

**Request for Public Comment on WIA Waiver Requests:
Use of Local Dislocated Worker Funds and State Rapid Response Funds
for Incumbent Worker Training**

The South Carolina Department of Commerce (SC DOC) is the state administrative entity for the Workforce Investment Act (WIA). The Workforce Development Division of SC DOC invites public comment regarding our request to the US Department of Labor (US DOL) to waive regulatory prohibitions on 1) ability to use 10% of local Dislocated Worker formula funds for incumbent worker training as a layoff aversion strategy, and 2) authority to use state set-aside Rapid Response funds for incumbent worker training as a layoff aversion strategy. Approval of these waiver requests benefits both employers and incumbent workers. These waivers can assist in ensuring that workers enhance their skill levels to avert layoffs, while increasing the potential for career advancement within their industries. Moreover, with a skilled and productive workforce, businesses are able to grow and create new jobs as product lines and customer bases expand.

The waiver requests are provided below for your review. The waiver to use local Dislocated Worker funds for layoff aversion has been limited in scope from the original waiver previously approved by US DOL. The state set-aside Rapid Response waiver was also previously approved by US DOL.

Comments or questions on these waivers should be sent electronically to LaCrystal Jackson at ljackson@sccommerce.com no later than 5:00 pm on Friday, April 30, 2010. Thank you.

**STATE OF SOUTH CAROLINA
WAIVER REQUEST
WORKFORCE INVESTMENT ACT**

**TO ALLOW UP TO 10% OF LOCAL DISLOCATED WORKER FORMULA FUNDS TO BE USED
FOR INCUMBENT WORKER TRAINING AS A LAYOFF AVERSION STRATEGY**

South Carolina is requesting a waiver to allow local areas to use up to 10% of their WIA and ARRA Dislocated Worker funds for Incumbent Worker Training (IWT) activities as part of a layoff aversion strategy. The State, through prior waiver authority, was able to work with several businesses to avert layoff actions through the provision of training. Those experiences proved that it is far more cost effective to avert layoffs than to fund retraining after workers lose their jobs and income. We recognize the continued demand for dislocated worker services. The additional flexibility sought through this waiver will not diminish the ability of South Carolina to provide dislocated worker services as needed.

Waiver Duration: July 1, 2010 through June 30, 2011.

A. Statutory Regulations to be Waived

The state requests a waiver of the Section 134(a)(3) language that limits authority to only provide Incumbent Worker Training activities through state reserve funds.

B. Goals to be Achieved by the Waiver

Utilization of local Dislocated Worker funds for Incumbent Worker Training promotes maximum investment of available funds, as well as increased levels of service. Focusing on employer and worker layoff aversion and competitiveness through skill upgrades strengthens businesses, communities, and regional economies.

C. State or Local Statutory or Regulatory Barriers

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

D. Description of Waiver Goal and Programmatic Outcomes

Given the increasing global competitiveness, it is imperative that businesses remain strong and productive through a skilled and educated workforce. This waiver can assist in ensuring that workers enhance skill levels to avert layoffs, while increasing their potential for career advancement within their industries. Skilled and productive workers allow businesses to grow and create new jobs as product lines and customer bases expand.

Incumbent Worker Training has proven successful in many areas and diverse economic sectors of the state. It has played a vital role in South Carolina's workforce development by keeping job skills updated and supplying businesses with the needed skill sets to make workers more competitive. The following are a few examples of the training partnerships and outcomes achieved through prior waiver authority:

- ❖ **A small manufacturing company** was assisted through the WorkLink Workforce Investment Board in cross training employees to prevent a layoff. The company's workforce was trained on the operation of blow molding and injection molding machines. This training allowed knowledgeable and skilled employees to operate on all shifts, rather than limiting the employees to one or two assigned areas of operation. The WorkLink Workforce Investment

Board was able to help this company avert a layoff through training of 79 incumbent workers at a very reasonable \$711.24 per employee.

- ❖ **A manufacturing facility** was in need of training to keep current customers and prevent the shutdown of operations in South Carolina, resulting in a move to its parent location in another state. The Greenville Workforce Investment Board provided training in Lean Manufacturing and ISO 9000:2000 Auditor/Lead Auditor. The training allowed the business to become ISO certified and prevented its relocation out of the state. The training saved 32 jobs.

E. Description of the Individuals Impacted by the Waiver

Both 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 technological economy. The training provided to workers makes them more valuable to both their current employers, as well as to other potential employers.

F. Description of the Monitoring Process

This waiver will be incorporated into state and local monitoring procedures. Monthly reports are submitted to the State Workforce Division containing actual business agreements, number of workers served, types of training, and funding provided. At the end of training, each business completes a final report summarizing planned versus actual results and overall impact. Businesses are requested to evaluate the Incumbent Worker Training experience and provide comments for continuous improvement.

G. Opportunity for Local Boards to Comment on Waiver Request

The waiver request was developed as a result of concerns expressed by the Local Workforce Investment Boards relevant to funding limitations of Incumbent Worker Training in meeting the critical needs of their local areas and businesses. Use of local funds for Incumbent Worker Training received prior approval and was in effect during Program Years 2006-2008. This new waiver request is more limited in scope from the previous waiver as it applies to the use of Dislocated Worker funds only and is tailored specifically for layoff aversion situations.

H. Public Comment on the Waiver Request

The waiver request is being made available for public comment on the South Carolina Department of Commerce's Workforce website, www.workforcesouthcarolina.com, for a 5-day comment period beginning April 23, 2010. In addition, although wider in scope than this current request, the waiver request for use of local funds for Incumbent Worker Training was included in the Program Year 2009 State Plan and was published for public review and comment. No adverse comments were received for that waiver request at any point.

STATE OF SOUTH CAROLINA
WAIVER REQUEST
WORKFORCE INVESTMENT ACT
TO ALLOW THE STATE TO USE SET-ASIDE RAPID RESPONSE FUNDS FOR INCUMBENT
WORKER TRAINING AS A LAYOFF AVERSION STRATEGY

South Carolina is requesting a waiver to allow up to 20% of Rapid Response funds to be used for Incumbent Worker Training (IWT) activities as part of a layoff aversion strategy. The State, through prior waiver authority, was able to work with several businesses to avert layoff actions through the provision of training. Those experiences proved that it is far more cost effective to avert layoffs than to fund retraining after workers lose their jobs and income. We recognize the continued demand for dislocated worker services to include the use of Rapid Response funds. The additional flexibility sought through this waiver will not diminish the ability of South Carolina to provide dislocated worker services as needed.

Waiver Duration: July 1, 2010 through June 30, 2011.

A. Statutory Regulations to be Waived

WIA Section 134(a)(2)(A) and WIA Regulations §665.310 through §665.330 establish allowable statewide Rapid Response activities and how set-aside Rapid Response funds may be used.

B. Goals to be Achieved by the Waiver

Utilization of Rapid Response funds for Incumbent Worker Training promotes maximum investment of available funds, as well as increased levels of service. Focusing on employer and worker layoff aversion and competitiveness through skill upgrades strengthens businesses, communities, and regional economies.

C. State or Local Statutory or Regulatory Barriers

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

D. Description of Waiver Goal and Programmatic Outcomes

Given the increasing global competitiveness, it is imperative that businesses remain strong and productive through a skilled and educated workforce. This waiver can assist in ensuring that workers enhance skill levels to avert layoffs, while increasing the potential for career advancement within their industries. Skilled and productive workers allow businesses to grow and create new jobs as product lines and customer bases expand.

Incumbent Worker Training has proven successful in many areas and diverse economic sectors of the state. It has played a vital role in South Carolina's workforce development by keeping job skills updated and supplying businesses with the needed skill sets to make workers more competitive. The following are a few examples of the training partnerships and outcomes achieved through prior waiver authority:

- ❖ **An automotive manufacturing plant** in northwestern South Carolina was making a decision to close its facility and move to Mexico, or install a new production line with advanced technology and retain 330 employees. Coordinating with numerous partners resulted in the company's decision to remain in South Carolina. Business retention efforts involved:
 - state and local economic development partners;

- local workforce investment board;
- state workforce development division; and,
- state technical college system.

State level Rapid Response funds were granted to the local workforce board to execute an Incumbent Worker Training agreement with the business. These funds were used to ensure that existing employees at the company received the technology and skill upgrades necessary to operate the equipment for the new production line. This layoff aversion strategy saved 330 jobs.

- ❖ **A manufacturing facility**, the second largest employer in a town of 3,000, was planning to consolidate and expand its operations, either here in South Carolina or at another one of its plants outside the state. Several strategies were used to identify a pool of qualified workers to meet expansion needs and address the skill gaps of existing employees.
 - A Workforce Profile Report was developed to include occupations and skill levels of workers who had been or were being laid off from other businesses in the area. Skill sets of dislocated workers from two companies in the area were reviewed and matched with the skill set needs for the company looking to expand.
 - State level Rapid Response funds were used to upgrade the skill levels of existing workers, necessary due to the retooling for new production lines.
 - Through this layoff aversion strategy, 550 jobs were retained and 500 new jobs will be created. The types of positions include assemblers, machine operators, and skilled trades.
- ❖ **A cutting tool design and manufacturing operation** had become an approved vendor of the aviation industry and needed to train its workforce to operate new equipment with better efficiency and fewer rejections. In order to keep several customers and secure future business, specialized training was required. Incumbent Worker Training was provided through Rapid Response funds in Basic Grinding and ISO/AS. The training resulted in ISO certification and prevented the loss of several major customers. Instead of a business closure, affecting 17 jobs, this training assistance allowed the business to begin hiring new employees.

E. Description of the Individuals Impacted by the Waiver

Both 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 technological economy. The training provided to workers makes them more valuable to both their current employers, as well as to other potential employers.

F. Description of the Monitoring Process

This waiver will be incorporated into state and local monitoring procedures. Monthly reports are submitted to the State Workforce Division containing actual business agreements, number of workers served, types of training, and funding provided. At the end of training, each business completes a final report summarizing planned versus actual results and overall impact. Businesses are requested to evaluate the Incumbent Worker Training experience and provide comments for continuous improvement.

G. Opportunity for Local Boards to Comment on Waiver Request

The waiver request was developed as a result of concerns expressed by the Local Workforce Investment Boards relevant to funding limitations of Incumbent Worker Training in meeting the

critical needs of their local areas and businesses. The waiver received prior approval, at a higher percentage of funds, and was in effect during Program Years 2005-2008.

H. Public Comment on the Waiver Request

The waiver request is being made available for public comment on the South Carolina Department of Commerce's Workforce website, www.workforcesouthcarolina.com, for a 5-day comment period beginning April 23, 2010. In addition, the original Incumbent Worker Training waiver request was included in the Program Years 2005-2006 State Plan, which was published for public review and comment. The Program Year 2009 State Plan modification also included the request and was similarly published for public review and comment. No adverse comments were received for that waiver request at any point.