

## **Increase in Transitional Jobs Expenditure Threshold**

### **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](mailto: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.*

The State of Illinois is seeking a waiver from the following Section(s) so that local areas may use up to 20 percent of WIOA Title 1 Adult and Dislocated Worker formula funds for the provision of transitional jobs:

WIOA 134 (d)(5) which allows Local Boards to reserve up to 10% funds allocated to the local area involved, under section 133 (b), to provide transitional jobs.

20 CFR § 680.195 states “The local area may use up to 10 percent of their combined total of adult and dislocated worker allocations for transitional jobs as described in § 680.190. Transitional jobs must be combined with comprehensive career services (see § 680.150) and supportive services (see § 680.900).”

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### Background

Across the nation governors are issuing Executive Orders to combat the COVID-19 crisis. Illinois is no exception and has taken an aggressive approach to curbing the progression of the virus across the state to lessen health impacts and deaths across the state. However, the unfortunate repercussion caused business closures and employment loss statewide. Illinois must prioritize services to individuals most impacted by the crisis, including low wage and traditionally lower skilled individuals who have been let go or furloughed from their current employers.

Every tool to provide services must be available and additionally, the state will need maximum flexibility to provide those services. Transitional Jobs are an important employment strategy best used when there is higher than normal unemployment or during an economic shock, such as COVID-19, especially for hardest-hit chronically unemployed individuals. Transitional Jobs can provide employment, earned income, and connections to future unsubsidized employment to help stabilize individuals and families. Increasing the allowable amount local areas can allocate toward transitional jobs will support these efforts and offer maximum local flexibility to meet locally determined demand for using transitional jobs as an employment strategy. Transitional Jobs have proven to be successful in Illinois with WIOA required partners to serve TANF and SNAP participants under previous initiatives including Illinois *EPIC Program* and the American Recovery and Reinvestment Act. The *EPIC Program* was part of a larger national study to develop and test methods for employment & training programs and services that will increase the number of SNAP work registrants who obtain unsubsidized employment, increase the earned income of work registrants, and reduce the reliance of work registrants on public assistance. This waiver would provide additional flexibility to leverage funding locally for the most vulnerable individuals, including recently released incarcerated individuals. Furthermore, Illinois is concerned that there may be severe undercounting and transitional jobs could an important strategy in the reemployment toolbox.

Using a transitional job strategy will also help employers as they recover from the negative economic impact experienced because of the virus in two important ways. First, Transitional Jobs programs have shown to stimulate the local economy as participants tend to spend their earned income in the communities in which they live. Second, these programs have shown that they provide employers with candidates who are work ready, with in-demand skillsets, and help reduce turnover costs.

Approval of this waiver would contribute to the economic recovery and provide an essential avenue for participants that are traditionally long-term unemployed or underemployed with the support they need to secure employment.

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### **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. In the past in Illinois, Transitional Jobs has not been fully utilized under WIOA; however, using lessons from sister agencies coupled with robust technical assistance, Illinois feels this is an employment strategy to offer local areas during this crisis. Illinois will support local areas' assessments of demand for transitional jobs. Illinois will provide robust technical assistance and professional development to local areas through existing infrastructure. For instance, Illinois already has a WIOA Wednesday webinar series and several slots could be dedicated to best practices for implementing a transitional jobs program, including performance measurement. This is a ready-made vehicle for offering rapid and high-quality technical assistance.

### **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 January 2019, two days after his inauguration, Governor Pritzker issued Executive Order #3 (EO 3) and directed the State to prioritize revitalizing economic growth and creating economic opportunity in communities across the state using a data-informed, demand-driven framework for improving the quality of the State's workforce. Building upon that direction, the Illinois Workforce Innovation Board (IWIB) guided the development of the WIOA Unified State Plan.

One of the tenants of the Governor's Executive Order is serving underrepresented persons in disenfranchised communities. Often these individuals face multiple challenges to self-sustaining employment. Ramping up transitional job programs will support the Governor's goals and will assist Illinois in achieving the following goals related to the Unified State Plan:

1. Prepare Illinois' workers for a career, not just their next job: Regardless of background, life circumstances, or education level, Illinois workers can be prepared for high-demand careers by developing core academic, technical, and essential employability skills throughout their lifetimes.
2. Connect job seekers with employers: Assist Illinois businesses to find the productive workers they need, through more efficient training and better services for job seekers and employers.

### **Projected programmatic outcomes resulting from implementation of the waiver**

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*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:

1. Increase in number of employers that use transitional jobs as a tool to find skilled workers.
2. Increase in number of participants using transitional jobs program as tool to gain employment and address barriers to employment.
3. Increase in performance accountability measures for adults\ (e.g., average wage gains and employment retention).

### **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 Unified State Plan are examples of initiatives proving the importance of addressing employment barriers of our hardest to serve populations, while addressing the need for a pipeline of skilled workers for businesses. Specifically, increasing the funding toward transitional jobs supports DOL's priority for work-based learning and employer engagement strategies. Transitional jobs are a career service/work-based learning opportunity that can increase business usage of the workforce system by providing incentives to hire and train new workers. In addition, Illinois' use of transitional jobs will support improved job and career results by providing individuals with work experience as well as the opportunity to develop essential workplace skills within the context of an employee-employer relationship.

### **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 both employers and jobseekers. For employers this waiver will provide an incentive to hire and train new workers, who have recently proven their hard and soft skills through the transitional job. Jobseekers who experience chronic

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unemployment will have greater access to employment opportunities and have the supports needed to stay employed after successfully completing a transitional job

### **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:

1. State staff who administer WIOA 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 IWIB Continuous Improvement Committee.
2. Annual WIOA on-site programmatic reviews will include an evaluation of the impact the waivers have on programmatic goals and outcomes.
3. 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.

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 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.

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