



May 29, 2020

The Honorable Jay Robert “JB” Pritzker
Governor of Illinois
207 Statehouse
Springfield, IL 62706

Dear Governor Pritzker:

Thank you for your waiver requests 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 (copy enclosed). Several waiver requests were received March 3, 2020, as part of your recent WIOA State Plan submission, with additional requests submitted in May 2020. This letter provides the Employment and Training Administration’s (ETA) official response to your requests 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’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).

Requested Waiver: Waiver to expand the definition of a recognized postsecondary credential to include a certain threshold of hours worked, a threshold of classroom instruction, and/or a certain number of postsecondary credits earned as part of a Registered Apprenticeship.

ETA Response: The Secretary does not have the authority to waive the definitions under WIOA Section 3, which includes the definition of a recognized postsecondary credential. In the absence of a waiver to the definition, the Department believes that the actions described below will help address State concerns and is ready to support your efforts to expand apprenticeships. Under existing flexibilities, Illinois can count components of either a non-registered apprenticeship (such as on-the-job or other employer-sponsored training) or Registered Apprenticeship toward the credential measure. For example, if an apprenticeship results in a recognized postsecondary credential such as an industry-recognized certificate or certification, a license recognized by the State involved or Federal government, or an associate or baccalaureate degree, then Illinois can count it. For the Registered Apprenticeships for which Illinois has concerns, ETA will work with the State to create the component parts (stackable or interim credentials) that will meet the WIOA definition of recognized postsecondary credential during the course of a longer-term training program. Further, Illinois can take the challenge of incentivizing investment in longer-term credentials into account when negotiating annual performance targets with the Department and its local areas.

Requested Waiver: Waiver of the obligation of eligible training providers (ETPs) to report performance data on all students in a training program at WIOA Sections 116(d)(4)(A) and 122 and 20 CFR 677.230(a)(4) and (5) and 20 CFR 680.

ETA Response: The State's request to waive the obligation of ETPs to report performance data on all students in a training program is approved through June 30, 2021. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Illinois to implement its plan to improve the workforce development system. The State must provide information regarding how the Governor will take into account the outcomes of all students in an ETP program of study, with respect to their employment and earnings, as required for the demonstration of continued eligibility in 20 CFR 680.460(f)(1)(iii) and WIOA Section 122. The State will continue to collect and report data for all WIOA-funded participants in accordance with all statutory and regulatory requirements, including WIOA Sections 116 and 122, and as specified at 20 CFR 677.230 and 680.460. While ETA recognizes the importance of informing consumer choice through the provision of quality data on training outcomes, we also recognize that the systems to collect the required performance data from providers take time to develop and implement in a way that maximizes training provider participation, which is a critical component of the workforce development system. Starting July 1, 2021, the State's obligation to report performance data on all students in a training program will be reinstated.

Requested Waiver: 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) and calculation of the local area expenditure for each local area.

ETA Response: ETA approves for Program Years (PYs) 2019 and 2020, which includes the entire time period for which states are authorized to spend PY 19 and 20 funds, the State's request to waive the requirement that the State expend 75 percent of Governor's reserve youth funds on OSY. ETA reviewed the state's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Illinois to implement its plan to improve the workforce development system. The State may lower the expenditure requirement of Governor's reserve to 50 percent for OSY.

In addition, ETA conditionally approves for PYs 2019 and 2020, which includes the entire time period for which states are authorized to spend PY 19 and 20 funds, the State's request to waive the requirement that local areas expend 75 percent of local youth formula funds on OSY. Illinois may lower the local youth funds expenditure requirement to 50 percent for OSY. Prior to implementation of this waiver, the State must update its waiver request to include projected quantifiable outcomes (i.e., for the core indicators under WIOA or shorter-term state-defined indicators) for WIOA youth served under the waiver. 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 in- and out-of-school youth) 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, through June 30, 2022, 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 requirements requested to be waived impede the ability of Illinois to implement its plan to improve the workforce development system. Approval of this waiver should not impede the State's efforts to prioritize OSY, including outreach to the OSY population.

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

ETA Response: ETA approves, through June 30, 2022, the State's request to adjust the six-month employment requirement for the purposes of conducting IWT. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Illinois to implement its plan to improve the workforce development system. The following conditions apply to implementation of this waiver:

- IWT may only be used to provide an employee skills to advance in their job or get skills to stay in a job (layoff aversion);
- Report individual records based on the Participant Individual Record Layout for all IWT participants through the Workforce Integrated Performance System (WIPS); and
- Track employment retention and earnings outcomes to measure whether use of this waiver has a positive effect.

Requested Waiver: Waiver of the specific payment provisions outlined in Section 9.D 'Implementation Phase' of Training and Employment Guidance Letter No. 15-16, Competitive Selection of One-Stop Operators.

ETA Response: The Department's waiver authority is for statutory and regulatory provisions, and is not necessary for sub-regulatory guidance. Therefore, the waiver is not necessary. The ETA regional office will provide technical assistance to the state on how to identify less burdensome accounting approaches, if available.

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's request to waive the requirement that a planning region consist of one local workforce development area, two or more intrastate local areas, or two or more interstate local areas is approved through June 30, 2022. This waiver allows the state to assign a single local workforce development area to more than one planning region. In its WIOA state Plan and waiver request, Illinois identified regions in the state that correspond with its economy,

the labor market, and other factors. However, the existing geography of designated local workforce development areas span multiple regions. The state and local workforce areas indicate local areas have experienced success in planning and delivering services in the context of the state's identified regions in their early efforts. ETA reviewed the state's waiver request and plan and determined that the requirements requested to be waived impede the ability of Illinois to implement its plan to improve the workforce development system. Therefore, ETA approves this waiver through June 30, 2022 on the condition that the state provide information to ETA regarding how it will minimize the regional and local area planning burden on local areas that are assigned to more than one region.

In May 2020, Illinois submitted several waiver requests subsequent to its WIOA State Plan submission. The below requests are currently under review by ETA and a decision to approve cannot be rendered at this time. ETA will issue a decision for the requests identified below in future correspondence to Illinois.

- Waiver to increase the employer reimbursement rate for on-the-job training;
- Waiver to increase the expenditure limit for transitional jobs;
- Waiver to reduce the incremental funding threshold for dislocated worker grants;
- Waiver the expenditure requirement for work experience for WIOA youth formula funds; and
- Waiver to allow rapid response statewide funds to be used for disaster relief employment.

The State must report its waiver outcomes and implementation of each approved waiver 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. The Department proposed additional flexibility in its budgets for Fiscal Years 2018 through 2021 to give governors more decision-making authority to meet the workforce needs of their states.

If you have questions, feel free to contact my office at (202) 693-2772.

Sincerely,



John Pallasch

Enclosure

cc: Erin Guthrie, Director, Illinois Department of Commerce and Economic Opportunity
Julio Rodriguez, Deputy Director, Office of Employment and Training
Christine Quinn, Chicago Regional Administrator, ETA
Arlene Charbonneau, Federal Project Officer, ETA