consecutive program years before enactment of the WIOA. The USDOL interprets this definition to mean that a local area would satisfy the “performed successfully” criterion providing the local area did not fail the same performance measure twice within the two-year period in question.
- Sustained Fiscal Integrity. For the purpose of determining initial local area designation, the term “sustained fiscal integrity” means that the Secretary has not made a formal determination that either the grant recipient or the administrative entity of the area mis-expended funds due to willful disregard of the requirements of the provision involved, gross negligence, or failure to comply with accepted standards of administration for the two (2) years preceding the determination.

Regardless of whether a local workforce development area meets the criteria for **initial two-year** designation, the CEO shall review and determine if a change in local area composition would be beneficial for the job seekers, workers, and businesses being served using the criteria established under the WIOA. When making this decision, the CEO is reminded that the WIOA provides the opportunity to rethink how workforce development is delivered in the community and how to best serve job seekers, workers, and businesses. It is the expectation of the Governor and the WDA that local areas that qualify for initial designation but are in a region with a local area(s) that does not meet initial designation, work with such area(s) when developing their application.

Consistent with USDOL guidance, local areas requesting **initial two-year** designation shall submit their request as soon as possible to align with WIOA implementation. The deadline for submitting an **initial two-year** designation request is **August 14, 2015**.

2. **Designation of workforce development areas that were not designated as local areas under the WIA – Discretionary Designation**

A local area that does not meet the criteria for submitting a request for initial two-year designation must request discretionary designation.

The Governor shall approve a request for discretionary designation from the CEO of a local area that was not designated

under the WIA, pursuant to Section 106(b)(1)(B) of the WIOA, that:

- Is consistent with labor market areas;
- Is consistent with regional economic development areas;
- Has available the Federal and non-Federal resources necessary to effectively administer WIOA activities;
- Has appropriate education and training providers; and
- Is consistent with the geographical boundaries of the Regional Prosperity Initiative, see Attachment A.

The deadline for submitting a discretionary designation request is **August 14, 2015**. Local areas requesting discretionary designation that are unable to meet the August 14, 2015 deadline, should contact the WDA prior to August 14, 2015 to discuss an appropriate submission deadline, as determined by the WDA.

#### Requesting Local Workforce Development Area Designation

Requests for local workforce development area designation are initiated by completing the WIOA Local Workforce Development Area Designation Application (Attachment B), which is signed by the Chief Elected Official, and submitted electronically to the Workforce Development Agency at: [WIOA@michigan.gov](mailto:WIOA@michigan.gov). Applications, regardless of initial or discretionary, must be submitted no later than **August 14, 2015**, unless those requesting discretionary designation receive an extension from the WDA.

Regardless of the method used to obtain designation (initial or discretionary), the local area shall have one official Local Elected Official (LEO) board and one official Workforce Development Board (WDB), consistent with the WIOA. However, local areas may have additional advisory boards that advise the official LEO board and the official WDB. Furthermore, additional board members representing the region may be appointed as official members to the WDB, consistent with federal and state policy.

At any point during the designation process, the CEO may request technical assistance from the WDA to support the designation process.

#### Incentive Funding

The WDA has identified Statewide Activities funding to be awarded to local areas that are designated under the discretionary designation, so long as they are consistent with the following incentive criteria:

- The new local area includes, at a minimum, two former local areas that were designated under the WIA;
- The new local area aligns with the Regional Prosperity Initiative Map (Attachment A);

- The new local area designation is completed by **October 1, 2015**, including the execution of a new interlocal agreement (PA 7 or PA 8), creation of the new LEO board, designation of a fiscal agent, appointment of the new WDB, and identification of staff to assist the local board. The designated fiscal agent and identified board staff may be those who served in the same, or similar, capacity under the WIA or newly identified.

Incentive awards in the amount of \$150,000 for the newly designated area may be utilized for any allowable WIOA activity. Local areas that align with the Regional Prosperity Initiative Map (Attachment A) but do not include every county in the Region, may still qualify for an incentive, so long as all other requirements detailed above are met. A Region may only qualify for one lifetime incentive award.

#### Transitional Operation

To allow time for local areas that do not qualify for initial designation or local areas that do qualify for initial designation but are consolidating under discretionary designation to align with the Regional Prosperity Initiative (Attachment A), the WDA will allow such areas, if necessary, to operate on a transitional basis for PY 2015 (July 2015 - June 2016). PY 2015 shall be used as a transition year to allow for the execution of a new interlocal agreement (PA7 or PA8), creation of the new LEO board, designation of a fiscal agent, appointment of the new WDB, and identification of staff to assist the local board. The designated fiscal agent and identified board staff may be those who served in the same, or similar, capacity under the WIA or newly identified.

For those areas seeking Discretionary Designation where the transition is not completed by October 1, 2015, and a transition period is necessary, the WDA will identify a transitional fiscal agent. All WDA administered funding awarded as of October 1, 2015, will be awarded to the transitional fiscal agent. The transitional fiscal agent will be identified from those local areas within the applicable region that did qualify for initial designation but are seeking discretionary designation to align with the Regional Prosperity Initiative, see Attachment A. The transitional fiscal agent will have all the rights and responsibilities for the financial management administration of awards made to the local area.

For example, Region "X" is comprised of MWA "A" and MWA "B." MWA "A" does not qualify for initial designation. MWA "B" does qualify for initial designation but is requesting discretionary designation under a new local area that comprises the old MWA "A" and "B" and is consistent with the Regional Prosperity Initiative. Under this example, the WDA will designate the existing fiscal agent from MWA "B" to serve as the transitional fiscal agent and, as such, will receive all MWA "A" WDA awarded funding from October 1, 2015 through June 30, 2016. Once the designation process is completed and approved by the Governor, the transitional fiscal agent will no longer receive WDA funding as the newly designated fiscal agent will receive all funding.

Local areas that require the transitional period to complete the designation process will not be eligible for incentive funds.

All local area designations, regardless of initial or discretionary, must be completed and the local area operational, consistent with all federal and state laws, by June 30, 2016, to receive any subsequent funding awarded by the WDA.

#### Subsequent Designation

After the period of **initial two-year** designation (PY 2015 and PY 2016), the State will approve a request for subsequent designation from the CEO and the local WDB if the following criteria are met during the two (2) years of the **initial** designation:

- The local area performed successfully;
- The local area sustained fiscal integrity; and
- In the case of a local area in a planning region, the local area met the planning requirements described in WIOA Section 106(c)(1) and operated in a manner consistent with the Regional Prosperity Initiative and the established Talent District Charter.

**Note:** Subsequent designation does not apply to those areas who receive discretionary designation.

#### Local Area Appeal Process

If a local area is denied **initial two-year** or subsequent designation, the CEO may submit an appeal to the State consistent with the current WDA Grievance and Complaint Policy.

Appeals must be submitted electronically to [WIOA@michigan.gov](mailto:WIOA@michigan.gov). The subject line of the submission must state "Appeal of Request for Initial/Subsequent Designation."

If a decision on the appeal is not rendered within 60 days or does not result in requested local area initial/subsequent designation, the CEO may request a review from the USDOL, pursuant to the WIOA.

The WIOA does not provide any appeal rights for local areas whose application for discretionary designation is denied.

**Action:** This policy issuance should be disseminated locally to appropriate staff. No other action is necessary at this time as the initial and discretionary designation processes have concluded.

**Inquiries:** Questions regarding this policy issuance should be directed to Ms. Krista Johnson, WIOA Title I Section Manager, at [JohnsonK2@michigan.gov](mailto:JohnsonK2@michigan.gov) or via phone at 517-241-3249.

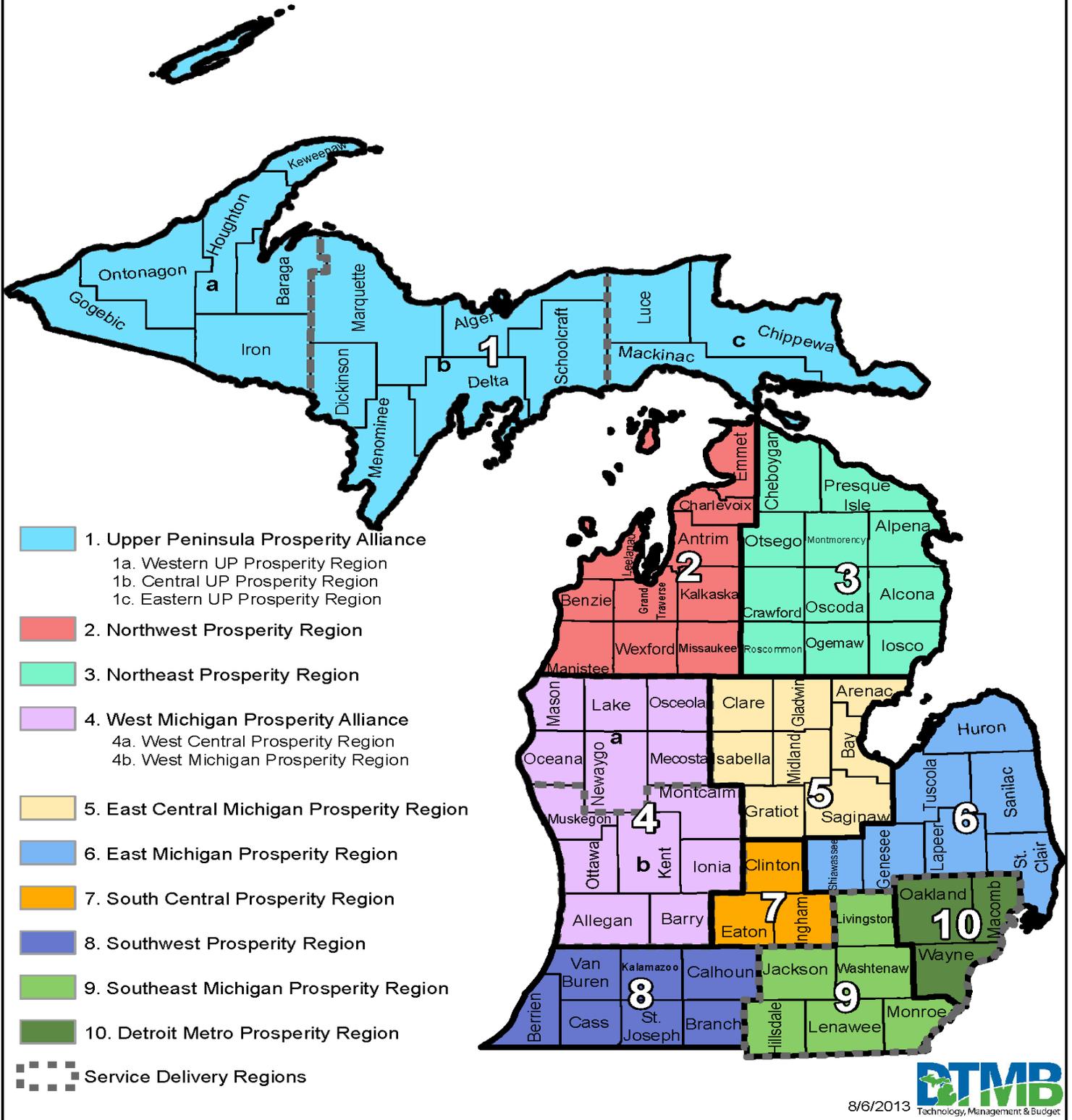
This policy issuance is available for downloading from the internet system. Please contact Ms. Teresa Keyton at [KeytonT@michigan.gov](mailto:KeytonT@michigan.gov) or via phone at 517-335-7418.

The information contained in this policy issuance will be made available in alternative format (large type, audiotape, etc.) upon special request to this office.

**Expiration  
Date:** Continuing

JB:KJ:tk  
Attachments

# State of Michigan Prosperity Regions



WIOA Local Workforce Development Area Designation Application

Requests for local workforce development area designation are initiated by completing this application and submitting it to the Workforce Development Agency at [WIOA@michigan.gov](mailto:WIOA@michigan.gov). The subject line of the e-mail should state "WIOA Local Area Designation Application."

**Section 1 –Point of Contact**

The following information identifies the individual who is completing the application on behalf of the proposed local workforce development area and will be the point of contact for all future correspondence.

Name: Click here to enter text.

Title: Click here to enter text.

Address: Click here to enter text.

Phone: Click here to enter text.

E-mail: Click here to enter text.

Date of Application: Click here to enter text.

**Section 2 - Participating Counties**

Please list all participating counties who will form the proposed local workforce area.

Click here to enter text.

**Section 3– Type of Designation Requested**

Select one of the following:

- Initial Designation – Review Step 4
- Discretionary Designation – Review Step 5

**Section 4 - Initial Designation Criteria**

By signing and submitting to the WDA this completed application, consistent with the provisions of this policy, the Chief Elected Official (CEO) requesting initial designation attests that the Workforce Development Area meets each of the following criteria:

1. The local area identified in Step 2 above was designated as a local area for purposes of the Workforce Investment Act (WIA).
2. The local area identified in Section 2 above performed successfully (met or exceeded all WIA performance metrics) during Program Year 2012 and 2013 (July 1, 2012 – June 30, 2014) per the WIA/Wagner-Peyser Annual Reports for Program Year 2012 and 2013.
3. The local area identified in Section 2 above sustained fiscal integrity, as defined in this policy, during the last 2 consecutive years.

**Section 5 – Discretionary Designation Criteria**

By signing and submitting to the WDA this completed application, consistent with the provisions of this policy, the CEO requesting discretionary designation attests that the proposed Workforce Development Area meets each of the following criteria:

1. The geographic area is consistent with the labor market areas in the State;
2. The geographic area is consistent with the regional economic development areas in the State;
3. The geographic area is served by local educational agencies and intermediate educational agencies;
4. The geographic area is served by postsecondary education institutions and area vocational education schools;
5. The geographic area has available resources (federal and non-federal) necessary to effectively administer workforce development activities; and
6. Is consistent with the geographical boundaries as outlined in the Regional Prosperity Initiative map, Attachment A.

**Section 6 - Signature of the Chief Elected Official From the Proposed (Initial or Discretionary) Local Workforce Development Area**

The CEO from the proposed Workforce Development Area must sign and date below.

Chief Elected Official Name (Please Print): \_\_\_\_\_

Chief Elected Official Title: \_\_\_\_\_

Chief Elected Official Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**Section 7 - Approvals of Proposed (Initial or Discretionary) Local Workforce Development Area**

The members of the local elected official board representing the workforce development area approve this request of initial/discretionary designation.

- Yes. Please attach the appropriate board meeting minutes.
- No. Please explain why below.

Click here to enter text.

**Requests for Designation Assistance**

Recognizing costs will be incurred by those local workforce development areas whose composition changes under the WIOA designation process, assistance is available. Pursuant to Section 106(b)(6) of WIOA, upon a request of all the local workforce development areas within a planning region, the State may provide funding to assist the local areas in carrying out activities to facilitate the designation of the new local workforce development area. Any funding awarded for designation assistance may be considered part of a local workforce development area's incentive award, should the area qualify for such an award.

Local workforce development areas designated under the initial designation method are not eligible for designation funding assistance.

Requests for designation funding assistance may be sent to Ms. Stephanie Beckhorn, Director, Workforce Development Agency, at [BeckhornS@michigan.gov](mailto:BeckhornS@michigan.gov). The request must contain a project narrative describing how the funds will be used and a detailed budget.