

U.S. Department of Labor

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



July 26, 2024

The Honorable Wes Moore
Governor of Maryland
State House
100 State Circle,
Annapolis, MD 21401-1925

Dear Governor Moore:

Thank you for your waiver request submission to the U.S. Department of Labor (Department) regarding certain statutory and regulatory provisions of the Workforce Innovation and Opportunity Act (WIOA) and the accompanying plan to improve the statewide workforce development system (enclosed). The waiver request was received on April 30, 2024. This letter provides the Employment and Training Administration's (ETA) official response to your request and memorializes that Maryland will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by Maryland and ETA. WIOA Section 189 (i)(3)(A)(I) establishes the limitations of the Secretary's general waiver authority for WIOA Title I, subtitles A, B, and E and the Wagner Peysner Act sections 8-10.

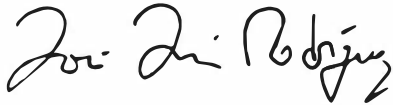
Requested Waiver: The State is requesting a waiver of WIOA Section 134(c) (3)(H)(i) and 20 CFR 680.720(b) in order to increase on-the-job training (OJT) employer reimbursement up to 90 percent for businesses with 50 or fewer employees.

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 Maryland's 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. 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.

ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived may offer more flexibility for Maryland to implement its four strategic pillars to improve the state's prospects in engaging the business community to access the workforce system, which is anticipated to increase the capacity for jobseekers to find meaningful employment. With the approval of this waiver, ETA anticipates that Maryland will offer expanded OJT opportunities for jobseekers and offer businesses opportunities to offer customized training activities for its workforce.

The State must report its waiver outcomes and the implementation of the approved waiver in the WIOA Annual Report and all pertinent reporting platforms. 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,



José Javier Rodríguez
Assistant Secretary

Enclosure

cc: Rachael Stephens Parker, Executive Director, Maryland Department of Labor.
Jennifer Friedman, Regional Administrator, US Department of Labor, ETA Region 2
Stephen Duval, Division Chief, Division of Workforce Investment (DWI), ETA Region 2
Jael Delva, Federal Project Officer, US Department of Labor, ETA Region 2
Jake Blanch, Federal Project Officer, US Department of Labor, ETA Region 2

Maryland 2024 State Plan Waiver Request

Waiver Request #1: On-the-Job Training Reimbursement for Small Businesses

1. Background

The State of Maryland is seeking a waiver from the requirements outlined in WIOA Section 134(c)(3)(H)(i) and 20 CFR 680.720(b) requiring that “employers may be reimbursed up to 50 percent of the wage rate of an OJT participant, and up to 75 percent using the criteria in § 680.730, for the extraordinary costs of providing the training and additional supervision related to the OJT.” Maryland requests that the reimbursement rate for businesses with 50 or fewer employees is increased from 75 to 90 percent.

Since the implementation of WIOA, Maryland’s Local Areas have worked closely with businesses in their communities to increase training opportunities for local jobseekers. While Maryland has been successful in increasing training opportunities across the State, Local Areas have regularly noted in their Local Plans the difficulties in engaging small businesses for training opportunities due to the financial burdens of participation. The U.S. Small Business Administration (SBA) Office of Advocacy estimates that as of 2021, small businesses constitute 99.5% of Maryland's overall business landscape. By raising the reimbursement rate for OJT, Local Areas will have an increased ability to support small businesses and provide more opportunities for jobseekers in their jurisdictions.

2. Statutory/Regulatory Requirements to be Waived

Federally, Maryland requests a waiver for the obligation of 20 CFR 680.720(b). There are no known State, local statutory, or regulatory barriers in Maryland related to implementing the requested waiver.

3. Actions Maryland Has Taken to Remove Local Barriers

MD Labor works closely with its local partners to ensure flexibility and to remove as many barriers as possible for implementing workforce development programs. This includes streamlining the ETPL process, working collaboratively on business services, and increasing technical assistance related to Registered Apprenticeship. However, even with these activities, Local Areas have struggled to recruit small businesses into the workforce system due to the low OJT reimbursement rate.

4. Maryland’s Strategic Goals

This waiver request supports Maryland’s four strategic pillars:

1. Supercharge Key Sectors;
2. Advance Equity and Access;
3. Prepare the Future Workforce; and,
4. Improve System Alignment and Accountability.

By allowing more businesses to access the workforce system, which in turn increases capacity for jobseekers to find meaningful employment, Maryland will be able to target each of the above pillars.

More specifically, increased OJT reimbursement for small businesses will:

1. Create more training and employment opportunities for all individuals, including those with barriers to employment;
2. Allow small businesses to train and customize their workforce onsite;
3. Allow small businesses to train workers with minimal risk due to the reduced cost;
4. Build a stronger pipeline for workers while simultaneously increasing retention for the business;
5. Increase State support for Minority-Owned Business Enterprises, many of which are small businesses; and
6. Lead to long-term, family-sustaining wages for workers at the conclusion of OJT.

5. Complement of USDOL Priorities

USDOL's FY2022-2026 Strategic Plan establishes ETA's Performance Goal 1.1, which is to "create customer-focused workforce solutions that serve all workers, including underserved communities." By increasing the ability for small businesses to participate in the workforce system, and in return increasing opportunities for jobseekers to access high quality training and employment, MD Labor is meeting the following ETA strategies outline in goal 1.1:

1. Preparing America's workers for the jobs of the 21st century by investing in high-quality workforce training programs and expanding access to underserved communities; and,
2. Strengthening training and employment services by supporting the workforce system to provide critical employment and training services in a rapidly changing environment.

6. Quantifiable Programmatic Outcomes

Maryland would establish a goal of increasing OJT participation by 10%.

7. Benefiting individuals and groups

The waiver will benefit all populations seeking employment. It will also benefit small businesses that engage with the workforce system.

8. Monitoring of Waiver Implementation

Several entities within MD Labor will monitor the waiver implementation in Maryland:

1. MD Labor's Office of Workforce Development will evaluate the impact implementing the waiver has on Maryland's objectives and strategic goals;
2. MD Labor's Monitoring and Compliance Unit will monitor Local Areas to ensure compliance with the new waiver requirements; and,
3. The MD Labor's Director of the Office of Workforce Development will stay abreast of waiver impact and all outcomes will be included in the WIOA Annual Report.