

**WORKFORCE INVESTMENT ACT WAIVER REQUEST:
TO ALLOW THE STATE OF RHODE ISLAND TO USE RAPID RESPONSE FUNDS
FOR INCUMBENT WORKER TRAINING**

The State of Rhode Island Department of Labor and Training, the state's Workforce Investment Act's (WIA) administrative entity, requests a waiver to allow 20 percent of Rapid Response funds to be used to support Rhode Island Incumbent Worker Training activities as needed in the context of layoff aversion. This waiver would provide Rhode Island with the needed flexibility to meet the growing need of employers who are experiencing difficulty during this economic downturn. Rhode Island's unemployment rate continues to hover near the highest in the nation (July 2010 rate is 11.9%). This waiver has been approved for numerous other states and Rhode Island is confident that it will provide valuable resources to both employers and employees.

This waiver request applies to WIA formula funds only for the balance of Program Year 2010 and subsequent years.

This waiver request is written in the format identified in WIA Section 189(i)(4)(B) and in WIA Regulations 20 CFR 661.420 (c) of the Regulations. In addition, this waiver is identified in Training and Employment Guidance Letter (TEGL) # 26-09 as one that the Employment and Training Administration approved as a Program Year 2009 policy decision.

Background: When workers lack needed training and businesses experience skill gaps, the company's ability to retain workers can be compromised. Rhode Island's Incumbent Worker Training Program addresses such needs. The purpose of the program is to help established Rhode Island businesses provide training and education for current workers, resulting in layoff aversion and reduced employee turnover. The specific objectives of the program include upgrading employee skill, providing training in portable (transferable) skills and contributing to business retention. The WIA State Plan as well as the Strategic Workforce Plan for Rhode Island 2009-2014 both speak to the importance of maximizing the capacity of the workforce development system to align, unite and flexibly address the skill demands of all employers and job seekers.

The need for this flexibility in funding is clear. As an example, manufacturing in Rhode Island has been particularly hard hit and it is a necessity for companies who remain in business to reinvent themselves in order to continue to employ Rhode Islanders and meet the challenging demands of this economy.

A. Statutory Regulations to be Waived:

Rhode Island requests the waiver of WIA Section 134(a)(2)(A) and WIA Regulations 20 CFR 665.310 through 20 CFR 665.320 that establish allowable statewide Rapid Response activities and uses for set-aside Rapid Response funds.

B. Goals to be Achieved by the Waiver:

1) Broadly speaking, this waiver will enhance the state's efforts at providing prospects for individuals currently employed in companies struggling to avoid layoffs of employees. The local, state, regional and national economy will benefit from the upward mobility of workers.

2) Rhode Island's layoff aversion strategy was approved by the Governor's Workforce Board – Rhode Island in September of 2008, during the current recession. The Rhode Island Business Retention and Expansion Initiative (BREI) is both a service and potential investment strategy designed to retain and sustain business growth and employment. It is a collaborative effort comprised of many different organizations, each of whom bring distinctive areas of expertise as well as funding streams. Members include, but are not limited to, the Governor's Workforce Board, The Department of Labor and Training, Economic Development Agencies (both statewide and local), Chambers of Commerce, Industry Partners and educational institutions. The objective of the BREI is to provide and support various strategies that will, at a minimum, maintain the stability of a company, and therefore, its workforce. Although the BREI encompasses both business retention and workforce expansion, funds utilized under this waiver will only be used for layoff aversion activities and all training activities will be geared toward skill attainment.

At this time, no specific industry will be targeted; initially, the focus may be on companies participating in the Workshare program. These companies have already reduced the hours of their workers due to a slowdown in business. If the company, in conjunction with the BREI team, determines that training is an appropriate service which will allow the workers to remain employed, the rapid response incumbent worker training funds would be utilized to offset the cost of the training. Training may not always be the solution for the company; in those cases, all of the other available partner services will be made available, as appropriate, to the business.

The type of training to be delivered will be based on individual company need and will run the full gamut of current training required by businesses, such as but not limited to: worker cross-training; technology; and lean training.

The identification and selection process for participating companies is addressed in the attached program application. In addition, the company will be asked to describe the resulting employer commitment to the worker (retention, higher wage, etc.), if the funds are awarded. These factors will also be taken into consideration in the review process.

C. State or Local Statutory or Regulatory Barriers

There are no state or local barriers to implementing the requested waiver.

D. Description of Waiver Goal and Programmatic Outcomes

This waiver will give the Business Retention and Expansion Team the resources to respond expeditiously to the needs of businesses and workers for layoff aversion. It will allow businesses to retain workers, thus recognizing a cost savings to not only the business but also to the Unemployment Insurance (UI) system. This is particularly important to small businesses, given their greater difficulty in hiring and retaining qualified workers and the impact a high UI experience rating can have on their bottom line.

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.

The state will use the established, applicable WIA performance measures and standards to assess the effectiveness and efficiency of the activities allowed under this waiver. The State of Rhode Island will report progress on these elements to federal authorities as required.

The use of rapid response funds for this purpose will not diminish the ability of Rhode Island to provide dislocated worker services as needed.

Should the waiver be granted, the RI Department of Labor and Training's State Workforce Investment Office will issue a Workforce Investment Notice (WIN). This guidance will spell out the programmatic and procedural requirements to be followed.

E. Description of the Individuals Impacted by the Waiver

Both employers and incumbent workers will be impacted by this waiver. It is imperative that employers have options to avert layoffs or plant closures. One option is that of retraining the current workforce to meet the growing needs of business. This may require new skills or advanced skills enabling an employee to multi task within an organization. For the employee, simply to remain employable may require the attainment of new skills and/or credentials. Rhode Island intends to use this waiver as one lay-off aversion strategy employers can utilize as they strive to remain in business.

F. Description of the Monitoring Process

DLT, as the state administrative entity of WIA, will be responsible for the monitoring of all WIA funded incumbent worker activities. 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. Public Comment on the Waiver Request

Rhode Island intends to place this waiver request on its web site, accept comments from the public either verbally at a public hearing or in writing, and discuss it at open meetings of the state workforce board to ensure transparency and to allow for meaningful public comment and input from all interested parties, including, but not limited to, business and organized labor.

##