

**U.S. Department of Labor**

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



May 31, 2024

The Honorable J. B. Pritzker  
Governor of Illinois  
State Capitol 207 Statehouse  
Springfield, IL 62706

Dear Governor Pritzker:

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 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).

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).

ETA Response: ETA approves for Program Year (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, the State's request to waive the requirement that the State expend 75 percent of Governor's reserve youth funds on OSY. ETA reviewed Illinois' waiver request and plan and has determined that the requirements requested to be waived impede the ability of 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 and may eliminate the OSY expenditure requirement for Governor's reserve funds.

In addition, 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, the State's request to waive the requirement that local areas expend 75 percent of local youth formula funds on OSY. 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.

The State also requested a waiver of the limitation of only 25 percent of funding to support in-school youth and a waiver to use funding over the 25 percent limitation in WIOA to provide pre-apprenticeship program services to this population. This waiver is not necessary. With the approval of the waiver of the 75 percent expenditure requirement, the State can spend up to 50 percent of its WIOA Youth funds on ISY.

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

ETA Response: ETA approves, for PY 2024 and PY 2025, 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 Illinois' 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. 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, 2028, the State's request to adjust the six-month employment requirement for the purposes of conducting IWT. ETA reviewed Illinois' 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 the 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: 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, 2028. This waiver allows Illinois 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 State to implement its plan to improve the workforce development system. Therefore, ETA approves this waiver through June 30, 2028, 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.

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 (OJT) employer reimbursement up to 90 percent for businesses with 50 or fewer employees.

ETA Response: ETA approves the State's waiver request through June 30, 2028, for the WIOA Title I Adult, Dislocated Worker, and Youth formula funds. ETA reviewed Illinois' waiver request and plan and has determined that the requirements requested to be waived impede the ability of State to implement its plan to improve the workforce development system. Existing statutory authority permits the State and its local workforce areas to increase the reimbursement rate for OJT contracts up to 75 percent. The State may also reimburse up to 90 percent for OJT for businesses with 50 or fewer employees. ETA expects the utilization of OJT to increase in the State as a result of this waiver.

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: ETA approves, through June 30, 2028, the State's request to waive the spending requirements of WIOA Sections 134(a)(1)(A) and 134(a)(1)(B)(i) to enable it to use statewide funds for disaster-relief employment, as described in WIOA Section 170(d) and 20 CFR 687.100(b). ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of State to implement its plan to improve the workforce development system. Therefore, ETA approves this waiver under the following conditions:

- The Governor, or any federal agency, declares an emergency in the local area (or areas) where the State wishes to use statewide funds for the purpose of public service employment;
- WIOA-funded public service employment opportunities are short-term in nature;
- WIOA-funded public service employment opportunities increase the likelihood of participants entering unsubsidized employment; and
- The State collects and tracks use of funds under this waiver and complies with all WIOA-required performance and fiscal reporting.

Requested Waiver: Waiver of WIOA Section 189(h) and 20 CFR 683.225, which require all participants receiving assistance or benefits under WIOA to comply with Selective Service registration requirements under the Military Selective Service Act, Section 3(a).

ETA Response: This request falls outside of the Secretary's waiver authority and, therefore, cannot be approved. WIOA 189(i)(3)(A)(i) prohibits the Secretary from waiving requirements related to participant eligibility.

The State 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: Kristin A. Richards, Director, Illinois Department of Commerce and Economic Opportunity  
Pam Gerassimides, ETA Regional Administrator – Chicago Region  
Arlene Charbonneau, ETA Federal Project Officer

## Illinois 2024 State Plan Waiver

### **WAIVER REQUEST - 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 equity 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.

**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.

### **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.*

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 has increased.

- PY 20 – The state served 1,123 ISY.
- PY 21 – The state served 1,284 ISY.

- PY 22 YTD – The state has served 1,228.
- 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 are on track to either remain steady or increase for PY 2022.

<b>Program Year</b>	<b>Employment/Education Rate 2nd Quarter</b>	<b>Employment/Education Rate 4th Quarter</b>	<b>Median Earnings</b>	<b>Credential Rate</b>	<b>Measurable Skill Gains</b>
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 YTD	74.83%	74.36%	\$5,371.45	70.27%	63.52%

## **WAIVER REQUEST – PROVIDING ITAS TO WIOA IN-SCHOOL YOUTH**

### **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):

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**

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.

### **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.*

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 2022, 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 credential.
  - The number of ISY enrolled in ITAs has increased over 12% since the inception of the waiver.
- 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 2022 that received an ITA are: 23 have received a measurable skills gain, 19 have successfully completed training, 22 have received an industry recognized credential, and 13 have entered employment with an average wage of \$20.87.

## **WAIVER REQUEST – AMEND THE DEFINITION OF INCUMBENT WORKER BY ELIMINATING OR REDUCING THE SIX-MONTH EMPLOYMENT 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 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.

### **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.*

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.

**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.*

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.

**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:

Overall, 100% of LWIAs were successful in utilizing this waiver to help their employees gain valuable skills through IWT. Participating companies are in sectors such as healthcare, manufacturing, transportation & distribution, and hospitality.

## **– PLANNING REGION ALIGNMENT**

### **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):

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.

## **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 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. , 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.

**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.*

The strategies and activities listed below are part of six policy priorities within the Illinois WIOA Unified Plan and speak specifically to regional alignment as identified in this waiver request and provide support for planning and sector partnerships.

Strategy 1: Coordinate Demand-Driven Strategic Planning at the State and Regional Levels.

Activity 1.1: Develop Strategic Indicators, Benchmarks and Related Planning Data Resources

Activity 1.2: Establish Regional Planning Areas

Activity 1.3: Conduct Integrated Regional Planning

Strategy 2: Support Employer-Driven Regional Sector Initiatives

Activity 2.1: Promote Employer-Driven Regional Sector Partnerships

Activity 2.2: Promote Sector-Based Business Services and Employer Initiatives

### **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.*

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. 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.

### **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' 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 – 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.

### **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 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<sup>nd</sup> and 4<sup>th</sup> quarters following exit.
- Increase in the number of unique employer work sites using OJT.

**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 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.

**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 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:

	<b>OJT Placements</b>	<b>Unique OJT Work Sites</b>	<b>OJT Participants w/ Training Related Job at Exit</b>
PY 2019	343	134	320
PY 2020	353	162	232
PY 2021	424	162	170
PY 2022	488	206	258

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.

For PY 2021, 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 to reach pre-pandemic numbers.

## WAIVER REQUEST – 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 §§ 116(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:

- Expedient 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 687.100(b). Only those events

and cascading events caused by a qualifying event that have been declared as an emergency or disaster by 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.

### **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.*

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 clean-up, 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:

All disaster activity has concluded, and no grants were active in PY22.

**WAIVER REQUEST – Eliminate the requirement for WIOA applicants to comply with the Military Selective Service Act.**

**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 189(h) and 20 CFR 683.225, which require all participants receiving assistance or benefits under WIOA to comply with Selective Service registration requirements under the Military Selective Service Act (MSSA). Section 3(a) of the MSSA requires male citizens of the United States who are born on or after January 1, 1960, and who are ages 18 through 25 years of age to register for Selective Service.

**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.*

The Governor’s Commission on Workforce Equity & Access (“Commission”) was convened by the State of Illinois Governor’s Office to review and improve the state’s workforce development system. Formed in

September 2021, the Commission was led by Senate Majority Leader Kimberly Lightford and Illinois Deputy Governor Andy Manar and consisted of multiple education and workforce development system stakeholders and advocates from across the state. The Commission was tasked with creating a vision for an equitable, accessible, and effective future state workforce development system grounded in an understanding of user and stakeholder experience, including how racial, social, and geographic inequities inform experience and outcomes across Illinois' federally and state-funded workforce programs. In April 2023, the Commission released its report titled *Strategic Recommendations for an Accessible, Inclusive & Responsive Workforce Development System in Illinois*. This report and the recommendations will be included in the 2024 State Unified Plan.

The Commission found that users still may experience an unwelcoming, burdensome, and, in some cases, re-traumatizing environment when they attempt to access Illinois' workforce development services. Under the Inclusive Principle, the report recommends that practices that are redundant and burdensome and that re-traumatize users (e.g., continuously recounting personal circumstances to demonstrate eligibility and worthiness of support, resubmitting the same documents repeatedly, etc.) should be eliminated.

The Workforce Innovation and Opportunity Act (WIOA) Section 189(h) and 20 CFR 683.225 requires all participants receiving assistance or benefits under WIOA to comply with Selective Service registration requirements under the Military Selective Service Act (MSSA). Section 3(a) of the MSSA requires male citizens of the United States who are born on or after January 1, 1960, and who are ages eighteen (18) through twenty-five (25) years of age to register for Selective Service at [www.sss.gov](http://www.sss.gov). These requirements apply to both formula and discretionary grants awarded by the Employment and Training Administration under WIOA.

The Selective Service System was established in 1917 to administer the draft and maintain an updated database of potential service members in times of no draft. It was meant to be a simple system in which men registered, and women were exempt. This thinking, however, largely fails to account for the transgender experience.

Selective Service bases the registration requirement on gender assigned at birth and not on gender identity or on gender reassignment. Individuals who are born male and changed their gender to female are still required to register. Individuals who are born female and changed their gender to male are not required to register.

Currently, all citizens whose birth-assigned sex was male must register within thirty days of their eighteenth birthday. Failure to do so is punishable by up to five years in prison and \$250,000 in fines, though individuals have rarely been prosecuted. Applications for federal financial aid for higher education, federal employment, United States citizenship and other government benefits have been made contingent upon Selective Service registration in order to encourage compliance. Therefore, when applying for government benefits, transgender people can often face particular difficulties in regard to their Selective Service registration status.

*Illinois, along with a growing number of states and the District of Columbia, are creating or amending laws to address gender identity. The Illinois Vital Records Act was amended to make it possible for many transgender and intersex people to correct the sex designation on their birth certificates. The Illinois Department of Public Health (IDPH) keeps the old birth certificate under seal and cannot be released unless the individual requests it or a court orders it.*

Even though people who are assigned male at birth and who are required to register are also required to inform the Selective Service of any legal name change or change in other record information, such as an address, up until their twenty-sixth birthday, this does not include change of gender, as the Selective Service policy is entirely based on birth-assigned sex. For trans women and others who were assigned male at birth and have registered with the Selective Service, notification of a name change is legally required within ten days.

Grantees must verify whether the individual has complied with the MSSA requirements and place documentation in the case file. For men born on or after January 1, 1960, verification of registration can be

done online using their social security number. Men who are 26 years old or older and did not register with Selective Service must request an official response, or Status Information Letter (SIL), from the Selective Service indicating if they were or were not required to register. There are a few cases when a man is exempt from the registration requirement and, therefore, will not have a Selective Service registration number.

Since the gender on an Illinois birth certificate may be corrected and not reflect the gender assigned at birth, a WIOA staff person may not be aware of an individual's requirement under the MSSA.

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.

TEGL 11-11, Change 2 *Selective Service Registration Requirements for Employment and Training Administration Funded Programs* states the state/local policy may either (1) request a Status Information Letter from a potential participant before making a determination of knowing and willful failure to register, or (2) initiate the process to determine if the potential participant's failure to register was knowing and willful without the first requesting a Status Information Letter.

It would be overly burdensome for local WIOA staff to request a Status Information Letter for every individual in need of WIOA services. Since the Status Information Letter may take up to four to six (4-6) weeks, grantees are reluctant to enroll individuals. This creates an unnecessary barrier to serving the lesbian, gay, bisexual, transgender, queer, and intersex (LGBTQI+) community, as well as an unwelcoming, burdensome, and in some cases re-traumatizing environment when they attempt to access Illinois' workforce development services.

### **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.*

A waiver from compliance with the Selective Service registration requirements under the Military Selective Service Act (MSSA) to obtain WIOA services will eliminate an unnecessary burden on customers and WIOA staff.

The projected outcome of the waiver is to avoid creating a needless barrier to program participation for populations with barriers to obtaining eligibility and reporting documents.

### **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.*

On June 15, 2022, the Biden administration released Executive Order 14075, *Advancing Equality for Lesbian, Gay, Bisexual, Transgender, Queer, and Intersex Individuals*. The Executive Order states:

“Our Nation has made great strides in fulfilling the fundamental promises of freedom and equality for lesbian, gay, bisexual, transgender, queer, and intersex (LGBTQI+) Americans, owing to the leadership of generations of LGBTQI+ individuals. In spite of this historic progress, LGBTQI+ individuals and families still face systemic discrimination and barriers to full participation in our Nation's economic and civic life. These disparities and barriers can be the greatest for transgender people and LGBTQI+ people of color.

It is, therefore, the policy of my Administration to combat unlawful discrimination and eliminate disparities that harm LGBTQI+ individuals and their families, defend their rights and safety, and pursue a comprehensive approach to delivering the full promise of equality for LGBTQI+ individuals, consistent with Executive Order 13988 of January 20, 2021 (Preventing and Combating Discrimination on the Basis of Gender Identity or Sexual Orientation).”

The Department of Labor released Training and Employment Guidance Letter (TEGL) 9-22 on March 2, 2023. Attachment 1 to the TEGL titled *ETA Priorities for Youth Workforce Development: Equity, Job Quality, Mental Health, and Youth Voice* outlines the vision and priorities for the Department of Labor’s Employment and Training Administration.

One of the priorities listed is “Advancing equity to ensure youth have equal access to and outcomes in high-quality education and training is a key priority for the Department. Equity must be integrated into everything programs do, from outreach and recruitment to service delivery strategies to partnership development and to using data to inform decision-making. Equity in the WIOA Youth program means that not only do youth have equitable access to services and supports but also that youth are achieving equitable outcomes.”

Additionally, the TEGL reiterates, “As stated in TEGL 23-19, Change 1, ETA encourages grant recipients to consider the impacts on equity and accessibility when developing their source documentation policies and procedures. For example, grantees considering restrictions on the use of self-attestation should consider that while other documentation sources are preferred when practical, self-attestation is an important option for populations with barriers to obtaining eligibility and reporting documents (such as disconnected youth, American Indian and Alaska Native populations, individuals experiencing homelessness, justice-involved individuals, refugees, disaster impacted individuals, and others) and help ensure such populations are able to equitably access services. As a best practice, once enrolled, programs should assist the participant in obtaining the required documents through the use of supportive service funds as these documents are likely needed for employment and training-related activities.”

Executive Order 14075 required that the Secretary of Health and Human Services shall conduct a study on the impact that current Federal statutory and regulatory eligibility standards have on the ability of LGBTQI+ and other households, as determined by the Secretary, to access Federal benefits and programs for families, and shall produce a public report with findings and recommendations that could increase LGBTQI+ and such other households' participation in and eligibility for Federal benefits and programs for families.

On December 27, 2020, the Free Application for Federal Student Aid (FAFSA) Simplification Act was enacted into law as part of the Consolidated Appropriations Act 2021. Among other things, that law eliminated the requirement for male students to register with the Selective Service before the age of 26 to be eligible for Title IV aid. For the 2021-2022 award year, therefore, failing to register with the Selective Service will no longer impact a student's Title IV aid eligibility.

The Department of Labor should follow suit and advance policies that help prevent discrimination against the LGBTQI+ community by not requiring proof of compliance with the Selective Service requirement.

### **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.*

Approval of this waiver request will provide lesbian, gay, bisexual, transgender, queer, and intersex (LGBTQI+) Americans with equitable access to services, but more importantly, eliminates an individual from having to "out" themselves for WIOA eligibility purposes.

### **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 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 waiver has 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 a modification to 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 is posted on our website for comment and review by required parties and the public.

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

**Illinois Response to Additional Information Request  
Received 3/27/2024**

Arlene,

Here are our responses to the waiver questions.

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

- Provide specific, numeric data resulting from the implementation of this waiver. Specifically, how many IWT's were participants employed less than 6 months and what were their outcomes?

Response:

This data is from the inception of the waiver. It was not requested, but we think it important to note the number of employers engaged by the workforce system through the waiver.

These engaged employers are potential opportunities for apprenticeship and OJT placements and provide positive feedback about the workforce system in their communities.

<b>Outcome Reported</b>	<b>Count</b>
Unduplicated Total Workers	1,042
Retained Employment	813
Training In Progress, No Outcomes Yet	181
<b><i>Workers may be counted in more than one of the following:</i></b>	
Course(s) Completed, Completion Certificate Earned	614
Industry Recognized Credential Earned	173
Received Wage Increase Upon Completion	87
Received Promotion Upon Completion	57
Credit Towards Industry Recognized Credential Earned	41
Number of Employers Impacted	234

**Waiver of WIOA Section 134(c) (3)(H)(i) and 20 CFR 680.720(b) in order to increase on-the-job training (OJT) employer reimbursement up to 90 percent for businesses with 50 or fewer employees.**

- Describe the issues that are threatening small business success in the state or why the OJT waiver would help those unprecedented demands.

Response:

Many small businesses are facing unprecedented demands to keep their doors open and avoid layoffs. An 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.

In the United States, around 49.2% of the workforce is employed by small businesses. Small business owners face labor quality issues such as employee recruitment and retention challenges. The *Market Outlook: Research Insights Into the Changing Landscape of Small Business* report from ADP cites finding qualified employees and employee retention as the top two challenges for small businesses.

The struggle with employee attraction and retention is also reflected in SCORE's Spring 2023 *Megaphone of Main Street: Employee Engagement* report, which shows that 59.2% of small business owners expect their employee-related challenges to continue.

The OJT waiver would assist local workforce innovation areas in offering higher reimbursement rates for on-the-job training opportunities to smaller employers. The workforce system could directly impact small businesses' labor force issues by assisting in recruiting and training employees, which will lead to longer employer retention.

- Provide quantifiable projected programmatic outcomes resulting from the implementation of this waiver.
  - At least a 5% increase in the number of OJT placements.
  - At least a 2% increase in the number of OJT placements in targeted sectors and occupations.
  - At least a 2% increase in the percentage of OJT participants who are in unsubsidized employment during the 2nd quarter after exit and remain employed during the 4th quarter after exit.
  - At least a 2% increase in the number of unique employer work sites using OJT.

Thanks,  
Mike

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