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**OFFICIAL**  
**Policy Issuance (PI): 18-46**

**Date:** December 19, 2018

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

**From:** Joe Billig, Division Administrator **SIGNED**  
Targeted Services Division  
Workforce Development Agency

**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 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.

**Policy:**

On September 26, 2018, the USDOL/Employment and Training Administration (ETA) awarded the Michigan Talent Investment Agency/Workforce Development Agency (TIA/WDA) Economic Transition Dislocated Worker funding to provide reemployment related services to dislocated workers in the retail trade and financial services sectors. Of the award, \$2,861,470 will be available for the MWAs to implement innovative strategies to reemploy eligible participants. The WDA anticipates individual funding proposals in the \$50,000 – \$500,000 range.

The MWAs, or a consortium of MWAs, must submit a request for funding (Attachment A) detailing the process anticipated to identify and transition eligible participants into in-demand careers and professions as identified in the Governor's Marshall Plan and the Regional and Local plans submitted under PI 16-02 Change 1.

**Preference will be given to submissions anticipating extensive use of work-based training** including short-term, in-demand classroom training; On-the-Job Training (OJT); pre-apprenticeship training; and, registered apprenticeships.

The WDA 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 WDA retains the right to recapture and reallocate unexpended Economic Transition funds at any time after January 31, 2020, based on enrollment and expenditure trends.

Allowable funding for local administration is limited to 10 percent of expenditures.

### **Eligible Participants**

Participants must be eligible dislocated workers within the meaning of the WIOA Sec. 3(15). Additionally, participants must have a previous qualifying dislocation from either of the two sectors identified as undergoing a significant economic transition: Retail Trade (North American Industry Classification System [NAICS] 2-digit codes 44-45) or Finance and Insurance (NAICS 2-digit code 52).

### **Allowable Activities**

**Training and Work-Based Training Models.** Some of the allowable training and work-based training approaches include, but are not limited to:

- **Traditional classroom training** funded through Individual Training Accounts.
- **Short-Term, In-Demand Classroom Training** – designed to be a year or less of in-demand classroom training that is part of an overall work-based training activity resulting in employment and meeting the demand-driven needs of employers.
- **OJT** – intended to provide a participant with the knowledge and skills necessary for the full performance of the job. The term “on-the-job training” means training by an employer that is provided to a paid participant while engaged in productive work in a job that:
  - Provides knowledge or skills essential to the full and adequate performance of the job.
  - Provides reimbursement to the employer of up to 50 percent (75 percent based on approved local policy) of the wage rate of the participant for the extraordinary costs of providing the training and additional supervision related to the training.

- Is limited in duration as appropriate to the occupation for which the participant is being trained, taking into account the content of the training, the prior work experience of the participant, and the service strategy of the participant, as appropriate.
- **Pre-Apprenticeship Training** – designed to provide paid work experiences that can help participants obtain the skills needed to be placed into a registered apprenticeship. A quality pre-apprenticeship program is one that incorporates the following elements:
  - Training and curriculum based on industry standards and approved by the documented Registered Apprenticeship partner(s) that will prepare individuals with the skills and competencies needed to enter one or more Registered Apprenticeship program(s).
  - Aligns with the skill needs of employers in the economy of the state or region.
  - Strategies that increase Registered Apprenticeship opportunities for under-represented, disadvantaged, or low-skilled individuals, such that upon completion they will meet the entry requirements, gain consideration, and be prepared for success in one or more Registered Apprenticeship program(s).
  - Access to educational and career counseling and other appropriate services.
  - Access to appropriate support services.
  - The use of the Registered Apprenticeship program as a preferred means for employers to develop a skilled workforce and to create career opportunities.
  - Meaningful, hands-on learning activities that are connected to education and training activities, such as, exploring career options and how the skills acquired through course work can be applied toward a future career.
  - Training that accurately simulates the industry and occupational conditions of the partnering Registered Apprenticeship sponsor(s), while observing proper supervision and safety protocols.
  - Opportunities to gain at least one recognized credential and a partnership with one or more Registered Apprenticeship programs that assist in placing individuals who complete the pre-apprenticeship program into a Registered Apprenticeship program.
  - Facilitated entry and/or articulation.

- **Registered Apprenticeships** – designed to combine paid learning on the job and related technical and theoretical instruction in a skilled occupation. This training is an important component of the education and training services that the workforce system can provide to its participants and should be used as a strategy to train and employ job seekers. Registered apprenticeships offer job seekers immediate employment opportunities that usually pay higher wages and offer continued career growth.
- **Customized Training** – aimed at meeting the special requirements of an employer with a commitment to employ after successful completion of the training.

**Note:** Training and work-based training strategies must follow the WIOA requirements as described in TEGL 19-16.

**Career Services.** Career services provide dislocated workers with a range of services, training, and job placement assistance they need to fill jobs in the identified emerging or high-demand sectors. Allowable career services are described in detail in TEGL No. 19-16.

Examples of allowable career services include, but are not limited to:

- Soft skills such as punctuality, personal maintenance skills, and professional conduct.
- In-depth interviewing and evaluation to identify employment barriers and development of individual employment plans.
- Career planning (that includes a career pathway approach), job coaching, and job matching services.

**Supportive Services.** Supportive services may be provided to participant's as part of their Individual Service Strategy. Services must be reasonable and necessary. Grant recipients may offer supportive services to participants either directly or through partner organizations. Generally, supportive service strategies should align with those described in TEGL 19-16, and may include, but are not limited to:

- Assistance with transportation.
- Assistance with child care and dependent care.
- Linkages to community services, including services offered by partner organizations designed to support grant participants.
- Needs-Related Payments (available only to individuals enrolled in training services and must be consistent with 20 CFR 680.930, 680.940, 680.950, 680.960, and 680.970).
- Assistance with uniforms or other appropriate work attire and work-related tools, including such items as eye glasses and protective eye gear.

- Assistance with books, fees, school supplies, and other necessary items for students enrolled in post-secondary education classes.
- Payments and fees for employment and training-related applications, tests, and certifications.

### **Allowable WIOA Costs and Expenditures**

Expenditures for the WIOA funds awarded in this policy are allowable only for those activities permitted by the WIOA or the WIOA Final Regulations. In general, to be an allowable WIOA expenditure, a cost must meet the following principles:

- Be necessary and reasonable for the performance of the award.
- Be allocable to the grant.
- Be authorized and not prohibited under federal, state, or local laws or regulations.
- Receive consistent treatment by the sub-recipient.
- Not be used to meet federal matching requirements.
- Be adequately documented.
- Conform to federal ETA grant exclusions and limitations.

**Program Costs:** The costs associated with the direct provision of services to program participants are program costs. Required program activities for the DWG program include career and training services as described in the WIOA Sections 134(c)(2) and (3). Permissible program activities, including supportive services, are described in the WIOA Section 134(d).

**Administrative Costs:** The costs associated with performing activities or functions that are not related to the direct provision of services to program participants are administrative costs. Examples include:

- Accounting, cash management, budget, procurement, personnel, payroll, property management, audit, and general legal services functions.
- Coordinating the resolution of findings arising from audits, reviews, investigations, and incident reports; and developing systems and procedures, including information systems, required for those functions.
- Oversight and monitoring activities, depending on whether the activity being monitored is administrative or programmatic in nature.
- The costs of supplies and equipment used for administrative functions or activities and the cost of staff that perform or supervise administrative functions or activities.

## **Reporting Requirements**

**Data Entry:** The WDA requires that all of the WIOA participant information be reported in the One-Stop Management Information System (OSMIS), including eligibility, activities, status, and outcome information. Economic Transition participants must be registered in the OSMIS under the WIOA Dislocated Worker program. All requirements for the WIOA Dislocated Worker program registration and accompanying documentation must be met.

All Trade and Economic Transition participants will have the “National Emergency Grant” funding source selected on the OSMIS “Funding Sources/Programs” screen.

Please follow these instructions when completing the National Emergency Grant (NEG) portion of the “Funding Sources/Programs” screen for Economic Transitions participants:

- For “National Emergency Grant,” select “Yes.”
- For “Grant Number,” select “2625 – Econ Trans NDWG.”
- For “Grant Start Date,” enter the participant’s date of NEG enrollment (when Economic Transition funds are first spent on the participant).

The MWAs must enter the date that the participant was enrolled in the Economic Transition DWG in the “Grant Start Date” field below each Grant Number field. The entry of a NEG grant number will not be accepted without the entry of a corresponding enrollment date.

## **Quarterly Narrative Reports**

All participating MWAs are required to submit quarterly narrative progress reports no later than 30 calendar days after the end of each calendar year quarter. Reporting quarters end March 31, June 30, September 30, and December 31.

Reports must include:

- Supportive Services.
  - A description of the type(s) of services offered for the quarter.
    - ✓ How the services were delivered and how they contributed to a participant’s ability to fully participate in grant funded activities.
- Challenges or concerns encountered that may have affected or slowed progress.

- Key issues and Technical Assistance Needs.
  - Summarize significant opportunities, issues, or challenges (such as under-enrollment) encountered during the quarter and any resolution of issues and challenges identified in previous quarters.
  - Describe any technical assistance needs.
- Significant Activities, Accomplishments, and Success Stories.
  - Report any significant activities or accomplishments.
  - Provide any participant level success stories.

**Fiscal Information**

The local area will process all cash requests through the Management of Awards to Recipients System (MARS) in accordance with the MARS Manual. The local area must have on file appropriate documentation to support each cash draw.

The USDOL/ETA requires all grantees to report all financial transactions on a full accrual basis. Accrued expenditures mean the charges incurred by the grantee during a given period requiring the provision of funds for (1) goods and other tangible property received; (2) services performed by employees, contractors, sub-grantees, subcontractors, and other payees; and (3) other amounts becoming owed under programs for which no current services or performance is required, such as annuities, insurance claims, and other benefit amounts.

In general, total accrued expenditures are costs incurred for goods and services received regardless of whether the payment has been made.

All reporting of fiscal expenditures for the funds provided in this policy must be reported to the WDA on a quarterly basis. A final close-out report is also required. All quarterly financial expenditure reports are due to the WDA no later than the 20th calendar day after the end of the calendar quarter. The final close-out report is due to the WDA no later than 60 days after the end of the grant period. In the event that the due date falls on a weekend or state government holiday, the report is due on the last business day prior to the due date. Local areas must submit reports in the [MARS](#). If there are any questions regarding cash requests or the submission of required expenditure reports, please call Ms. Marilyn Carey at 517-241-6742.

**Action:**

Local areas interested in funding are required to submit a Request for Funding (Attachment A) within 30 days from the issue date of this policy. The Request for Funding should be submitted to the Targeted Services Division at [TED-TSDIV@michigan.gov](mailto:TED-TSDIV@michigan.gov). Please copy your assigned Dislocated Services State Coordinator on the email submission as well.

**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 [WDA's 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. Pam Vance at 517-241-9834 or via email at [vancep1@michigan.gov](mailto:vancep1@michigan.gov) for details.

**Expiration****Date:**

September 30, 2020

JB:RN:pv  
Attachment

**Dislocated Worker Grant (DWG) Funding Request**

<b>Michigan Works! Agency(s) (MWA) Name and Number:</b>	
<b>Date Submitted:</b>	<b>Policy Issuance (PI) Number:</b>
<b>Funding Request:</b>	<b>Projected Number of Participants:</b>
<b>Projected Number in Work-Based Training:</b>	<b>Projected Number Employed at Exit:</b>

Funding through the Trade and Economic Transition DWG may be spent on allowable Dislocated Worker expenses as detailed in the Workforce Innovation and Opportunity Act (WIOA) Sections 134(c)(2) and (3). To qualify under PI 18-46, subsequent changes, or any policy that rescinds PI 18-46, the Dislocated Worker must have a previous qualifying layoff from the retail trade or financial services sectors. Funding will be awarded to the MWAs detailing how they will deploy advanced career and training services that move Dislocated Workers into in-demand careers or professional areas. **Preference will be given to proposals incorporating innovative plans to incorporate work-based training.**

The Michigan Talent Investment Agency/Workforce Development Agency (TIA/WDA) will fund all proposals adequately responding to and meeting the following requirements:

1. **Identify Eligible Participants** – please summarize what methods the local area will deploy for outreach to and identification of eligible participants.
2. **Training** – please summarize the local area’s plan to transition participants into high-growth occupations and careers aligned with the Governor’s Marshall Plan and the MWA’s WIOA local area plan.
3. **Work-based Training** – please summarize the local area’s plan to use work-based training including Short-Term, In-Demand Classroom Training; On-the-Job Training; Pre-Apprenticeship Training; and Registered Apprenticeships to transition participants into new careers.
4. **Employer Groups** – please summarize how the local area will use employer associations, skill alliances, unions, and other groups to promote and secure apprenticeships for participants.

If requests exceed capacity, the WDA will negotiate with the MWAs to meet maximum funding based on:

1. **The projected number of participants** in relation to the local labor force for the two sectors as estimated by Labor Market Information data.
2. **The average cost per participant** compared to other submissions.
3. **The expected rate of work-based training participants** compared to other submissions.

If requests are below capacity, the WDA will distribute additional funds to the local MWAs based on performance and need after six months.