



May 30, 2024

The Honorable Sarah Huckabee Sanders
Governor of Arkansas
500 Woodlane St. Ste 250
Little Rock, AR 72201

Dear Governor Huckabee Sanders:

Thank you for your waiver request submission to the U.S. Department of Labor 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 March 4, 2024, as part of your recent WIOA State Plan submission. This letter provides the Employment and Training Administration's (ETA) official response to your request and memorializes that Arkansas will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by Arkansas 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).

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

ETA Response: ETA approves, for Program Year (PY) 2024 and 2025, the State's request to waive the requirement limiting ITAs to only out-of-school youth (OSY), ages 16–24. In addition to these OSY, the State may use ITAs for ISY, ages 16–21. ETA reviewed Arkansas' waiver request and plan and has determined that the requirements requested to be waived impede the ability of Arkansas to implement its plan to improve the workforce development system. Approval of this waiver should not impede Arkansas' efforts to prioritize OSY, including outreach to the OSY population.

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 OSY.

ETA Response: ETA approves for PY 2024 and PY 2025, which includes the entire time period for which states are authorized to spend each of those Program Year fund allotments, Arkansas' request to waive the requirement that the State expend 75 percent of Governor's reserve youth funds on OSY. ETA reviewed Arkansas' waiver request and plan and has determined that the requirements requested to be waived impede the ability of the State to implement its plan to improve the workforce development system. Arkansas may lower the expenditure requirement of Governor's reserve funds to 50 percent for OSY.

In addition, ETA approves for PY 2024 and PY 2025, which includes the entire time period for which local areas are authorized to spend each of those Program Year fund allotments, Arkansas' request to waive the requirement that local areas expend 75 percent of local youth formula funds on OSY. Arkansas 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 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. Arkansas is also approved to calculate the lowered 50 percent expenditure rate at the State level instead of individually for each local area.

Arkansas must report its waiver outcomes and implementation of the 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. If you have questions, feel free to contact my office at (202) 693-2772.

Sincerely,

A handwritten signature in blue ink that reads "José Javier Rodríguez". The signature is written in a cursive, flowing style.

José Javier Rodríguez

Enclosure

cc: Daryl Bassett, Arkansas Department of Labor and Licensing Cabinet Secretary
Nicholas Lalpui, ETA Regional Administrator – Dallas Region
Cynthia Green, ETA Federal Project Officer

Arkansas 2024 State Plan Waivers

Waiver #1: The State of Arkansas is seeking a waiver from the WIOA Section 129(a)(4)(A) and 20 CFR Part 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 Out-of-School Youth (OSY).

Arkansas is requesting to:

- Lower the minimum OSY expenditure requirement to 50 percent for formula funding at both the state and local levels; and
- Eliminate the minimum OSY expenditure requirement for WIOA Statewide Activities funding when providing direct services to youth.

Arkansas has continuously met the 75% OSY requirement, and although Arkansas recognizes the importance of serving the OSY population, we have also determined that a shift in being able engage more in-school youth (ISY) earlier on may help yield better results in Arkansas' overall workforce strategies. We believe that early intervention will reduce the likelihood of youth becoming disconnected or disengaged from the labor force.

Currently, the 75% OSY requirement limits the ability of the State and local areas to:

- Effectively support Governor Sanders work-based learning initiatives
- Partner with state programs such as Arkansas' Jobs for America's Graduates (JAG) and several CTE programs, including those who offer pre-apprenticeships that lead to registered apprenticeship programs directly after the completion of a secondary education program.
- Provide valuable services to Arkansas' young adults who are at risk of becoming opportunity youth

Creating a system where unified services are available to at-risk young adults through State initiatives and programs are projected to strengthen long-term positive outcomes for this population.

Waiver #2 The State of Arkansas is seeking a waiver from the WIOA Section 20 CFR 681.550 to allow WIOA individual training accounts (ITAs) for in-school youth (ISY). This requirement impedes the ability of Arkansas to

implement its plan to improve the workforce development system. The approval of this waiver will not impede the State's efforts to prioritize OSY, including outreach to the OSY population.

Arkansas is requesting to:

- waive the requirement limiting ITAs to only out-of-school youth (OSY), ages 16–24. In addition to these OSY, the State requests to use ITAs for ISY, ages 16–21.

This waiver request is in response to Governor Sarah Huckabee Sanders' Executive Order (EO) 23-16, which created the Governor's Workforce Cabinet and the position of the Chief Workforce Officer (CWO) to advise the Governor on issues regarding workforce development and career education in Arkansas and to undertake the following duties:

- Coordinate, integrate, and optimize services, funding, and resources to maximize desired outcomes and improve operational efficiencies.
- Ensure a talent-driven education and workforce system that addresses the current and future needs of Arkansas employers and individuals.
- Prepare and implement a data-driven workforce strategic plan using high-quality data and subject matter expertise.

Skill Gaps and Labor Force Participation: Arkansas is challenged by a noticeable skills gap, where employers struggle to find candidates with the necessary skills, especially in fast-growing industries. Additionally, labor force participation rates lagged behind national averages, pointing to untapped potential in the state's workforce.

Educational Alignment with Industry Needs: There is a growing recognition that educational pathways need better alignment with industry requirements to ensure that students and job seekers are prepared for successful careers.

(2) Actions Undertaken to Remove State or Local Statutory or Regulatory Barriers.

There are currently no state or local statutory or regulatory barriers to implementing the requested waiver. Current State of Arkansas laws, regulations, and policies follow federal law, regulations, and guidance.

(3) Goals of Waiver and Expected Programmatic Outcomes if Granted.

These waiver requests aligns with Arkansas' goals outlined in the State Plan.

Specifically, strategic goals:

Strategic Goal 1: *Develop an efficient partnership with employers, the educational system, workforce development partners, and community -based organizations to deliver a platform that will prepare a skilled workforce for existing and new employers.*

Strategic Goal 2: *Enhance service delivery to employers and jobseekers.*

Strategic Goal 3: *Increase awareness of the State's Talent Development System.*

Strategic Goal 4: *Address Skills Gaps*

(4) Waiver Alignment with Policy Priorities.

WIOA places an emphasis on pre-employment education and training as well as access to a continuum of work-based learning opportunities. Further, as stated in TEN 31-16, Registered Apprentices is a valuable work-based training opportunity and a proven model of job preparation that combines paid on-the-job training and related instruction to progressively increase workers' skill level and wages. The approval of these waivers will provide local boards more flexibility to utilize funding to support these strategies in their schools, connecting students to the training and education they need and providing employers with an expanded talent pipeline of available workforce. Additionally, while students who are defined as "in-school" theoretically already have supports available, many students are close to disengaging from the education system and the utilization of this waiver will allow local boards to connect with those students prior to dropping out, connecting them to different education and training strategies that will increase their likelihood of success and improving job and career results.

(5) Impact of Waiver on Services for Disadvantaged Populations or Individuals with Multiple Barriers to Employment.

These waivers will provide local workforce development boards the flexibility to serve more youth and young adults in work-based learning, including apprenticeship, regardless of school status. It will facilitate the provision of the

necessary funding and the ease of current regulations essential to designing programs that will aid youth and young adults in the preparation for long-term participation in Arkansas' labor force. Economic growth in Arkansas and its high-growth industries will be sustained with the infusion of skilled workers ready to fill current job openings and adequately trained for future openings. Additionally, this waiver supports Governor Sanders overall workforce vision and ensures all Arkansas students have opportunities for meaningful work-based learning experiences. Arkansas' students and eligible youth population, as well as Arkansas' employers who need immediate assistance to fill open positions and train their future workforce, will benefit from these waivers.

(6) Processes to be Used.

State staff will monitor the implementation and outcomes of this waiver through monthly tracking of youth expenditures, utilization of reporting from the statewide data management system, and through programmatic and fiscal monitoring. The 10 local workforce development boards (LWDBs) in Arkansas will be engaged in monthly technical assistance meetings. All LWDBs, business, and organized labor will be provided the opportunity to comment on the waiver request through the public comment period of the PY24-27 WIOA Combined State Plan. ADWS assures all data collected and reported, including waiver outcomes, will be included in the WIOA Annual Report as required.