U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210

June 3, 2026

The Honorable Governor JB Pritzker
Governor of Illinois
401 S. Spring Street
Springfield, IL 62704

Dear Governor Pritzker:

Thank you for your waiver request submission to the U.S. Department of Labor (Department) regarding certain statutory and regulatory provisions of the Workforce Innovation and Opportunity Act (WIOA) and the accompanying plan to improve the statewide workforce development system (enclosed). The waiver requests were received on March 30, 2026, as part of your recent WIOA State Plan modification submission. This letter provides the Employment and Training Administration's (ETA) official response to your request and memorializes that Illinois will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by Illinois and ETA. This action is taken under the Secretary of Labor's authority to waive certain requirements of WIOA Title I, Subtitles A, B, and E, and Sections 8–10 of the Wagner-Peyser Act in WIOA Section 189(i).

<u>Requested Waiver</u>: Waiver associated with the requirement at WIOA Section 129(a)(4)(A) and 20 CFR 681.410 that the State and local areas expend 75 percent of Governor's reserve youth funds and local formula youth funds on out-of-school youth (OSY).

<u>ETA Response</u>: ETA approves, for Program Years (PY) 2026 and 2027, which includes the entire time period for which states are authorized to spend each of those PY fund allotments, the State's request to waive the State requirement to expend 75 percent of Governor's reserve youth funds on OSY. ETA reviewed the State's waiver request and plan and has determined that this requirement impedes the ability of the State to implement its plan to improve the workforce development system. The State may lower the expenditure requirement of Governor's reserve funds to 50 percent for OSY.

In addition, ETA approves, for PYs 2026 and 2027, which includes the entire time period for which states are authorized to spend each of those PY fund allotments, the State's request to waive the requirement that local areas expend 75 percent of local youth formula funds on OSY. The State may lower the local youth funds expenditure requirement to 50 percent for OSY. As a result of this waiver, ETA expects that the number of in-school youth (ISY) served will increase, and performance accountability outcomes for overall WIOA Youth (including both ISY and OSY) will remain steady or increase for the majority of the WIOA Youth performance indicators. The State is also approved to calculate the lowered 50 percent expenditure rate at the State level instead of individually for each local area.

Requested Waiver: Waiver of 20 CFR 681.550 to allow WIOA individual training accounts (ITAs) for ISY.

ETA Response: ETA approves, for PYs 2026 and 2027, the State's request to waive the requirement limiting ITAs to only OSY, ages 16–24. In addition to these OSY, the State may use ITAs for ISY, ages 16–21. ETA reviewed the State's waiver request and plan and has determined that the requirement limiting ITAs to OSY impedes the ability of the State to implement its plan to improve the workforce development system.

Requested Waiver: Waiver of WIOA Section 134(d)(2) and 20 CFR 680.910 to allow the use of supportive services for participants within 12 months of exit for employment retention.

ETA Response: ETA approves, for PYs 2026 and 2027, the State's request to waive the requirement that prohibits the use of Adult and Dislocated Worker funds for provision of supportive services during the 12 months following participant exit and entry into employment. With this waiver the State can provide targeted supportive services to participants who have exited from the program and entered employment, including recipients of public assistance, to ease temporary barriers that may impede job retention.

Requested Waiver: Waiver of 20 CFR 680.780 to adjust the six-month employment requirement for incumbent worker training (IWT).

ETA Response: The State requested this waiver on March 4, 2024. ETA approved this waiver and the waiver remains in effect until June 30, 2028.

Requested Waiver: The State is requesting a waiver of WIOA Section 106(a)(2) and 20 CFR 679.210 to allow the state to assign a single local workforce development area to multiple planning regions.

ETA Response: The State requested this waiver on March 4, 2024. ETA approved this waiver and the waiver remains in effect until June 30, 2028.

Requested Waiver: The State is requesting a waiver of WIOA Section 134(c)(3)(H)(i) and 20 CFR 680.720(b) in order to increase on-the-job training employer reimbursement up to 90 percent for businesses with 50 or fewer employees.

ETA Response: The State requested this waiver on March 4, 2024. ETA approved this waiver and the waiver remains in effect until June 30, 2028.

Requested Waiver: Waiver to allow flexibility in the use of funds reserved by the Governor to provide statewide rapid response activities under WIOA Section 134(a)(2)(A) to also provide statewide employment and training activities under WIOA Section 134(a)(2)(B) and WIOA Section 134(a)(3), including disaster relief employment to affected areas.

ETA Response: The State requested this waiver on March 4, 2024. ETA approved this waiver and the waiver remains in effect until June 30, 2028.

Requested Waiver: Waiver of WIOA Section 129(c)(4), 20 CFR 681.590–650, and Training and Employment Guidance Letter (TEGL) No. 21-16, *Title I Youth Formula Program Guidance* to count supportive services toward the 20 percent paid and unpaid work experience requirement for WIOA Youth.

ETA Response: ETA does not approve the State's request. While WIOA Section 129(c)(4) establishes the 20 percent minimum expenditure requirement and 20 CFR 681.590-650 implements the youth program work experience expenditure requirement, the prohibition on supportive services counting toward the work experience expenditure is established in TEGL No. 21-16, from which ETA is not approving variances. The 20 percent requirement is designed to ensure that youth participants have access to meaningful paid and unpaid work experience opportunities that are central to WIOA's youth program design. Supportive services play an important role in removing barriers to participation, but they serve a distinct function and are not considered a substitute for direct work experience activities under current policy. ETA will work with the State to provide technical assistance focused on strategies to meet the 20 percent threshold.

Requested Waiver: Waiver of WIOA Section 116(b) and 20 CFR 677.155 to exclude WIOA participants referred from the Supplemental Nutrition Assistance Program (SNAP) from WIOA reporting requirements.

ETA Response: ETA does not approve the State's request. As communicated in TEGL 05-25: *Maximizing Opportunity in Workforce Innovation and Opportunity Act Programs*, "ETA will not support waiver requests that do not advance the administration's key priorities, such as waivers of performance outcomes of participants and training providers." In addition, ETA notes that WIOA's statistical adjustment model is specifically designed to correct for changes in the characteristics of participants served, including those receiving or eligible for public assistance, such as SNAP. At the end of each program year, the model recalculates expected levels of performance using actual participant characteristics and actual economic conditions experienced during the year. This includes variables directly tied to barriers to employment and receipt of public assistance. As a result, any increase or decrease in the number of SNAP-involved participants is automatically incorporated into the adjustment process, ensuring that states are not disadvantaged by shifts in referral sources or participant characteristics.

The State is reminded that WIOA Title I waivers may not be used for any discriminatory purposes. All activities and waiver plan provisions must comply with Section 188 of WIOA, the implementing regulations at 29 CFR Part 38, and all applicable federal nondiscrimination laws.

The State must report its waiver outcomes and implementation of the approved waivers in the WIOA Annual Report. ETA will use this information to assess continued waiver approval and to identify promising practices that may be adopted more widely. ETA is available to provide technical assistance to you in support of your goals. If you have questions, feel free to contact my office at (202) 693-2772.

Sincerely,

Henry Mack

Henry Mack, Ed.D.
Assistant Secretary

Enclosures

cc: Kristin Richards, Director, Illinois Department of Commerce and Economic Opportunity
Pam Gerassimides, ETA Regional Administrator
Arlene Charbonneau, ETA Federal Project Officer

ILLINOIS ALL WAIVERS

WAIVER REQUEST 1 - REDUCE OUT-OF-SCHOOL YOUTH EXPENDITURE RATE FROM 75% TO 50%

The statutory and/or regulatory requirements the state would like to waive

The state must clearly cite the statute and/or regulation(s) in its request and ensure that the citations refer to the specific elements the state wishes to waive.

The State of Illinois is seeking a waiver from the following Section(s):

Section 129(a)(4)(A) and 20 CFR 681.410, which require not less than 75 percent of funds allotted to states under Section 127(b)(1)(C), reserved under Section 128(a), and available for statewide activities under subsection (b), and not less than 75 percent of funds available to local areas under subsection (c), shall be used to provide youth workforce investment activities for OSY. Specifically, Illinois is requesting to waive the following requirements:

- A waiver of the requirement to expend 75 percent of funding on the OSY population. Illinois is requesting that this percentage be lowered to 50 percent.
- A waiver of the requirement that local funding must meet the 75 percent minimum expenditure requirement. It is requested to allow a state-level Out-of-School Youth target (See #1 above) instead of requiring individual areas to each meet the minimum expenditure requirement.
- A waiver of the requirement to expend 75 percent of Statewide Activities funding on the OSY population. It is requested to eliminate this percentage to allow flexibility of funding for special projects that meet the vision and mission of the State.
- A waiver of the limitation of only 25 percent of funding to support in-school youth.
- A waiver to use funding over the 25 percent limitation in WIOA to provide pre-apprenticeship program services to this population.

Illinois' current efforts for aligning education, workforce and economic development is laying a solid foundation for promoting leading career pathway models and best practices. Career pathway development in Illinois is being expanded to encompass every level of the education system as well as across the needs of our diverse populations, including those that face multiple barriers to achieving self-sufficiency.

Of importance to the Governor's vision, the IWIB Strategic Plan and the Unified State Plan is the expansion of career pathway systems into the secondary system for opportunity youth.

This waiver will allow Illinois to support these visions and provide targeted strategies to youth ages 15-24 living in Illinois, particularly focusing on those who are in poverty and unemployed.

Actions the state has undertaken to remove state or local statutory or regulatory barriers

The state must provide a discussion of the steps it has taken to remove any potential obstacles in the waiver request as appropriate. Quite often, state or local policies do not present a conflict for the request, and a simple statement indicating that there are no state or local barriers is sufficient.

There are currently no state or local statutory or regulatory barriers to implementing the requested waiver. State of Illinois regulations and policy align with current federal law and regulations.

State strategic goal(s)

The state must precisely articulate the goals it seeks to achieve by requesting a waiver. The state must also discuss how these goals relate to its Unified or Combined State Plan.

In the State of Illinois, the Illinois State Career Pathways Dictionary - A Unified State Framework for College and Career Readiness and Success was developed with input from the public and private sector, including education, workforce development, and economic development entities, as well as an extensive base of stakeholders. This college and career pathways approach envisions that Illinois residents, including out-of-school youth, will be enabled to progressively build toward college and career success through aligned education, training, and employment opportunities over their lifetime. This includes partnerships with employers to support participant educational and career advancement through on-the-job training, customized training, corporate training, incumbent worker training, and other work-based training strategies.

In support of the expansion of career pathway systems across the education system, Illinois will use this waiver to provide youth with barriers the necessary support to successfully equip them with the academic and technical skills necessary to improve their employability. Furthermore, Illinois anticipates that this waiver will provide greater opportunity for blending funds at the federal, state, and local levels across the partners to increase innovative strategies for improving career pathway opportunities for youth.

The State of Illinois issues various funding opportunities using Statewide Funds throughout the program year. One such funding opportunity is the Youth Career Pathways grants, which are typically out for proposal once during each program year. This Notice of Funding

Opportunity (NOFO) soliciting proposals from eligible organizations (Eligible Applicants) capable of developing a framework that strengthens career pathway systems that will improve youth college and career readiness, create employment opportunities, address service gaps in underserved communities and expand partnerships between the workforce system, education, and business. Proposals must integrate workforce services, education, and economic development to address the challenges youth face in obtaining marketable and in-demand skills. All projects must include essential employability skills and digital literacy assessment programming. Additionally, applicants must demonstrate how they will implement the program components below as well as address the applicable program requirements.

Projected programmatic outcomes resulting from the implementation of the waiver

The state must provide an estimate of how the waiver will improve outcomes or provide other tangible benefits for jobseekers or employers. States have the discretion to determine how to measure a waiver's success and the specific data sources it intends to use to evaluate its impact.

As a result of this waiver, Illinois expects that:

1. The number of in-school youth (ISY) served will increase; and
2. Performance accountability outcomes for overall WIOA Youth (including both in- and out-of-school youth) will remain steady or increase for the majority of the WIOA Youth performance indicators.

Alignment with the Department of Labor's policy priorities

Describe how the waiver will align with the Department's policy priorities, such as:

- *Supporting employer engagement;*
- *Connecting education and training strategies;*
- *Supporting work-based learning;*
- *Improving job and career results; and*
- *Other priorities as articulated in guidance.*

This waiver aligns with not only the Department of Labor's priorities but also with those of the State of Illinois. Within the Illinois Unified Plan are examples of initiatives demonstrating the importance of ensuring career and work readiness at all levels and how Illinois is moving toward strategies that integrally tie education to workforce development. Expanding the career pathway opportunities across the education and workforce system by allowing additional funds toward in-school youth supports our common goal to expand career pathway opportunities through more accelerated work-based training while aligning and integrating programs of study that lead to industry-recognized credentials and improved employment and earnings. This alignment will truly address the P-20 pipeline by providing the necessary career readiness and occupational skills necessary to succeed in the job market.

As Illinois continues the engagement of educational institutions to create a job-driven education and training system, the state will be making significant and strategic system improvements that address workforce development needs through flexible, responsive, and progressive programs informed by labor market information. Not only will this continue to occur through the 48 comprehensive community colleges and multi-college centers, but the state will also be expanding the reach to integrate meaningful career readiness programs and work-based learning models that focus on high-demand occupations for students and workers at all levels.

The State of Illinois is aligned with the Department of Labor's commitment to providing high-quality services for youth, beginning with career exploration and guidance, continued support for educational attainment, opportunities for skills training, such as pre-apprenticeships or internships, for in-demand industries and occupations, and culminating with employment, enrollment in postsecondary education, or a Registered Apprenticeship.

Local areas are taking steps to address challenges locating, retaining, and serving out-of-school youth in their WIOA-funded programs, including increasing their recruiting efforts and strengthening partnerships with other WIOA programs such as the adult education program, state and local government agencies, and community-based organizations. Additionally, partners are working together to build career pathways that are a combination of rigorous and high-quality education, training, and support services that align with local skill needs and prepare youth and young adults to be successful in secondary or postsecondary education programs and the labor market.

<u>Individuals, groups, or populations affected by the waiver</u>

States must describe the potential impact of a waiver on various system stakeholders, including how the waiver will impact services for disadvantaged populations, persons with barriers to employment, or businesses.

Both the education and workforce systems will be able to provide the benefits of this waiver to our youth with barriers. This includes the at-risk youth population, educational entities, American Job Centers (AJC) subcontracted service provider staff, employers, parents, and school counselors.

State plans for monitoring waiver implementation, including collection of waiver outcome information

States must describe how they intend to oversee effective waiver implementation and any unique protocols that may be used in their waiver requests.

The State will use the following approach for monitoring progress in implementation:

- State staff involved with the administration of youth programming will provide ongoing technical assistance and oversight as it relates to the appropriateness and effectiveness of this waiver. This information will be submitted regularly to the IWIB Continuous Improvement Committee.
- Annual WIOA on-site programmatic reviews will include an evaluation of the impact the waivers have on programmatic goals and outcomes.
- Additionally, the IWIB Continuous Improvement Committee will have the responsibility of ensuring the specific goals and outcomes achieved by the waiver are realized. Furthermore, the information gathered from the waiver will inform new or changes to policy as well as provide best practices. The outcomes of the waiver will be reported in the WIOA Annual Report.

This strategy ensures that the goals described above, as well as those outlined in the State's Unified Plan and the IWIB Strategic Plan, are consistent with established objectives of the WIOA and federal and state regulations.

Assurance of state posting of the request for public comment and notification to affected local workforce development boards

WIOA does not prescribe a specific amount of time for states to post a potential waiver for comment, but it does require the state to demonstrate a reasonable opportunity for public review and comment by all stakeholders, including businesses and organized labor. Submit any comments or concerns collected in this manner and the outcome of the state's review of the public comments received. The state must also provide affected local boards with notice and opportunity to comment on the proposed waiver.

In accordance with the WIOA Regulations at 20 CFR 676.135, Illinois is submitting its Unified State Plan, which is subject to the requirements outlined in the WIOA Regulations at 20 CFR 676.130(d) for public review and comment. As such, Illinois's waiver request was posted on our website for comment and review by required parties and the public.

Local Boards via Board members and Board staff, WIOA partners, and other interested stakeholders participate in policy development. Additionally, LWIBs receive the opportunity to participate in the public comment period that includes informational webinars.

Waiver outcomes for existing waivers.

The Secretary may require that States provide the most recent data available about the outcomes of the existing waiver in cases where the state seeks renewal of a previously approved waiver.

Illinois has seen the following as a result of this waiver:

- The number of in-school youth (ISY) served initially increased over the PY19 level.
- PY 20 – The state served 1,123
- PY 21 – The state served 1,284
- PY 22 – The state served 1,228
- PY 23 – The state served 1,139
- PY 24 – The state served 1,017
- Performance accountability outcomes for overall WIOA Youth (including both ISY and OSY) slightly increased in PY 2021, which is the latest year performance outcomes are available. The majority of the WIOA Youth performance indicators remained steady or increased for PY 2024.

Program Year	Employment/Education Rate 2nd Quarter	Employment/Education Rate 4th Quarter	Median Earnings	Credential Rate	Measurable Skill Gains
PY 2019	73.43%	73.07%	$3,715.41	70.59%	44.25%
PY 2020	71.79%	67.78%	$4,234.28	69.88%	52.18%
PY 2021	73.67%	69.32%	$4,668.31	70.72%	54.71%
PY 2022	74.83%	74.40%	$5,371.45	70.32%	71.29%
PY 2023	77.56%	74.30%	$5,798.68	69.79%	71.23%
PY 2024	75.41%	73.94%	$6,006.14	70.94%	73.19%

WAIVER REQUEST 2 – PROVIDING ITAS TO WIOA IN-SCHOOL YOUTH

<u>The statutory and/or regulatory requirements the state would like to waive</u>

The state must clearly cite the statute and/or regulation(s) in its request and ensure that the citations refer to the specific elements the state wishes to waive.

The State of Illinois is seeking a waiver from the following Section(s):

Illinois requests a waiver on the requirement of providing Individual Training Accounts (ITAs) to only out-of-school youth (OSY) ages 16-24 enrolled in the WIOA Youth program.

20 CFR 681.550 states, "In order to enhance individual participant choice in their education and training plans and provide flexibility to service providers, the Department allows WIOA Individual Training Accounts (ITAs) for OSY, ages 16 to 24 using WIOA youth funds when appropriate."

Background

The request is made to permit LWIBs to use the state's list of eligible training providers to secure training for all youth, including the in-school youth who are preparing to graduate and extend their educational goals into post-secondary opportunities. The waiver is designed to increase program flexibility, enhance informed customer choice, allow all youth to benefit from services provided by Illinois' certified training providers, and expand training options without requiring Illinois workNet (One-Stop) operators to register in-school youth participants 18 years old or older in the adult program. Funds used for ITAs would be tracked separately for each funding stream.

Using ITAs also allows youth service providers an opportunity to promote and encourage training as another option to entry into an increasingly tough labor market. Approval of this waiver would allow youth to select approved training programs from Illinois' list of demand occupation training programs.

<u>Actions the state has undertaken to remove state or local statutory or regulatory barriers</u>

The state must provide a discussion of the steps it has taken to remove any potential obstacles in the waiver request as appropriate. Quite often, state or local policies do not present a conflict for the request, and a simple statement indicating that there are no state or local barriers is sufficient.

There are currently no state or local statutory or regulatory barriers to implementing the requested waiver. State of Illinois regulations and policy align with current federal law and regulations.

<u>State strategic goal(s)</u>

The state must precisely articulate the goals it seeks to achieve by requesting a waiver. The state must also discuss how these goals relate to its Unified or Combined State Plan.

Providing occupational training to youth via an ITA will maximize the service delivery capacity of the WIOA Youth Program by allowing those youth who are focused on employment to have the same access as adults and dislocated workers to the advantages of ITAs. In addition, this waiver will maximize flexibility based on youth customers' assessed needs in terms of training that leads to employment in high-growth industries and occupations.

Projected programmatic outcomes resulting from the implementation of the waiver

The state must provide an estimate of how the waiver will improve outcomes or provide other tangible benefits for jobseekers or employers. States have the discretion to determine how to measure a waiver's success and the specific data sources it intends to use to evaluate its impact.

The state estimates that the waiver will improve outcomes and provide other tangible benefits for jobseekers and employers in the following ways:

- Increase in the number of local workforce innovation areas that offer ITAs to in-school youth.
- Increase in the number of youth that utilize an ITA to receive an industry-recognized and/or some other post-secondary credential.
- Increase in performance accountability measures for youth as found in section 116(b)(2)(A)(ii) of WIOA (e.g., increases in credential attainment and measurable skills gains).

Alignment with the Department of Labor's policy priorities

Describe how the waiver will align with the Department's policy priorities, such as:

- *Supporting employer engagement;*
- *Connecting education and training strategies;*
- *Supporting work-based learning;*
- *Improving job and career results; and*
- *Other priorities as articulated in guidance.*

This waiver aligns with not only the Department of Labor's priorities but also with those of the State of Illinois. Within the Illinois Unified Plan are examples of initiatives demonstrating the importance of ensuring career and work readiness at all levels and how Illinois is moving toward strategies that integrally tie education to workforce development. By allowing both in-school and out-of-school youth to use ITAs to access training services, in-school youth will be able to use the Eligible Training Provider List (ETPL) of approved programs, which include registered apprenticeships. Expanding the training program opportunities for in-school youth will allow them to better connect to training programs that match their interest, support their learning style, and better prepare them for employment and work-based learning. Youth who complete occupational skills or adult education programs may be better prepared to obtain employment. Serving in-school and out-of-school youth with the same policy and procedures allows for a continuity of services for all youth.

Individuals, groups, or populations affected by the waiver

States must describe the potential impact of a waiver on various system stakeholders, including how the waiver will impact services for disadvantaged populations, persons with barriers to employment, or businesses.

The waiver will positively impact the eligible youth population, youth service and eligible training providers, and the workforce system through access to a broader variety of providers for youth pursuing post-secondary education and training opportunities and the flexibility of services offered by those providers. Current eligible training providers will be able to expand the population served by including all eligible youth.

State plans for monitoring waiver implementation, including collection of waiver outcome information

States must describe how they intend to oversee effective waiver implementation and any unique protocols that may be used in their waiver requests.

The State will use the following approach for monitoring progress in implementation:

State staff who administer youth programming will provide ongoing technical assistance and oversight regarding the appropriateness and effectiveness of this waiver. This information will be submitted regularly to the IWIB Continuous Improvement Committee.

- Annual WIOA on-site programmatic reviews will include an evaluation of the waivers' impact on programmatic goals and outcomes.
- Additionally, the IWIB Continuous Improvement Committee will ensure the specific goals and outcomes achieved by the waiver are realized. Furthermore, the information gathered from the waiver will inform new or policy changes and provide best practices.

This strategy ensures that the goals described above, as well as those outlined in the State's Unified Plan and the IWIB Strategic Plan, are consistent with established objectives of the WIOA and federal and state regulations.

Assurance of state posting of the request for public comment and notification to affected local workforce development boards

WIOA does not prescribe a specific amount of time for states to post a potential waiver for comment, but it does require the state to demonstrate a reasonable opportunity for public review and comment by all stakeholders, including businesses and organized labor. Submit any comments or concerns collected in this manner and the outcome of the state's review of the public comments received. The state must also provide affected local boards with notice and opportunity to comment on the proposed waiver.

In accordance with the WIOA Regulations at 20 CFR 676.135, Illinois is submitting its Unified State Plan, which is subject to the requirements outlined in the WIOA Regulations at 20 CFR 676.130(d) for public review and comment. As such, Illinois's waiver request was posted on our website for comment and review by required parties and the public.

Local Boards via Board members and Board staff, WIOA partners, and other interested stakeholders, participate in policy development. Additionally, LWIBs receive the opportunity to participate in the public comment period that includes informational webinars.

Waiver outcomes for existing waivers.

The Secretary may require that States provide the most recent data available about the outcomes of the existing waiver in cases where the state seeks renewal of a previously approved waiver.

Illinois has seen the following as a result of this waiver:

- Increase in the number of local workforce innovation areas that offer ITAs to in-school youth.
- Through PY 2024, 16 of the state's 22 local workforce innovation areas, spread across eight of the ten Economic Development Regions, have ISY with an ITA, indicating a broad geographic use of the waiver.
- Increase in the number of youth that utilize an ITA to receive an industry recognized and/or some other post-secondary credentials has remained steady after an initial increase in excess of 12% .

- Increase in performance accountability measures for youth as found in section 116(b)(2)(A)(ii) of WIOA (e.g., increases in credential attainment and measurable skills gains).

The outcomes achieved for ISY exiters in PY 2024 that received an ITA are:

- 33 received a measurable skills gain
- 27 successfully completed training
- 31 received an industry recognized credential
- 12 entered employment with an average wage of $18.07.

WAIVER REQUEST 3 – AMEND THE DEFINITION OF INCUMBENT WORKER BY ELIMINATING OR REDUCING THE SIX-MONTH EMPLOYMENT REQUIRMENT

<u>The statutory and/or regulatory requirements the state would like to waive</u>

The state must clearly cite the statute and/or regulation(s) in its request and ensure that the citations refer to the specific elements the state wishes to waive.

The State of Illinois is seeking a waiver from 20 CFR 680.780 to amend the definition of "incumbent worker" by either reducing or, preferably, eliminating the six-month employment requirement. Several local workforce areas collaborated to jointly ask the State to submit this waiver request.

<u>Actions the state has undertaken to remove state or local statutory or regulatory barriers</u>

The state must provide a discussion of the steps it has taken to remove any potential obstacles in the waiver request as appropriate. Quite often, state or local policies do not present a conflict for the request, and a simple statement indicating that there are no state or local barriers is sufficient.

There are currently no state or local statutory or regulatory barriers to implementing the requested waiver. State of Illinois regulations and policy align with current federal law and regulations.

<u>State strategic goal(s)</u>

The state must precisely articulate the goals it seeks to achieve by requesting a waiver. The state must also discuss how these goals relate to its Unified or Combined State Plan.

The overarching goal is to eliminate an arbitrary barrier to providing incumbent worker training to companies and workers struggling to stay competitive. Removing this barrier aligns directly with priorities espoused by the Department of Labor, the Governor's Executive Order #3, the Five-Year Economic Development Plan and the WIOA Unified State Plan to:

- Be more responsive to the needs of businesses;
- Support establishing long-term relationships between businesses and the workforce system;
- Promote the expansion of Registered Apprenticeships to more businesses as a means to meet their workforce needs;
- Provide upward mobility for workers into career pathways; and
- Promote increased use of work-based learning that allows workers to learn and earn at the same time.

<u>Projected programmatic outcomes resulting from the implementation of the waiver</u>

The state must provide an estimate of how the waiver will improve outcomes or provide other tangible benefits for jobseekers or employers. States have the discretion to determine how to measure a waiver's success and the specific data sources it intends to use to evaluate its impact.

Illinois monitors the impact of the waiver through our Incumbent Worker Tracking System. A system modification was deployed to require local areas to identify if a project includes workers who have been at the company less than six months. We are able to track the companies and their location, sector and the number of workers trained in these projects that otherwise would have been denied.

Alignment with the Department of Labor's policy priorities

Describe how the waiver will align with the Department's policy priorities, such as:

- *Supporting employer engagement;*
- *Connecting education and training strategies;*
- *Supporting work-based learning;*
- *Improving job and career results; and*
- *Other priorities as articulated in guidance*.

Illinois has long been a strong advocate of incumbent worker training as a means of improving the competitive position of workers and businesses. Our Unified State Plan places a strong emphasis on workforce system responsiveness to the needs of employers, and the six-month requirement is an arbitrary barrier to using incumbent worker training to support Registered Apprenticeships, upskilling workers and keeping companies competitive.

A survey conducted by the local workforce boards indicates that in 2019:

- dozens of employer requests for incumbent worker training were denied due to this requirement; and
- Employers expressed frustration with being able to use incumbent worker training for some employees but not others if they are newly hired. (Local areas are aware they have the flexibility to include new hires if they make up a minority of the training cohort.)

Individuals, groups, or populations affected by the waiver

States must describe the potential impact of a waiver on various system stakeholders, including how the waiver will impact services for disadvantaged populations, persons with barriers to employment, or businesses.

Individuals impacted by the waiver potentially include:

- all disadvantaged populations that recently entered the workforce through support from community-based programs funded from sources other than WIOA;
- newly hired workers that wish to enter a Registered Apprenticeship;
- newly hired workers who wish to upskill their talents for improved job security.

State plans for monitoring waiver implementation, including collection of waiver outcome information

States must describe how they intend to oversee effective waiver implementation and any unique protocols that may be used in their waiver requests.

The IWIB Continuous Improvement Committee will have the responsibility of ensuring the specific goals and outcomes achieved by the waiver are realized. Furthermore, the information gathered from the waiver will inform new or changes to policy as well as provide best practices. The outcomes of the waiver will be reported in the WIOA Annual Report.

<u>Assurance of state posting of the request for public comment and notification to affected local workforce development boards</u>

WIOA does not prescribe a specific amount of time for states to post a potential waiver for comment, but it does require the state to demonstrate a reasonable opportunity for public review and comment by all stakeholders, including businesses and organized labor. Submit any comments or concerns collected in this manner and the outcome of the state's review of the public comments received. The state must also provide affected local boards with notice and opportunity to comment on the proposed waiver.

In accordance with the WIOA Regulations at 20 CFR 676.135, Illinois is submitting its Unified State Plan, which is subject to the requirements outlined in the WIOA Regulations at 20 CFR 676.130(d) for public review and comment. As such, Illinois's waiver request was posted on our website for comment and review by required parties and the public.

Local Boards via Board members and Board staff, WIOA partners, and other interested stakeholders participate in policy development. Additionally, LWIBs receive the opportunity to participate in the public comment period that includes informational webinars.

<u>Waiver outcomes for existing waivers.</u>

The Secretary may require that States provide the most recent data available about the outcomes of the existing waiver in cases where the state seeks renewal of a previously approved waiver.

Illinois has seen the following as a result of this waiver:

Overall, 100% of LWIAs were successful in utilizing this waiver to provide workers with valuable new skills through IWT. In PY24, the waiver enabled 48 companies to train 184 workers who would otherwise not have received training without the waiver. Businesses helped under the waiver were from the following sectors: Agriculture, Construction, Education, Government, Healthcare, Hospitality, Manufacturing, Utilities, and Wholesale Trade.

WAIVER REQUEST 4 – PLANNING REGION ALIGNMENT

<u>The statutory and/or regulatory requirements the state would like to waive</u>

The state must clearly cite the statute and/or regulation(s) in its request and ensure that the citations refer to the specific elements the state wishes to waive.

The State of Illinois is seeking a waiver from the following Section(s):

WIOA Sec. 106(a)(2) and 20 CFR § 679.210 (preamble)

"In accordance with WIOA Section 106(a)(2), a single local area may not be split across two planning regions. Local areas must be contiguous to be a planning region and effectively align economic and workforce development activities and resources."

Illinois has been proactive in coordinating regional planning with the implementation of the WIOA requirements. These efforts led to the state identifying meaningful planning regions that resulted in the 10 Economic Development Regions (EDRs). To support this process, Illinois coordinated regional planning, including guidelines, regional and statewide planning events, as well as coordinated technical assistance resources as part of the development of the initial regional plans in 2016. With the release of the final WIOA rules, planning resources were updated in 2017 and then again in early 2018 to garner consultation with local chief elected officials, local workforce board members and other interested stakeholders for the purposes of subsequent designation and alignment with planning regions.

Under WIOA Sec. 106(b)(2), 20 CFR § 679.250{a), and TEGL 27-14, the Governor must approve a request for initial local area designation from any area that was one under the Workforce Investment Act of 1998 (WIA) for the 2-year period preceding the date of enactment of WIOA; provided the local area had performed successfully and sustained fiscal integrity during that two-year period. All twenty-two of Illinois' Local Workforce Innovation Areas (LWIA) met the requirements for initial designation based on an analysis of fiscal integrity and WIOA performance. Illinois identified ten planning regions that meet the requirements of WIOA Sec. 106(a)(2) and 20 CFR § 679.210.

Five of the 22 LWIAs (4/Ogle, 11/Livingston, 19/DeWitt, 21/Calhoun, Jersey and 23/Douglas) meet the requirements for designation crossover between planning regions. Furthermore, WIOA Sec. 106(b)(2) and 20 CFR § 679.250(a) states the Governor may not reconfigure Illinois' initially-designated local areas for subsequent designation without consultation with local area chief elected officials, Local Workforce Innovation Boards (LWIBs), and other interested stakeholders. Given these LWIAs, as designated, have sustained fiscal integrity and met performance, the Governor is unable to reconfigure these areas without consultation.

While these LWIAs meet the requirements within statute and regulation, the Governor did undertake an extensive process to consult with the local boards and elected officials to identify a regional planning structure that would not result in any single local area split between two or more regions. This consultative process provided the opportunity for these stakeholders to voice their concerns over realignment and demonstrate why the configurations should remain.

The local feedback expressed concerns that *focusing the realignment decision on labor market information is a "one-size-fits-all" approach that does not focus on the complete composition of the counties and communities*. The State also received feedback expressing concern about the *administrative burden of realigning the counties and that this process would divert time and resources from serving job seekers and businesses in the community.*

The impacted counties and local workforce areas have demonstrated that they have been successful in planning and delivering services in the context of the current regional and local workforce area boundaries. Based on this fact and in response to feedback obtained from the consultation process, Illinois is pursuing this waiver to ensure the continuity of service in the impacted counties. This waiver removes a barrier that impedes the State's efforts to improve the workforce, education, and economic development systems in Illinois.

<u>Actions the state has undertaken to remove state or local statutory or regulatory barriers</u>

The state must provide a discussion of the steps it has taken to remove any potential obstacles in the waiver request as appropriate. Quite often, state or local policies do not present a conflict for the request, and a simple statement indicating that there are no state or local barriers is sufficient.

The Illinois Workforce Innovation Board (IWIB) and WIOA Core partners established a working group to develop a plan of action to address this issue. The working group reviewed the regional planning data, identify a compliant regional planning structure, and develop a local consultation process with the Governor's Office, WIOA state agencies, state board, state legislature, chief elected officials, local board members, and other interested stakeholders.

Illinois' regional data has been updated and based on regional economic and labor market data that includes:

- commuting patterns;
- numbers of employers and jobs supported regionally;
- projections of regional job growth; and
- targeted industry growth patterns.

A state-level team on behalf of the Governor convened workshops in the impacted counties. Over 90 employers, elected officials, workforce development board members, community college representatives, one-stop partners, representatives of economic development entities, and others attended these public meetings. Each session provided local chief elected officials and other interested parties with the labor market data, that demonstrated the alignment of the county with the appropriate regional planning area. In addition, the sessions outlined steps and technical assistance available to support the realignment.

The State of Illinois documented the feedback from the consultation workshops. In addition, the State has received and reviewed additional written comments expressing questions, concerns, and objections to the realignment process. Two of the impacted counties have expressly objected to the realignment requirement.

This waiver will provide Illinois with the flexibility to remove a regulatory barrier for counties that have demonstrated the ability to plan and deliver services in the context of the current local workforce area and regional planning area boundaries.

<u>State strategic goal(s)</u>

The state must precisely articulate the goals it seeks to achieve by requesting a waiver. The state must also discuss how these goals relate to its Unified or Combined State Plan.

A waiver from realigning the LWIAs with regional planning areas allows Illinois to comply with WIOA statute and regulations for complying with the Governor's need to allow LWIAs that maintain fiscal sustainability and performance accountability to stay intact.

The intent of the waiver is to not impose an unviable mandate on local Chief Elected Officials (CEOs) and workforce boards not able to restructure their county alignment at this time.

<u>Projected programmatic outcomes resulting from the implementation of the waiver</u>

The state must provide an estimate of how the waiver will improve outcomes or provide other tangible benefits for jobseekers or employers. States have the discretion to determine how to measure a waiver's success and the specific data sources it intends to use to evaluate its impact.

The projected outcome of the waiver is to avoid creating a dysfunctional and disorganized environment that ultimately would have a negative impact on service delivery and customer outcomes if realignment were forced on local CEOs.

<u>Alignment with the Department of Labor's policy priorities</u>

Describe how the waiver will align with the Department's policy priorities, such as:

- *Supporting employer engagement;*
- *Connecting education and training strategies;*
- *Supporting work-based learning;*
- *Improving job and career results; and*
- *Other priorities as articulated in guidance*.

Illinois' current regional and local structure align with the four identified purposes of Title I of WIOA priorities involving activities at the regional level, which include:

- enhancing the strategic role of states and elected officials, and Local Workforce Innovation Boards in the public workforce system by increasing flexibility to tailor services to meet employer and worker needs at State, regional, and local levels;
- supporting the alignment of the workforce investment, education, and economic development systems in support of a comprehensive, accessible, and high-quality workforce development system at the Federal, state, and local and regional levels;
- improving the quality and labor market relevance of workforce investment, education, and economic development efforts by promoting the use of industry and sector partnerships, career pathways, and regional service delivery strategies; and
- increasing the prosperity and economic growth of workers, employers, communities, regions, and States.

Individuals, groups, or populations affected by the waiver

States must describe the potential impact of a waiver on various system stakeholders, including how the waiver will impact services for disadvantaged populations, persons with barriers to employment, or businesses.

This waiver benefits the entire state workforce system, reduces unnecessary administrative expenses caused by realignment, and keeps consistent with current Local Workforce Innovation Area structures. Those specifically impacted include:

- Employers;
- Job seekers, including WIOA priority population groups;
- Local area one-stop partners and delivery systems;
- LWIBs;

- Economic development entities;
- the IWIB; and
- WIOA state agency staff, including planning, performance, policy, reporting, and fiscal.

State plans for monitoring waiver implementation, including collection of waiver outcome information

States must describe how they intend to oversee effective waiver implementation and any unique protocols that may be used in their waiver requests.

The State will use the following approach for monitoring progress in implementation:

- State staff involved with the administration governance provisions will provide ongoing technical assistance and oversight as it relates to the appropriateness and effectiveness of this waiver. This information will be submitted regularly to the IWIB Evaluation and Accountability Committee.
- Annual WIOA on-site programmatic reviews will include an evaluation review of the impact the waivers have on programmatic goals and outcomes.
- Additionally, the IWIB Evaluation and Accountability Committee will have the responsibility of ensuring the specific goals and outcomes achieved by the waiver are realized. Furthermore, the information gathered from the waiver will inform new or changes to policy as well as provide best practices to assist in preparing for the Program Year 2024 planning process.

This strategy ensures that the goals described above, as well as those outlined in the State's Unified Plan and the IWIB Strategic Plan, are consistent with established objectives of the WIOA and federal and state regulations.

Assurance of state posting of the request for public comment and notification to affected local workforce development boards

WIOA does not prescribe a specific amount of time for states to post a potential waiver for comment, but it does require the state to demonstrate a reasonable opportunity for public review and comment by all stakeholders, including businesses and organized labor. Submit any comments or concerns collected in this manner and the outcome of the state's review of the public comments received. The state must also provide affected local boards with notice and opportunity to comment on the proposed waiver.

In accordance with the WIOA Regulations at 20 CFR 676.135, Illinois is submitting its Unified State Plan, which is subject to the requirements outlined in the WIOA Regulations at 20 CFR 676.130(d) for public review and comment. As such, Illinois's waiver request was posted on our website for comment and review by required parties and the public.

Local Boards via Board members and Board staff, WIOA partners, and other interested stakeholders participate in policy development. Additionally, LWIBs receive the opportunity to participate in the public comment period that includes informational webinars.

Waiver outcomes for existing waivers.

The Secretary may require that States provide the most recent data available about the outcomes of the existing waiver in cases where the state seeks renewal of a previously approved waiver.

Illinois has seen the following as a result of this waiver:

To date the burden of contributing to multiple regional plans has not risen to the level of the locally perceived burden of realignment. As mentioned previously, Illinois successfully brokered realignment of several counties during the current planning cycle. Our position is to continue to encourage local areas to consider realignment and offer technical assistance to implement but stopping short of imposing this requirement on local CEOs determined to maintain the status quo.

The local areas that were allowed not to realign have continued to effectively plan and deliver services while maintaining fiscal sustainability and performance accountability under the current local workforce area and regional planning boundaries.

WAIVER REQUEST 5 – INCREASE ON-THE-JOB TRAINING REIMBURSEMENT

The statutory and/or regulatory requirements the state would like to waive

The state must clearly cite the statute and/or regulation(s) in its request and ensure that the citations refer to the specific elements the state wishes to waive.

Illinois currently has the authority under WIOA Section 134(c)(3)(H)( ) to provide reimbursements to employers of on-the-job training programs up to 75 percent and is seeking expansion of the authority to the current allowable employer reimbursement for the wage rate of an On-the-Job Training (OJT) participant for the extraordinary costs of providing training and additional supervision related to the OJT as described in WIOA Section 134(c)(3)(H)(i) and further outlined at 20 CFR 680.720 (b).

Illinois is proposing a sliding reimbursement scale to the employer based on its size and capability. Under this waiver, employers with fifty (50) or fewer employees would be reimbursed up to ninety percent (90%), those with between 51 and 250 employees up to seventy-five (75%) reimbursement and all other employers up to the statutory limit of 50%. Further, Illinois has developed a policy as documentation of the factors used when deciding to increase the wage reimbursement level above 50 percent (50%) as required under WIOA Section 134(c)(3)(H)(i)(I) and 680.730.

This waiver is being requested to apply for all OJT contracts supported by WIOA formula funds, including Adult, Dislocated Workers, and Youth, as appropriate.

Many small businesses are facing unprecedented demands to keep their doors open and avoid layoffs. Extra incentives such as the increased wage reimbursement are a tool to support a strengthened recovery strategy. Illinois needs to have the flexibility to provide an increased incentive to establish new on-the-job training opportunities during a time of uncertainty and recovery.

Actions the state has undertaken to remove state or local statutory or regulatory barriers

The state must provide a discussion of the steps it has taken to remove any potential obstacles in the waiver request as appropriate. Quite often, state or local policies do not present a conflict for the request, and a simple statement indicating that there are no state or local barriers is sufficient.

There are no State or Local barriers to implementing the provisions requested within this proposed waiver.

State strategic goal(s)

The state must precisely articulate the goals it seeks to achieve by requesting a waiver. The state must also discuss how these goals relate to its Unified or Combined State Plan.

This waiver is consistent with a national focus to develop the workforce system that is more responsive to the needs of business and individual customers and with Illinois' strategic direction, goals and priorities as outlined within its Unified State Plan, for which it is awaiting approval, the Illinois Workforce Innovation Board's Strategic Plan, and the preliminary priorities of a new IWIB standing committee of business engagement. OJTs are a proven model for providing individual customers with information, instruction and training needed to meet the unique needs of businesses that have prepared them to be retained upon successful completion. It would allow for more flexibility for smaller businesses experiencing limited resources. This is especially true during times of recovery following a disaster.

<u>Projected programmatic outcomes resulting from the implementation of the waiver</u>

The state must provide an estimate of how the waiver will improve outcomes or provide other tangible benefits for jobseekers or employers. States have the discretion to determine how to measure a waiver's success and the specific data sources it intends to use to evaluate its impact.

The state estimates that the waiver will improve outcomes and provide other tangible benefits in the following ways:

- Increase in the number of OJT placements.
- Increase in the number of OJT placements in targeted sectors and occupations.
- Increase in the employment retention rates in the OJT-related industry 2^{nd} and 4^{th} quarters following exit.
- Increase in the number of unique employer work sites using OJT.

<u>Alignment with the Department of Labor's policy priorities</u>

Describe how the waiver will align with the Department's policy priorities, such as:

- *Supporting employer engagement;*
- *Connecting education and training strategies;*
- *Supporting work-based learning;*
- *Improving job and career results; and*
- *Other priorities as articulated in guidance*.

This waiver aligns with not only the Department of Labor's priorities but also with those of the State of Illinois. Within the Illinois WIOA Unified State Plan are examples of initiatives demonstrating the importance of work-based learning and how critical it is to meet the needs of businesses.

<u>Individuals, groups, or populations affected by the waiver</u>

States must describe the potential impact of a waiver on various system stakeholders, including how the waiver will impact services for disadvantaged populations, persons with barriers to employment, or businesses.

The waiver would benefit employers and individual customers. It would be especially beneficial to small businesses, including new start-ups, as a cost-effective incentive to utilize the proven method of utilizing OJTs to hire and train new workers. It will allow Illinois businesses to quickly adapt to the changing landscape by improving capacity and remain competitive. Individuals, such as dislocated workers transitioning to new occupations or industries, long-term unemployed attempting to return to the workforce and be introduced to new skills or entry-level workers such as youth will be seeking to start careers in a weak economic climate. This waiver would expand the potential training options for WIOA-eligible job seekers and workers.

State plans for monitoring waiver implementation, including collection of waiver outcome information

States must describe how they intend to oversee effective waiver implementation and any unique protocols that may be used in their waiver requests.

The state will use the following approach for monitoring progress in implementation:

State staff who administer programming will provide ongoing technical assistance and oversight as it relates to the appropriateness and effectiveness of this waiver. This information will be submitted regularly to the Illinois Workforce Innovation Board (IWIB) Continuous Improvement Committee. Furthermore, the information gathered from the waiver will inform new or changes to policy as well as provide best practices.

Annual WIOA on-site programmatic reviews will include an evaluation of the impact the waivers have on programmatic goals and outcomes.

Assurance of state posting of the request for public comment and notification to affected local workforce development boards

WIOA does not prescribe a specific amount of time for states to post a potential waiver for comment, but it does require the state to demonstrate a reasonable opportunity for public review and comment by all stakeholders, including businesses and organized labor. Submit any comments or concerns collected in this manner and the outcome of the state's review of the public comments received. The state must also provide affected local boards with notice and opportunity to comment on the proposed waiver.

In accordance with the WIOA Regulations at 20 CFR 676.135, Illinois is submitting its Unified State Plan, which is subject to the requirements outlined in the WIOA Regulations at 20 CFR 676.130(d) for public review and comment. As such, Illinois's waiver request was posted on our website for comment and review by required parties and the public.

Local Boards via Board members and Board staff, WIOA partners, and other interested stakeholders participate in policy development. Additionally, LWIBs receive the opportunity to participate in the public comment period that includes informational webinars.

Waiver outcomes for existing waivers.

The Secretary may require that States provide the most recent data available about the outcomes of the existing waiver in cases where the state seeks renewal of a previously approved waiver.

Illinois has seen the following as a result of this waiver:

The number of OJT placements (including those in apprenticeships) and the number of unique OJT employer worksites has steadily increased each program year. Additionally, the overwhelming majority of the OJT placements have been in the manufacturing sector.

	OJT Placements	Unique OJT Work Sites	OJT Participants w/ Training Related Job at Exit
PY 2019	343	134	320
PY 2020	353	162	232
PY 2021	424	162	170
PY 2022	488	206	258
PY 2023	463	213	281
PY 2024	480	235	237

For PY 2023, which is the latest year performance outcomes are available, employment retention rates for OJT participants that exited with a job in a related industry in which they were trained in the second (2nd) and fourth (4th) quarters following exit have increased.

WAIVER REQUEST 6 – USE OF STATEWIDE FUNDS FOR QUALIFYING EVENTS

The statutory and/or regulatory requirements the state would like to waive

The state must clearly cite the statute and/or regulation(s) in its request and ensure that the citations refer to the specific elements the state wishes to waive.

Specifically, the State of Illinois is requesting from the Employment and Training Administration (ETA) a waiver to allow flexibility in the use of the funds reserved by the Governor for use to provide statewide rapid response activities (i.e., WIOA section

134(a)(2)(A)), and for use to provide statewide employment and training activities (i.e. WIOA section 134(a)(2)(B) and (3)) in order to provide comprehensive Disaster Recovery assistance to affected areas as described in WIOA 170(d) and 20 CFR 687.100(b). The state may continue to apply for applicable grants as they may be made available.

Additionally, this waiver requests approval to exclude individuals from the calculation of state and local performance measures found in WIOA §§ I l 6(b) and (c). Specifically, the exclusion request is for participants who receive only disaster relief employment and no other allowable career and training services through the grant or through co-enrollment in another WIOA core or partner program. This request is consistent with the performance allowance in TEGL 12-19. The state understands that it must include these participants in various reports and the state's annual Participant Individual Record Layout (PIRL) submissions, using the “Special Project ID field. In addition, Illinois will segregate the *Disaster Recovery* projects from other Statewide Rapid Response grants. The services to the participants will be limited to the time that is needed to respond and recover from the disaster.

Under this waiver allowance, permitted WIOA statewide fund use includes, but is not limited to:

- Expeditious allocation of funds to a local workforce innovation board so they may respond quickly to a disaster, emergency, or other qualifying event as described at 20 CFR 687.l00(b). Only those events and cascading events caused by a qualifying event that have been declared as an emergency or disaster by the Federal Emergency Management Agency (FEMA), by the chief official of a Federal Agency with jurisdiction over the Federal response to a disaster with potential significant loss of employment, or the Governor of Illinois qualify for the use of WIOA statewide funds.
- To alleviate the effects that a qualifying event causes within affected local area(s) and/or planning regions, WIOA statewide funds will allow comprehensive disaster relief employment and/or employment and training activities, and the provision of needed humanitarian resources and services, including other services or resources deemed necessary as described at 20 CFR 687.180(b)(1).
- State Disaster grant policies and procedures will mirror those of Disaster Recovery National Dislocated Worker Grants (DWG) in terms of eligibility, allowable services, wage and health and safety requirements, etc. to ensure continuity of services between the State and Federal Disaster grants as necessary.

- An individual's disaster relief employment is limited to 12 months or 2080 hours for work related to recovery from a single emergency or disaster. OET may extend an individual's disaster relief employment for up to an additional 12 months or 2080 hours if requested and sufficiently justified by the local board.
- Supportive services may be provided to enable individuals to participate in disaster relief employment and employment and training activities, including such costs as transportation, childcare, and personal safety equipment and clothing consistent with local policies.
- Individuals shall be eligible to be offered disaster relief employment and employment and training services if such individual is a dislocated worker; is a long-term unemployed individual as defined by the State; is temporarily or permanently laid off as a consequence of the emergency or disaster; or in the case of an individual who is self-employed, becomes unemployed or significantly underemployed as a result of the emergency or disaster.

Actions the state has undertaken to remove state or local statutory or regulatory barriers

The state must provide a discussion of the steps it has taken to remove any potential obstacles in the waiver request as appropriate. Quite often, state or local policies do not present a conflict for the request, and a simple statement indicating that there are no state or local barriers is sufficient.

The state established the Illinois Emergency Management Agency (IEMA) to act as the lead agency in the event of an emergency and/or disaster when a county is declared a disaster area by the Governor. Within all Illinois local workforce innovation areas or local areas, there are responsible entities marshaled by local government or its agents should a qualifying event occur. The state works in concert with these entities to provide resources and expertise.

Illinois's WIOA Unified State Plan articulates many of the WIOA-related statewide activities it does or can do when facing a qualifying event. For example, the Office of Employment and Training is responsible for applying and administering applicable National Dislocated Worker Grants (NDWG), consistent with WIOA Sec. 170 and its corresponding regulatory requirements. These grants are helpful once allocated, but in the time between the event and allocation, aid is urgently needed and there is much work to be done. If months pass before the NDWG allocation occurs, damage can be exacerbated, and work is not completed. The state is mindful of this time gap and strives to apply as soon as the state is eligible for NDWG funding assistance, as appropriate. The efficient use of time right after a qualifying event occurs is a critical variable in how well recovery is measured. This is a serious barrier the state wants to reduce.

The State of Illinois' waiver request to allow flexibility in the use of the funds reserved by the Governor for use to provide statewide rapid response activities (i.e., WIOA section 134(a)(2)(A)), and for use to provide statewide employment and training activities (i.e. WIOA section 134(a)(2)(B) and (3)) in order to provide comprehensive Disaster Recovery assistance to affected areas as described in WIOA 170(d) and 20 CFR 687.100(b) was approved in 2019; however, the approval did not address the State's request regarding the performance requirements for individuals that are only provided with disaster recovery employment.

State strategic goal(s)

The state must precisely articulate the goals it seeks to achieve by requesting a waiver. The state must also discuss how these goals relate to its Unified or Combined State Plan.

This waiver will allow the State of Illinois to efficiently and effectively respond to disasters by aligning the program requirements of a disaster recovery project regardless of if they are funded with WIOA Statewide Rapid Response funds or the National Dislocated Worker Grant Program.

The objective of improved outcomes, varied as they may be, is best served when available funding is put to quick and effective use for all parties involved. Illinois' WIOA Unified State Plan articulates that the Governor's WIOA statewide funds will generally be used to promote a vision of jobs that pay, schools that teach, and government that works. To that end, in the case of a qualifying event, the state intends to use WIOA statewide funds so that relevant workforce development responses are provided in a timely manner. WIOA statewide funds may be provided to local areas deemed in need of financial resources as a result of being affected by a qualifying event.

The use of WIOA statewide funds associated with this waiver supports the state's goal of local WIOA-based programs and activities that better serve targeted groups of workforce development system customers. The use of WIOA statewide funds offers greater flexibility so that the state and local governing entities can expand their ability to coordinate resources, services and activities for individuals, workers and employers affected by the qualifying emergency and/or disaster event. The state will use WIOA statewide funds to ensure that critical, time-sensitive work can be performed and the potential participant pool is widened. The waiver flexibility permits local areas the latitude to marshal available labor, conduct appropriate training, enable required resources to be requisitioned quickly, and provide immediate and comprehensive disaster recovery assistance, including efforts to minimize further disaster impacts.

<u>Projected programmatic outcomes resulting from implementation of the waiver</u>

The state must provide an estimate of how the waiver will improve outcomes or provide other tangible benefits for jobseekers or employers. States have the discretion to determine how to measure a waiver's success and the specific data sources it intends to use to evaluate its impact.

The state estimates that the waiver will improve outcomes and provide other tangible benefits in the following ways:

- Increase statewide and local area workforce development response times to a qualifying event;
- Increase public safety and help support humanitarian activities;
- Availability of disaster relief employment will provide grant participants with access to employment and training activities;
- Increasing eligible grant participants' employment and training activities will lead to a higher probability of securing unsubsidized employment; and
- Alleviation of some of the time-sensitive variables arising from a qualifying event affecting an employer and lessening the severity of possible layoffs or business closings.

Alignment with the Department of Labor's policy priorities

Describe how the waiver will align with the Department's policy priorities, such as:

- *Supporting employer engagement;*
- *Connecting education and training strategies;*
- *Supporting work-based learning;*
- *Improving job and career results; and*
- *Other priorities as articulated in guidance*.

This waiver aligns with not only the Department of Labor's priorities but also with those of the State of Illinois. Within the Illinois Unified Plan are examples of initiatives demonstrating the importance of ensuring career and work readiness at all levels. This will allow the state to temporarily expand service capacity at the local level through time-limited funding assistance in response to significant disasters.

Expanding the ability of the state to provide disaster-related employment opportunities through statewide funding allows participants to develop skills that will better prepare them to obtain permanent employment.

Individuals, groups, or populations affected by the waiver

States must describe the potential impact of a waiver on various system stakeholders, including how the waiver will impact services for disadvantaged populations, persons with barriers to employment, or businesses.

The waiver will positively impact:

- All eligible participants as identified in WIOA section 170 and 20 CFR 687.170, which include dislocated workers, long-term unemployed individuals as defined by the State, temporarily or permanently laid off workers as a consequence of the emergency or disaster, or in the case of an individual who is self-employed, becomes unemployed or significantly underemployed as a result of the emergency or disaster; and
- Non-WIOA eligible recipients include affected businesses and employers, residents and other individuals that benefit from the qualifying event clean-up, restoration and humanitarian activities, and resources provided.

State plans for monitoring waiver implementation, including collection of waiver outcome information

States must describe how they intend to oversee effective waiver implementation and any unique protocols that may be used in their waiver requests.

The state will use the following approach for monitoring progress in implementation:

OET workforce development leadership will determine if the qualifying event requires the use of WIOA statewide funds and will approve parameters for the project, be the operational lead, and be tasked with WIOA fund administration and project management or activities. Applicable federal, state, and local laws, regulations, policies and procedures will be used to ensure fiscal accountability. Unless otherwise authorized in this waiver, the financial and administrative rules contained in the Workforce Innovation and Opportunity Act; Final Rule (i.e., 20 CFR 683) will apply.

At a minimum, the funding recipient will supply the OET with the following information for review:

- Completed Request for Funds form with local board signatory authorizing request;
- Official declaration documenting the emergency and/or disaster event;
- Narrative will include, at a minimum, a summary of the event, a preliminary assessment of the cleanup, and humanitarian needs of the affected areas, and will demonstrate whether there is a sufficient population of eligible individuals to conduct the planned work;
- Budget and budget justification; and
- Completed worksite summary.

The OET will receive monthly project status reports and will host teleconferences with project stakeholders as necessary to monitor project status. At a minimum, funding recipients will provide the OET with the following information for review:

- Revised narrative and associated attachments when a modification is required;
- Monthly Financial Status Reports;
- Monthly project status report of project activities; and
- Data entry for all participant services in the Illinois Workforce Development System (IWDS).

Only local boards will be the recipient of WIOA statewide funding for qualifying events. If a qualifying event occurs in a local area, the state requires the respective local board to collaborate with local governments and other recognized entities to determine whether workforce development-oriented services and activities are warranted. Local boards may work with their respective local area fiscal agents to complete and submit the funding request to OET. Local boards will work with the one-stop operator(s) to communicate the funding parameters to workforce development system partners and other service providers. Participant activity is to be recorded in the state system of record, the IWDS. All funds obligated will be accounted for in the financial management system, the GRS. Case management and related source documentation associated with the emergency and/or disaster must include the qualifying event as a point of reference.

State staff who administer programming will provide ongoing technical assistance and oversight as it relates to the appropriateness and effectiveness of this waiver. This information will be submitted regularly to the Illinois Workforce Innovation Board (IWIB) Continuous Improvement Committee.

Annual WIOA on-site programmatic reviews will include an evaluation of the impact the waivers have on programmatic goals and outcomes.

Additionally, the IWIB Continuous Improvement Committee will have the responsibility of ensuring the specific goals and outcomes achieved by the waiver are realized. Furthermore, the information gathered from the waiver will inform new or changes to policy as well as provide best practices.

Assurance of state posting of the request for public comment and notification to affected local workforce development boards

WIOA does not prescribe a specific amount of time for states to post a potential waiver for comment, but it does require the state to demonstrate a reasonable opportunity for public review and comment by all stakeholders, including businesses and organized labor. Submit any comments or concerns collected in this manner and the outcome of the state's review of the public comments received. The state must also provide affected local boards with notice and opportunity to comment on the proposed waiver.

In accordance with the WIOA Regulations at 20 CFR 676.135, Illinois is submitting its Unified State Plan, which is subject to the requirements outlined in the WIOA Regulations at 20 CFR 676.130(d) for public review and comment. As such, Illinois's waiver request was posted on our website for comment and review by required parties and the public.

Local Boards via Board members and Board staff, WIOA partners, and other interested stakeholders participate in policy development. Additionally, LWIBs receive the opportunity to participate in the public comment period that includes informational webinars.

Waiver outcomes for existing waivers.

The Secretary may require that States provide the most recent data available about the outcomes of the existing waiver in cases where the state seeks renewal of a previously approved waiver.

Illinois has seen the following as a result of this waiver:

The Rapid Response disaster and emergency waiver has allowed the State and local areas to respond to disasters using readily available State Rapid Response funds and assist laid-off workers with obtaining temporary disaster recovery employment as well as permanent employment. Since receiving this waiver, three local workforce innovation boards have received an award and provided disaster recovery employment to twenty-two participants at five disaster worksites. All disaster activity has concluded, and no grants are currently active

Because all WIOA services beyond basic, non-staff assisted career services must be provided to an individual who is compliant with the MSSA, costs incurred by the grantee in providing services to an individual who is non-compliant will be considered disallowed costs.

WAIVER REQUEST 7 (NEW) - EXCLUSION FROM WIOA PERFORMANCE ACCOUNTABILITY FOR SNAP WORK-REQUIREMENT REFERRALS TO WIOA TITLE I

The statutory and/or regulatory requirements that the state would like to waive. *The state must clearly cite the statute and/or regulation(s) in its request and ensure that the citations refer to the specific elements the state wishes to waive.*

The State of Illinois is seeking a waiver under WIOA sec. 189(i)(3) and 20 CFR 679.610–679.620 from the following Section(s): WIOA Section 116(b) and 20 CFR 677.155 (and related performance reporting requirements in 20 CFR part 677). Specifically, Illinois requests approval to exclude from the statewide WIOA Title I performance numerator and denominator SNAP recipients referred by the Illinois Department of Human Services (IDHS) who are subject to federal SNAP work requirements (including Able Bodied Adults Without Dependents (ABAWDs) and any other individuals newly subject to SNAP work requirements) and who receive services to meet or maintain SNAP work requirement obligations ("SNAP work requirement referrals"). This request is a time limited, narrowly defined adjustment to performance outcomes intended to preserve accountability and comparable performance outcomes under WIOA Title I for Adult and Dislocated Worker participants. It is not intended to diminish accountability or suspend overall performance expectations for WIOA Title I participants. Furthermore, Illinois believes we are not seeking a waiver beyond the Secretary's authority under 20 CFR 679.610(a)(12) and 20 CFR 675.100, which set out Title I requirements of WIOA, including promoting accountability through core performance indicators, sanctions, and high-quality evaluations. WIOA provides broad waiver authority that allows the U.S. Department of Labor to waive specific statutory and regulatory requirements under WIOA Title I when doing so advances system improvement goals. ETA has previously approved a waiver affecting performance-related requirements, including performance measures used for negotiation and accountability. Illinois' request will protect the integrity of statewide performance accountability while ensuring Illinois can serve this high-volume SNAP compliance cohort without creating incentives to delay or deny access to needed services. Accountability for SNAP work requirement referrals will be maintained through:

• Tracking this cohort separately using auditable coding in the performance reporting file/PIRL.

• Reporting outcomes for this cohort transparently in the annual performance narrative and/or a supplemental attachment; and

• Using evaluation and continuous improvement methods (including periodic analysis of service patterns and outcomes) to assess effectiveness and improve service delivery.

These steps ensure the waiver supports, rather than undermines, the Title I purpose in 20 CFR 675.100, which is to promote accountability and improve service delivery through data, sanctions where applicable, and high-quality evaluation. Illinois administers the SNAP program through the Department of Human Services and oversees the WIOA Title I program through the Department of Commerce and Economic Opportunity's Office of Employment and Training. Each month, about 2 million Illinois residents—representing over 1 million households—rely on SNAP benefits. Program participants often face barriers to employment and training, including economic instability, limited English proficiency, transportation challenges, housing instability, and other unmet supportive service needs. These challenges make timely, customer centered career, training, and supportive services essential.

Additionally, many customers may have limited recent work history due to Illinois's prior statewide SNAP work requirement waiver. In November 2025, the most recent month with complete data, the Illinois Department of Human Services estimated that more than 247,000 adult SNAP recipients could be subject to new work requirements and risk losing benefits due to strengthened enforcement under H.R. 1, the "One Big Beautiful Bill," signed into law in July 2025. Following the implementation of these new work requirements on February 1, 2026, many individuals referred to WIOA Title I programs require immediate support. While some will need only minimal assistance from WIOA staff—such as researching local job opportunities, conducting job searches, and completing applications, many others will require more extensive services through the Illinois workNet® System.

SNAP recipients referred to Illinois workNet Centers, either in-person or virtually, often have limited time to participate. They require prompt engagement in career services to determine whether they are ready to enter the workforce immediately or need training to earn recognized post-secondary credentials for long-term employment. Further, Illinois' current workforce system, composed of twenty-two local workforce innovation areas, lacks adequate staffing to support the anticipated influx of SNAP recipients and the capacity to provide a sustained series of services while maintaining professional relationships, thoughtful service delivery, and strong performance outcomes.

In the most recent complete Program Years, 2023 and 2024, Illinois served approximately 25,574 and 25,234 individuals (including WIOA-enrolled and reportable individuals), respectively, across all three WIOA Title I programs. While not all of the more than 247,000 individuals projected to be subject to SNAP work requirements will seek staff assisted services at an Illinois workNet American Job Center, even a small share can significantly increase system volume. For example, if approximately one percent (about 2,470 individuals) present for staff assisted services in a program year, that volume alone would represent an increase of more than 10 percent over recent annual WIOA Title I participant counts, straining local capacity and potentially distorting negotiated performance outcomes if included in statewide Title I indicators.

Review of PY2021-2024 performance outcomes shows that WIOA Title I Adult and Dislocated Worker participants consistently perform below the overall Title I population. This pattern holds across all five performance indicators, with some showing double-digit declines.

Actions the state has undertaken to remove state or local statutory or regulatory barriers

The state must provide a discussion of the steps it has taken to remove any potential obstacles in the waiver request as appropriate. Quite often, state or local policies do not present a conflict for the request, and a simple statement indicating that there are no state or local barriers is sufficient.

There are no state or local statutory or regulatory barriers to implementing the requested waiver. Illinois regulations and policies align with current federal law. The Office of Employment and Training, in coordination with the Department of Innovation and Technology (DoIT), will implement the data and reporting controls needed to identify the SNAP work-requirement cohort, ensure the cohort is excluded from statewide WIOA Title I performance numerator and denominator calculations, and maintain appropriate case-level documentation for program integrity and partner reporting.

State strategic goal(s)

The state must precisely articulate the goals it seeks to achieve by requesting a waiver. The state must also discuss how these goals relate to its Unified or Combined State Plan. Illinois' Unified State Plan (USP) advances the Governor's vision for an integrated workforce, education, and economic development system that expands economic opportunity for job seekers and workers while meeting employer needs.

In partnership with the Illinois Workforce Innovation Board (IWIB) and WIOA core partners, Illinois emphasizes demand-driven strategies—including sector partnerships and career pathways—that connect customers to career, training, and supportive services aligned with local, regional, and statewide priorities. 1Statewide Performance Reports, Participants Served with Career Services defined in WIPS for Program Years referenced. The anticipated increase in SNAP work-requirement referrals from the Illinois Department of Human Services (IDHS) will require nimbler, expedited coordination of intake, triage, referrals, and service delivery across Illinois workNet American Job Centers (AJCs), grantees/subgrantees, and community partners. This waiver supports timely, customer-centered service delivery for SNAP work-requirement referrals while preserving meaningful WIOA Title I performance accountability through a clearly defined cohort approach with separate tracking and transparent reporting. This waiver also aligns with the pillars of America's Talent Strategy by supporting industry-driven talent pipelines (Pillar I), improving worker mobility through navigation, barrier reduction, and modernized data and technology (Pillar II), strengthening integrated service delivery through IDHS referrals (Pillar III), preserving meaningful performance accountability through separate, transparent reporting (Pillar IV), and leveraging statutory flexibility to scale innovative service models (Pillar V). Illinois seeks to achieve the following goals through this waiver request:

• Maintain the integrity of WIOA Title I performance accountability: Exclude a clearly defined, auditable, time-limited SNAP work-requirement compliance cohort from statewide Title I indicator calculations, while separately tracking and reporting outcomes to ensure transparency.

• Provide rapid, customer-centered access and appropriate service sequencing for SNAP work-requirement referrals: Use triage, navigation, and barrier-informed service planning, supported by technology and labor market data, to quickly connect customers to the right mix of career services, allowable work activities, education and training, and supportive services (e.g., Illinois workNet AJC navigator-led triage supported by the IWDS 2.0 referral system).

• Sustain employer-driven strategies and work-based learning pathways at scale: Preserve local capacity for business services, sector partnerships, and work-based learning so employers continue to receive timely talent support and customers can connect with hiring opportunities and access earn-and-learn pathways (e.g., Apprenticeship Illinois / Illinois Works and CEJA workforce pathways).

• Strengthen cross-agency coordination, data use, and continuous improvement: Implement shared referral and tracking protocols with IDHS; monitor outcomes for this cohort; and use results to drive continuous improvement, support streamlined, coordinated service delivery, and reduce duplicative intake and reporting across partners (e.g., IWIB Continuous Improvement and Accountability Committee review). These goals directly support Illinois' Unified State Plan and IWIB Strategic Plan priorities, such as customer-centered service delivery, employer engagement, work-based learning, and data-driven improvement.

<u>Projected programmatic outcomes resulting from the implementation of the waiver</u>

The state must provide an estimate of how the waiver will improve outcomes or provide other tangible benefits for jobseekers or employers. States have the discretion to determine how to measure a waiver's success and the specific data sources it intends to use to evaluate its impact.

As a result of this waiver, Illinois expects that: • SNAP workrequirement referrals will engage more quickly and progress toward employment and training outcomes while meeting compliance requirements. Illinois will measure waiver success using cohortlevel metrics, including: time from IDHS referral to first staffassisted service/triage; completion of required workactivity verification; referrals to training, credential programs, and workbased learning; credential attainment; and entry into unsubsidized employment. • Excluding this defined cohort from statewide Title I indicator calculations will allow career specialists to provide individualized planning and appropriate service sequencing without incentives to delay access or avoid staffassisted engagement because of negotiated performance concerns. Illinois will preserve performance discipline by maintaining comparable negotiated Title I results for Adult and Dislocated Worker participants while separately tracking and reporting SNAP cohort outcomes to support transparency, evaluation, and continuous improvement.

<u>Alignment with the Department of Labor's policy priorities</u>

Describe how the waiver will align with the Department's policy priorities, such as: • Supporting employer engagement; • Connecting education and training strategies; • Supporting work-based learning; • Improving job and career results; and • Other priorities as articulated in guidance.

This waiver aligns with the Department's policy priorities. It advances the pillars of America's Talent Strategy by preserving industry-driven talent pipeline capacity, improving worker mobility through technology-enabled navigation and barrier reduction, and strengthening integrated cross-system referral and tracking. Illinois will maintain accountability by separately tracking and transparently reporting outcomes for this defined cohort, using those results for continuous improvement and evaluation, and preserving the integrity of Title I performance measures while enforcing an outcome focus for the SNAP referral strategy. • Supporting employer engagement: Preserves local capacity for Illinois workNet business services, sector partnerships, and rapid access to hiring opportunities (e.g., AJC employer outreach and recruiting events informed by Illinois Employment

Business System (IEBS) data). • Connecting education and training strategies: Supports career-pathway navigation and referrals to training aligned with regional sector demand (e.g., coordinated referrals to community college career pathways and bridge/credential programs via Illinois workNet and IWDS 2.0). • Supporting work-based learning: Protects and strengthens earn-and-learn pathways as volume increases (e.g., Apprenticeship Illinois, Illinois Works, and CEJA workforce pathways). • Improving job and career outcomes: Enables rapid, customer-centered triage and barrier-informed planning, paired with supportive service coordination, to help customers meet requirements and progress toward employment and advancement. • Other priorities as articulated in guidance: Advance customer-centered, data driven integration and cross-agency coordination (e.g., shared IDHS referral protocols, IWDS 2.0 development and continuous improvement review through IWIB), including scaling navigator-led triage and technology-enabled routing to manage volume and improve service matching.

Individuals, groups, or populations affected by the waiver

States must describe the potential impact of a waiver on various system stakeholders, including how the waiver will impact services for disadvantaged populations, persons with barriers to employment, or businesses.

This waiver applies to SNAP work requirement referrals served through Illinois workNet American Job Centers and the local workforce system partners that support them, including Local Workforce Innovation Boards (LWIBs), local WIOA Title I Adult and Dislocated Worker providers, and community partners. The waiver does not change eligibility, access, or service priority; it only excludes this clearly defined SNAP work requirement referral cohort from statewide Title I performance numerator and denominator calculations, while outcomes for the cohort are tracked and reported separately. By preserving meaningful negotiated performance accountability, the waiver supports timely triage, individualized planning, supportive service coordination, and referrals to training and work based learning for customers with employment barriers, while maintaining capacity for employer services and sector strategies that benefit Illinois employers. State plans for monitoring waiver implementation, including the collection of waiver outcome information States must describe how they intend to oversee effective waiver implementation and any unique protocols that may be used in their waiver requests. The State will use the following approach for monitoring progress in implementation: • State staff involved in administering the Adult and Dislocated Worker programs will provide ongoing technical assistance to inform and respond to local workforce professionals who are expected to provide intake, develop career plans, coordinate appropriate services, and ensure the success of the SNAP work requirement referrals referred to their local Illinois workNet Centers. • Annual WIOA on-site programmatic reviews will include an evaluation of the impact of the waivers on programmatic goals and outcomes. • State and local performance management staff will provide continuous monitoring of outcomes for the SNAP work-requirement cohort, which is tracked separately from the general WIOA Title I population using a dedicated participant-cohort flag in the case-management and performance reporting systems. The annual performance report narrative will summarize those outcomes separately from negotiated WIOA performance. • Additionally, the IWIB Continuous Improvement and Accountability Committee will be apprised of this Waiver Request and the resulting decision, as they implement their charge of continuous improvement across the system through evaluations, partner collaboration, and technical assistance. This strategy ensures that the goals described above, as well as those outlined in the State's Unified Plan and the IWIB Strategic Plan, are consistent with established objectives of the WIOA and federal and state regulations.

Assurance of state posting of the request for public comment and notification to affected local workforce development boards

WIOA does not prescribe a specific amount of time for states to post a potential waiver for comment. Still, it does require the state to demonstrate a reasonable opportunity for public review and comment by all stakeholders, including businesses and organized labor. Submit any comments or concerns collected in this manner, and the outcome of the state's review of the public comments received. The state must also provide affected local boards with notice and opportunity to comment on the proposed waiver.

In accordance with the WIOA regulations governing Unified State Plan modifications (20 CFR 676.135) and the public review and comment requirements applicable to Unified State Plans (20 CFR 676.130(d)), Illinois will post this waiver request for a reasonable public comment period and notify affected Local Workforce Innovation Boards (LWIBs) and other required stakeholders. Posting dates: March 1, 2026 – March 19, 2026. Illinois will accept written comments via WIOAPlansandMOUs@illinoisworknet.com and provide at least one informational webinar during the comment period. Illinois will summarize the comments received and describe any resulting changes to the waiver request in the Unified State Plan modification submission. Local Boards, via Board members and staff, WIOA partners, and other interested stakeholders, participate in policy development. Additionally, LWIBs have the opportunity to participate in the public comment period, which includes informational webinars.

Waiver outcomes for existing waivers.

The Secretary may require that States provide the most recent data available about the outcomes of the existing waiver in cases where the state seeks renewal of a previously approved waiver.

Not applicable. This is a new waiver request. If approved, Illinois will report waiver implementation status and outcomes, including any cohort-level tracking summaries, in subsequent State Plan modifications or required reports.

WAIVER REQUEST 8 (NEW) – POST-EXIT SUPPORTIVE SERVICES FOR EMPLOYMENT RETENTION

The statutory and/or regulatory requirements the state would like to waive

The state must clearly cite the statute and/or regulation(s) in its request and ensure that the citations refer to the specific elements the state wishes to waive.

The State of Illinois requests a waiver of the following statutory and regulatory requirements under the Workforce Innovation and Opportunity Act (WIOA):

• WIOA Section 134(d)(2) – which limits the provision of supportive services to periods of active participation and does not authorize their use during the twelve (12)-month period following exit for Adult and Dislocated Worker participants; and
• 20 CFR 680.910 – which implements Section 134(d)(2) and similarly restricts supportive services to pre-exit participation periods.

Under current law and regulations, supportive services for Adult and Dislocated Worker participants are only available to individuals engaged in career or training services who cannot access such support through other programs. Illinois seeks a waiver to extend supportive services to participants after they exit the program, particularly during the critical transition to stable employment. This is especially crucial for those who have recently started unsubsidized work and may face short-term barriers that could jeopardize their job retention.

Illinois intends to utilize this flexibility for targeted, time-limited, and documented supportive services directly related to maintaining unsubsidized employment. Examples of these services may include transportation, childcare, work-related tools or equipment, costs for required testing or licensing, and other temporary expenses essential for helping participants keep their jobs. The supportive services utilized with approval of this waiver would only be provided when they are necessary, and the individual is unable to obtain them through other programs providing such services. Services provided under this waiver will still adhere to local policy and require case-by-case documentation to confirm that similar assistance is not otherwise accessible.

Illinois is submitting this waiver in response to Training and Employment Guidance Letter (TEGL) 05-25, which encourages states to work in partnership with ETA to mitigate or remove barriers, including through the use of statutory waivers, to support innovative, industry-driven strategies that build a skilled workforce aligned with the Administration's strategic pillars for workforce investment, enhance worker mobility, promote system integration and resource alignment, optimize service delivery, strengthen accountability for participant outcomes, and advance innovation.

Actions the state has undertaken to remove state or local statutory or regulatory barriers

The state must provide a discussion of the steps it has taken to remove any potential obstacles in the waiver request as appropriate. Quite often, state or local policies do not present a conflict for the request, and a simple statement indicating that there are no state or local barriers is sufficient.

There are currently no state or local statutory or regulatory barriers to implementing the requested waiver. Illinois policy currently conforms to federal statute and regulation. If this waiver is approved, Illinois will issue state policy guidance establishing uniform parameters for eligibility, documentation, allowable costs, duration, coordination with other resources, fiscal tracking, and monitoring.

State strategic goal(s)

The state must precisely articulate the goals it seeks to achieve by requesting a waiver. The state must also discuss how these goals relate to its Unified or Combined State Plan.

Illinois seeks this waiver to promote the strategic goals of its Unified State Plan through a focused employment retention strategy for Adult and Dislocated Worker participants after they leave. Illinois' workforce vision is based on a customer-focused, interoperable, inclusive, and accessible system that supports employers, jobseekers, and communities, helping to connect individuals to quality career pathways rather than just short-term placements. The state's Unified State Plan sets goals to strengthen collaboration and customer service, improve employers' ability to hire and keep skilled workers, use customer-centered and data-informed practices to enhance the jobseeker experience, and support career pathways that address emerging economic needs.

This waiver supports those goals by enabling local workforce areas to address short-term barriers that occur after employment begins but before it stabilizes. Illinois considers employment retention a vital continuation of effective workforce service delivery. A participant who secures a job but loses it due to temporary transportation issues, childcare disruptions, work-related expenses, unstable housing, or other short-term barriers has not fully gained the intended benefits of the workforce system. By allowing targeted post-exit supportive services, Illinois can better align workforce investments with ongoing labor force attachment, long-term career growth, and improved employer outcomes.

The primary goals of this waiver are to:

- Increase employment retention outcomes for Adult and Dislocated Worker participants in the 2nd and 4th Quarters After Exit;
- Strengthen employer retention outcomes by helping newly hired workers remain attached to employment during the early months after placement;
- Reduce early job separation or job loss by mitigating transitional financial barriers; and
- Support wage progression and reduce benefit cliffs that can push participants out of employment.

This waiver also aligns with the Department of Labor's current workforce priorities and the five pillars by helping employers retain workers and safeguard workforce investments. It promotes worker mobility by removing barriers to stable employment and career advancement. By enabling Illinois to operate as a coordinated system and breaking down silos, the waiver encourages integrated systems. Connecting flexibility to outcomes such as employment and earnings enhances accountability. Additionally, the waiver fosters flexibility and innovation by addressing operational challenges in a targeted, data driven manner.

Projected programmatic outcomes resulting from the implementation of the waiver

The state must provide an estimate of how the waiver will improve outcomes or provide other tangible benefits for jobseekers or employers. States have the discretion to determine how to measure a waiver's success and the specific data sources it intends to use to evaluate its impact.

If approved, Illinois expects this waiver to improve programs, aligning with the Illinois Unified State Plan and federal framework. It aims to enhance workforce support, foster long-term employment, reduce early turnover, and better outcomes for participants and employers. The waiver should also improve service quality by allowing local areas to address retention barriers in a customer-centered, coordinated, and outcome-driven way.

From an employer perspective, Illinois aims for stronger retention of workers placed through the workforce system, less disruption from early turnover, and increased employer confidence in the system's ability to support reliable talent pipelines. These outcomes align directly with the State Plan's goal of improving employers' ability to hire and keep skilled workers, as well as with federal focus on industry-driven talent strategies.

Illinois expects greater employment stability for those facing post-exit barriers, aiming for improvements in employment rates, earnings, career continuity, and fewer re-entries. This aligns with the State Plan's focus on a customer-centered, data-driven, responsive, inclusive, and accessible jobseeker experience.

Instead of ending support at exit regardless of needs, the waiver should help local areas align workforce activities with partner resources and stabilization supports. Illinois expects stronger service continuity across programs and partners after placement. This aims to improve case management, reduce service disruptions, and strengthen links between the workforce, education, and support systems.

The waiver will boost accountability and improvement by tracking outcomes and implementation data like supportive services, costs, and employment retention. Overall, Illinois expects this waiver to result in:

• Higher Employment Rates in the 2nd Quarter After Exit and 4th Quarter After Exit
• Improved median earnings as stable employment supports consistent hours and career advancement
• Reductions in early job loss and re-entry into unemployment insurance or workforce system services.

Illinois further expects the waiver to reinforce the core principles of its Unified State Plan by improving customer experience, reducing barriers, increasing the value of workforce investments, and supporting a system that is collaborative, employer-responsive, inclusive, and accountable for results.

Alignment with the Department of Labor's policy priorities

Describe how the waiver will align with the Department's policy priorities, such as:
• *Supporting employer engagement;*
• *Connecting education and training strategies;*
• *Supporting work-based learning;*
• *Improving job and career results; and*
• *Other priorities as articulated in guidance.*

This waiver aligns with the U.S. Department of Labor's current policy direction because it strengthens employer-facing results, supports worker advancement, reinforces coordination across systems, ties flexibility to measurable outcomes, and uses waiver authority to solve a practical workforce system challenge.

Furthermore, this waiver directly supports the five strategic pillars in America's Talent Strategy, which call for a workforce system that provides reliable talent pipelines, helps more Americans progress, reduces fragmentation, enhances accountability, and encourages innovation that improves outcomes. It also reinforces Illinois' Unified State Plan goals for a customer-centered, employer-responsive, data-driven workforce system.

Pillar I: Industry-Driven Strategies. This waiver encourages industry-led workforce development by supporting employers in retaining their current workers through the public workforce system. When newly hired workers lose their jobs due to short-term issues like transportation, childcare disruptions, work tools, or temporary needs, employers face unnecessary turnover, and the workforce system loses the benefit of prior investments. Providing targeted post-exit support services helps Illinois turn placements into sustainable employment, builds employer confidence in the workforce system, and better aligns workforce investments with current labor market and talent demands.

Pillar II: Worker Mobility. This waiver significantly promotes worker mobility by tackling the specific barriers that often disrupt the transition from training or career services into stable jobs. America's Talent Strategy focuses on increasing the number of Americans in the workforce, helping them advance, and overcoming common obstacles to enrollment, completion, and career growth. For many Adult and Dislocated Worker participants, the first few weeks and months after being hired are when issues like transportation costs, childcare needs, temporary housing instability, or benefit cliffs are most likely to cause employment instability. Targeted post-exit supportive services enable Illinois to intervene during this crucial period, maintain workforce attachment, and foster upward mobility instead of allowing avoidable job loss.

Pillar III: Integrated Systems. This waiver promotes a more unified workforce system by enabling local areas to provide continuous support during the transition from program participation to unsubsidized employment. Illinois' Unified State Plan emphasizes an interoperable, inclusive, and accessible system that looks beyond program and funding silos, improves coordination among workforce and education partners, and removes barriers for job seekers. This waiver would help Illinois function as a coordinated bridge rather than a sudden drop-off at exit by allowing local areas to coordinate workforce assistance with childcare, transportation, public benefits, housing stabilization, and other partner supports during this critical transition period. In this way, the waiver enhances system alignment around the participant's actual needs instead of just administrative boundaries.

Pillar IV: Accountability. This waiver promotes accountability by linking flexibility to measurable outcomes. Illinois is not seeking broad discretion to expand supportive services without limits; it is seeking targeted authority to improve the very performance outcomes by which the workforce system is judged. Illinois expects this waiver to improve the Employment Rate 2nd Quarter After Exit, the Employment Rate 4th Quarter After Exit, the Median Earnings 2nd Quarter After Exit, and, where available, retention with the same employer. The waiver, therefore, supports performance discipline and return on investment by protecting placements already achieved and increasing the likelihood that those placements result in sustained employment and earnings growth.

Pillar V: Flexibility and Innovation. This waiver aligns with the Department's focus on using statutory authority to encourage practical innovation. TEGL 05-25 specifically mentions waiving WIOA section 134(d)(2) and 20 CFR 680.910 to provide supportive services within 12 months after exit for employment retention. Illinois aims to utilize that flexibility in a limited, controlled, and data-driven manner to address a known gap between program exit and employment stabilization. This is a practical innovation: it enables the workforce system to address short-term retention issues right when they occur, rather than ending support as soon as employment begins.

This waiver supports the Department's current policy by enhancing employer-facing talent pipeline results, promoting worker mobility, improving system coordination, linking flexibility to measurable outcomes, and using waiver authority to address a specific operational issue. Illinois will use this waiver as a targeted retention strategy that boosts both worker success and employer outcomes while advancing the federal five pillar framework and Illinois' Unified State Plan goals.

<u>Individuals, groups, or populations affected by the waiver</u>

States must describe the potential impact of a waiver on various system stakeholders, including how the waiver will impact services for disadvantaged populations, persons with barriers to employment, or businesses.

The waiver will support Adult and Dislocated Worker participants who have exited the WIOA program and are in unsubsidized employment but face short-term barriers that impact job retention. This includes, but is not limited to:

- Participants with low incomes or limited financial reserves at the time of job entry;
- Participants transitioning off public assistance or experiencing benefit cliffs;
- Participants with employment barriers, such as transportation issues, caregiving responsibilities, disability-related needs, or housing instability; and
- Employers who benefit from better early retention of workers referred or trained through the public workforce system.

Illinois does not expect negative effects on other participant groups. Instead, the waiver aims to improve the effectiveness of current workforce investments by supporting successful placements. convert into sustained employment.

State plans for monitoring waiver implementation, including collection of waiver outcome information *States must describe how they intend to oversee effective waiver implementation and any unique protocols that may be used in their waiver requests.*

The State will use the following approach for monitoring progress in implementation:
• State staff responsible for Adult and Dislocated Worker programming will provide technical assistance to local areas on eligibility, documentation standards, allowable services, coordination with other resources, and fiscal reporting. Waiver implementation and outcomes will be reviewed through annual WIOA programmatic and fiscal monitoring. This information will be submitted regularly to the IWIB Continuous Improvement and Accountability (CIA) Committee.
• Illinois will require local areas to document, at a minimum, the participant's exit date; date employment began; type of supportive service provided; amount and duration of the service; why the service was necessary for retention in employment; and the basis for determining that the service was not otherwise available from another source.
• Illinois will report waiver implementation and outcomes through the WIOA Annual Report and will share relevant results with the Illinois Workforce Innovation Board Continuous Improvement and Accountability Committee to support continuous improvement, policy refinement, and identification of promising practices.

This strategy ensures that the goals described above, as well as those outlined in the State's Unified Plan and the IWIB Strategic Plan, are consistent with established objectives of the WIOA and federal and state regulations.

Assurance of state posting of the request for public comment and notification to affected local workforce development boards
WIOA does not prescribe a specific amount of time for states to post a potential waiver for comment, but it does require the state to demonstrate a reasonable opportunity for public review and comment by all stakeholders, including businesses and organized labor. Submit any comments or concerns collected in this manner and the outcome of the state's review of the public comments received. The state must also provide affected local boards with notice and opportunity to comment on the proposed waiver.

In accordance with the WIOA Regulations at 20 CFR 676.135, Illinois is submitting its Unified State Plan, which complies with the requirements outlined in the WIOA Regulations at 20 CFR 676.130(d) for public review and comment. Therefore, Illinois's waiver request was posted on our website for review and feedback from required parties and the public.

Local Boards via Board members and Board staff, WIOA partners, and other interested stakeholders participate in policy development. Additionally, LWIBs can participate in the public comment period, which includes informational webinars.

WAIVER REQUEST 9 (NEW) – ALLOW SUPPORTIVE SERVICES TO COUNT TOWARD YOUTH WORK EXPERIENCE EXPENDITURE REQUIREMENT

The statutory and/or regulatory requirements the state would like to waive

The state must clearly cite the statute and/or regulation(s) in its request and ensure that the citations refer to the specific elements the state wishes to waive.

The State of Illinois requests a waiver solely to permit local workforce development boards to count supportive services that are directly tied to an eligible youth participant's active work experience placement toward the 20 percent minimum youth work experience expenditure requirement. Specifically, the waiver would be from the following statutory and regulatory requirements under WIOA:

• WIOA Section 129(c)(4) – which establishes the 20% minimum expenditure requirement for Youth Work Experience (WEX) activities, specifying allowable costs; and

• 20 CFR 681.590–681.650 – which implements the youth program WEX expenditure requirement, traditionally excluding supportive services from WEX calculation.

• TEGL 21-16 – which states that supportive services are a separate program element and cannot be counted toward the work experience expenditure requirement, even if supportive services assist the youth in participating in the work experience.

Current federal guidance restricts the inclusion of supportive services in the calculation of WEX expenditures. Supportive services, including transportation, childcare, work-related clothing or equipment, and other short-term supports, are essential for many youth participants to fully engage in WEX activities.

This waiver is requested to allow Illinois to count the provision of supportive services for youth participants directly involved in Work Experience activities toward meeting the WEX expenditure requirement, thereby providing greater flexibility in addressing barriers that can limit youth participation and increase access to meaningful work experience, improve work experience completion rates, and increase employer engagement.

Illinois seeks this waiver not to weaken the youth work experience requirement but to acknowledge that certain supportive services directly linked to an active work experience placement are essential for successful participation, completion, and employer-facing talent pipeline outcomes.

Actions the state has undertaken to remove state or local statutory or regulatory barriers

The state must provide a discussion of the steps it has taken to remove any potential obstacles in the waiver request as appropriate. Quite often, state or local policies do not present a conflict for the request, and a simple statement indicating that there are no state or local barriers is sufficient.

There are no state or local statutory or regulatory barriers to the implementation of the requested waiver if approved. Illinois policy currently aligns with existing federal law and guidance. If the waiver is approved, Illinois will issue a state policy establishing uniform criteria for what supportive services may be counted, what documentation is required, how expenditures must be tied to a specific work experience placement, and how monitoring for compliance will occur.

State strategic goal(s)

The state must precisely articulate the goals it seeks to achieve by requesting a waiver. The state must also discuss how these goals relate to its Unified or Combined State Plan.

Illinois requests this waiver to enhance participation in high-quality work-based learning and to remove practical barriers that hinder youth from engaging successfully in work experiences. The waiver aligns with Illinois' goals of improving access, boosting work readiness, promoting equitable participation, and helping youth connect to career pathways that lead to good jobs. The primary goals of this waiver are to:

- Increase youth engagement and participation in Work Experience activities.
- Improve retention and completion of youth experience placements
- Support stronger outcomes by ensuring that work experience placements are fully accessible to eligible youth with barriers to participation.
- Reduce barriers to participation such as transportation, childcare, or other necessary supports.
- Improve work experience completion rates and increase employer engagement.

This waiver advances Illinois's strategic objectives to improve youth work readiness, gain employment experience, and support long-term career achievement. It also aligns with federal workforce priorities that focus on industry-driven approaches, worker mobility, accountability, and the promotion of flexibility and innovation by increasing work-based learning with defined outcomes and proper documentation.

Projected programmatic outcomes resulting from the implementation of the waiver

The state must provide an estimate of how the waiver will improve outcomes or provide other tangible benefits for jobseekers or employers. States have the discretion to determine how to measure a waiver's success and the specific data sources it intends to use to evaluate its impact.

If approved, Illinois expects the waiver to increase the number of youth who are able to enter, persist in, and complete work experience placements. Illinois anticipates:

- Higher youth enrollment and retention in WEX activities.
- Increased completion rates of WEX assignments and placements.
- Enhanced skill development and career readiness outcomes for youth participants.
- Improved compliance with the 20% WEX expenditure requirement, while simultaneously supporting youth participation through necessary supportive services.

Illinois will evaluate the impact of the waiver through program and fiscal data, including youth enrollment in work experience, placement completion, hours completed where available, types and costs of supportive services counted under the waiver, and subsequent employment, education, or training outcomes.

Alignment with the Department of Labor's policy priorities

Describe how the waiver will align with the Department's policy priorities, such as:

- *Supporting employer engagement;*
- *Connecting education and training strategies;*
- *Supporting work-based learning;*
- *Improving job and career results; and*
- *Other priorities as articulated in guidance.*

This waiver aligns with the priorities of the U.S. Department of Labor as well as the workforce strategies outlined in the Illinois Unified State Plan under the Workforce Innovation and Opportunity Act. The Illinois Unified Plan emphasizes expanding career exploration, work-readiness, and work-based learning opportunities for youth while ensuring that participants have the support necessary to successfully engage in workforce programs.

By allowing Illinois to count supportive services provided to youth who are directly participating in Work Experience (WEX) activities toward meeting the WEX expenditure requirement under the Workforce Innovation and Opportunity Act, this waiver supports the Department of Labor's priority of increasing access to meaningful work-based learning.

Many youth require services such as transportation assistance, work clothing, or other resources in order to fully participate in work experience opportunities.

Recognizing supportive services tied to WEX participation ensures that youth can engage in and complete these activities, helping them build workplace skills, gain exposure to real-world work environments, and better prepare for employment or further education. This flexibility allows local programs to address barriers to participation while strengthening youth engagement in work-based learning, ultimately supporting improved employment outcomes and long-term career success.

Individuals, groups, or populations affected by the waiver
States must describe the potential impact of a waiver on various system stakeholders, including how the waiver will impact services for disadvantaged populations, persons with barriers to employment, or businesses.

This waiver would primarily benefit in-school and out-of-school youth who are enrolled in WIOA youth services and who need targeted, placement-specific supports to participate in work experience. This includes youth who:

- Have low incomes or limited access to reliable transportation;
- Need work clothing, tools, or other required items for placement;
- Need childcare in order to participate in scheduled work experience activities;
- Are justice-impacted, parenting, homeless, disabled, or otherwise face barriers to employment; or
- Would be unable to begin or complete a work experience placement without short-term support directly tied to that placement.

The waiver is also expected to benefit employers and host sites by improving youth participation and completion in work-based learning opportunities.

State plans for monitoring waiver implementation, including collection of waiver outcome information *States must describe how they intend to oversee effective waiver implementation and any unique protocols that may be used in their waiver requests.*

The State will use the following approach for monitoring progress in implementation:

- State staff involved with the administration of youth programming will provide ongoing technical assistance to local areas regarding allowable supportive services, required documentation, expenditure tracking, and the distinction between general supportive services and those that may be counted under the waiver.
- Annual WIOA programmatic and fiscal reviews will include review of waiver implementation and local compliance. This information will be submitted regularly to the IWIB Continuous Improvement and Accountability (CIA) Committee.

• Illinois will require local areas to document, at a minimum: the youth participant receiving the support; the specific work experience placement; the dates of the placement; the type, cost, and duration of the supportive service; why the service was necessary for participation in the placement; and how the expenditure was directly tied to beginning, participating in, or completing that placement.
• Additionally, the IWIB Continuous Improvement and Accountability (CIA) Committee will have the responsibility of ensuring the specific goals and outcomes achieved by the waiver are realized. Furthermore, the information gathered from the waiver will inform new policies or changes to policy, as well as provide best practices. The outcomes of the waiver are reported in the WIOA Annual Report.

This strategy ensures that the goals described above, as well as those outlined in the State's Unified Plan and the IWIB Strategic Plan, are consistent with established objectives of the WIOA and federal and state regulations.

Assurance of state posting of the request for public comment and notification to affected local workforce development boards

WIOA does not prescribe a specific amount of time for states to post a potential waiver for comment, but it does require the state to demonstrate a reasonable opportunity for public review and comment by all stakeholders, including businesses and organized labor. Submit any comments or concerns collected in this manner and the outcome of the state's review of the public comments received. The state must also provide affected local boards with notice and opportunity to comment on the proposed waiver.

In accordance with the WIOA Regulations at 20 CFR 676.135, Illinois is submitting its Unified State Plan, which is subject to the requirements outlined in the WIOA Regulations at 20 CFR 676.130(d) for public review and comment. As such, Illinois's waiver request was posted on our website for review and comment by required parties and the public.

Local Boards via Board members and Board staff, WIOA partners, and other interested stakeholders participate in policy development. Additionally, LWIBs can participate in the public comment period, which includes informational webinars.