

Increase in OJT Reimbursement Request

Workforce Innovation and Opportunity Act Waiver Request Tool

Under the Secretary of Labor's waiver authority outlined in Section 189(i)(3)(A) of the Workforce Innovation and Opportunity Act (WIOA) and 20 CFR and 679.600, the Secretary may waive certain provisions of WIOA Title I Subtitle A, B, and E and provisions found in Sections 8-10 of the Wagner-Peyser Act. WIOA Section 189(i)(3)(B) and 20 CFR 679.620 identify elements that must be included in a waiver request. A State may request a waiver in its overall Unified or Combined State Plan submission or modification. Or, if submitting separate from the State Plan submission, States may use this document as a tool to assist in developing and requesting a waiver. States may use their own format or form for a request, as long as elements required by WIOA and the regulations noted above are addressed. After reviewing a State's initial request, the Employment and Training Administration (ETA) may ask the State for additional information if necessary, to complete its review.

To submit a waiver request, e-mail this completed form or State-developed document along with a cover letter to WIOA.Plan@dol.gov and the appropriate ETA regional office. ETA will also accept hard copy submissions.

Date: May 5, 2020

State: Illinois

Agency: Illinois Department of Commerce and Economic Opportunity

Provide narrative for the following elements:

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 less 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 will develop policy as documentation of the factors used when

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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 Worker, 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 is 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 has prepared them to be retained upon successful completion. It would allow for more flexibility for smaller businesses experiencing with limited resources. This is especially true during times of recovery following a disaster.

Projected programmatic outcomes resulting from 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.

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

- Maximize the flexibility needed to impact local economic vitality and direct resource's where demand for services is greatest by assisting local areas in marketing the OJT as a vehicle to engage employers, particularly in targeted sectors, to hire and provide training to new workers.
- This flexibility will build the capacity and future viability of both the workforce and the industries themselves. Assist with the transformation of the current workforce system to a demand driven, sector-based and regionally driven talent development pipeline.
- Increase training and transitional employment for unemployed workers and hard-to-serve youth and adults.
- Equip individuals with relevant job training and transferable skills in high-skill, high-wage, high-demand occupation and industries.
- Increase business usage of the local workforce system by providing added incentives to hire and train new workers.
- Increase in the number of small business taking advantage of OJT.

Alignment with 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 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. Increasing the reimbursement rate up to 90% will encourage business participation and support the recovery as we come out of COVID-19.

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.

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The waiver would benefit employer and individual customers. It would be especially beneficial to the small businesses including new start-ups as a cost-effective incentive to utilizing the proven method of utilizing OJTs to hire and training new workers. It will allow Illinois business to quickly adapt to changing landscape by improving capacity and remain competitive that are designed to meet their specific goals. For 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 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 the 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 submitted 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. Accordingly, Illinois will post this waiver request on our website for comment and review by required parties and the public.

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Local Boards via Board members and/or Board staff as well as WIOA partners can comment during the public period, this includes participation in information webinars. Additionally, LWIB members/staff, WIOA partners, as well as other interested stakeholders take part in policy development.