

U.S. Department of Labor

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



May 30, 2024

The Honorable Michael L. Parson
Governor of Missouri
Capitol Building Room 218
P.O. Box 720
Jefferson City, MO 65102

Dear Governor Parson:

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 5, 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 Missouri will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by Missouri 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 Missouri'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. The State may lower the expenditure requirement of Governor's reserve funds to 50 percent for OSY.

In addition, ETA approves for PY 2024 and PY 2025, which includes the entire time period for which states are authorized to spend each of those PY fund allotments, the State's request to waive the requirement that local areas expend 75 percent of local youth formula funds on OSY. The 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.

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 Missouri'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. Approval of this waiver should not impede the State's efforts to prioritize OSY, including outreach to the OSY population.

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 Missouri's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Missouri 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: The State is requesting a waiver of WIOA 134(d)(4) and 20 CFR 680.800(a) to allow local areas to reserve more than 20 percent of Adult and Dislocated Worker funds for incumbent worker training (IWT).

ETA Response: ETA approves the State's waiver request through June 30, 2028, to permit local areas to increase the allowable threshold available for IWT from 20 to 50 percent. ETA reviewed Missouri'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. The following conditions apply to implementation of this waiver:

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

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: Dr. Bennett Boggs, Commissioner, Missouri Department of Higher Education and Workforce Development
Pam Gerassimides, ETA Regional Administrator – Region 5 Chicago
Lori Harris, ETA Federal Project Officer

Missouri 2024 State Plan Waivers

Waiver Request #1

1. The statutory and/or regulatory requirements the State would like to waive:

WIOA Section 129(a)(4)(A) and 20 CFR 681.410; Missouri is requesting to waive the requirement that states, and local areas expend 75 percent of all Governor's reserve and local formula youth funds on out-of-school youth based on school status. Missouri is requesting that this percentage be lowered to 50 percent for both local and statewide funded activities for PY2024 & PY2025 funds.

2. Actions the State has undertaken to remove State or local barriers:

There are currently no state or local statutory or regulatory barriers to implementing the requested waiver. The state of Missouri regulations, policy guidance and issuances are in compliance with federal law.

3. A discussion of how the waiver complements Department of Labor priorities (i.e. expansion of apprenticeship, improved employer engagement, etc.);

The State of Missouri is a lead state in the nation for its apprenticeship programs. Missouri supports the registered apprenticeship program and continues to expand the program with statewide funds and other grants. The Department of Higher Education and Workforce Development has pledged to support opportunities for students and workers in high growth industries in the state including the healthcare, information technology, and advanced manufacturing sectors by engaging youth and providing opportunities in work-based learning, training, and other workforce services.

The Office of Workforce Development (OWD) and the Missouri Department of Elementary and Secondary Education (DESE) continue to develop apprenticeship opportunities for youth and young adults ages sixteen and older. Both pre-apprenticeships and registered apprenticeships allow high school juniors and seniors to simultaneously further education options and earn wages. Youth apprentices face a lower risk of dropping out of high school and are engaged in a transition to post-secondary education. The Missouri Research and Information Center (MERIC) has found that job openings that require education and skill level beyond high school are in high growth occupational fields and pay higher salaries.

With the approval of this waiver, the State of Missouri and Local Workforce Development Boards will have the flexibility to utilize federal funding to increase the number of youth and young adults enrolled in services, such as pre-apprenticeship and apprenticeship activities. Local Boards and youth staff will also have the ability to provide the comprehensive services needed and personal contact required to ensure student success.

4. Quantifiable projected programmatic outcomes resulting from implementation of the waiver;

The goals and outcomes for this waiver are:

1. Develop and/or expand registered apprenticeship programs with Missouri High Schools and Career and Technical Education (CTE) programs: An average of two apprenticeship programs per school year will be impacted. OWD currently works with the CTEs to expand and develop new registered apprenticeship programs through Apprenticeship Missouri grants, which are funded with WIOA discretionary funds and other federal funds. Grant awards are expected to be released by October 2023, with enrollments starting shortly after. Industries will include: healthcare, educational services, information technology, welding, construction, and more.
2. Increase in measurable skills gains for the In-School (IS) students based off PY2022 achieved measure of 54.23%: Year 1-1%; Year 2-2%; Year 3-3%; & Year 4-4%;
3. Increase attainment of industry recognized credentials for high school youth based off PY2022 achieved measure of 60.83%: Year 1-1%; Year 2-1%; Year 3-1%; & Year 4-1%;

5. Individuals, groups or populations benefitting from the waiver or otherwise impacted by the waiver from the waiver:

This waiver request will provide OWD and Local Workforce Development Boards (LWDBs) the flexibility to serve more youth and young adults in work-based learning and the apprenticeship model regardless of school status. It will facilitate the provision of the necessary funding and the ease of current regulations essential to designing programs that will aid youth and young adults in the preparation for long-term participation in the Missouri labor force. Economic growth in Missouri and its high-growth industries will be sustained with the infusion of skilled workers ready to fill current job openings and adequately trained for future openings.

Missouri students and eligible youth population, Missouri's employers and high-growth industries will benefit from this waiver.

6. How the State plans to monitor waiver implementation, including collection of waiver outcome information:

Once it is approved, OWD will issue guidance to the local workforce development boards (LWDB) that outlines the process to request the use of the waiver, as well as the mandatory reporting process. The reporting at a minimum will require the WDBs monitor the waiver and the utilization and submit quarterly reports to the state regarding enrollments that impact the waiver; outcomes of the trainings received; and the impact it has had on enrollments and WIOA metrics. The implementation and progress of the

waiver utilization will be reviewed, at a minimum, quarterly by programmatic, compliance, and fiscal staff with technical assistance being providing as needed.

In addition to the quarterly reports submitted by the WDBs, OWD units will utilize the state’s electronic case management system (MoJobs) to verify customer enrollments and outcomes. OWD’s financial monitoring will utilize the Financial Reporting System (FRS) to monitor expenditures and lines items applicable to the waiver.

Most recent data regarding this waiver is provided.

	Program Year			
	PY2019	PY2020	PY2021	PY2022
In-School Youth Served	356	314	407	476
	Increase Since PY2021			17%
	Increase Since PY2019			33%

Previous data for measurable skill gains and credentials:

MEASURABLE SKILLS GAIN AND CREDENTIAL ATTAINMENT PERFORMANCE MEASURE FOR PY2022				
	Measurable Skill Gains PY2022 (ALL)	Measurable Skill Gains PY2022 (ISY Only)	Credential Attainment PY2022 (All)	Credential Attainment PY2022 (ISY Only)
Goal*	44.50%		63.00%	
Achieved	53.71%	54.23%	66.03%	60.83%

Waiver Request #2

1. The statutory and/or regulatory requirements the State would like to waive:

20 CFR 681.550: Missouri is requesting a waiver to allow local areas and the state to provide in-school youth, ages 16-21 with Individual Training Accounts (ITAs). This will allow Missouri to collaborate with education institutions to prepare students for employment through registered apprenticeship opportunities or through post-secondary education opportunities.

2. Actions the State has undertaken to remove State or local barriers:

There are currently no state or local statutory or regulatory barriers to implementing the requested waiver. The state of Missouri regulations, policy guidance and issuances are in compliance with federal law.

3. State strategic goal(s) and Department of Labor priorities (i.e. expansion of apprenticeship, improved employer engagement, etc.) supported by the waiver:

Missouri would like to waive this requirement in order to allow ITAs for out of school youth and expand the flexibility to in-school youth, ages 16-21. This will expand training options and allow these youth to explore and consider various post-secondary career pathway options, such as registered apprenticeship programs and college.

4. Projected programmatic outcomes resulting from implementation of the waiver:

The goals and outcomes for this waiver are to:

1. Develop and/or expand registered apprenticeship programs with Missouri High Schools and Career and Technical Education (CTE) programs: An average of two apprenticeship programs per school year will be impacted. OWD is currently working with the CTEs to expand and develop new registered apprenticeship programs through Apprenticeship Missouri grants, which are funded with WIOA discretionary funds and other federal funds. Grant awards are expected to be released by October 2023, with enrollments starting shortly after. Industries will include: healthcare, educational services, information technology, welding, construction, and more.
2. Increase in measurable skills gains for the In-School (IS) students based off PY2022 achieved measure of 54.23%: Year 1-1%; Year 2-2%; Year 3 3%; & Year 4-4%;
3. Increase obtainment of industry recognized credentials for high school youth based off PY2022 achieved measure of 60.83%: Year 1-1%; Year 2-1%; Year 3-1%; & Year 4-1%;

5. Individuals, groups or populations benefitting from the waiver:

This waiver will benefit the WIOA in-school youth population, ages 16-21, which includes disadvantaged youth and youth with multiple barriers to employment.

6. How the State plans to monitor waiver implementation, including collection of waiver outcome information:

Once it is approved, OWD will issue guidance on the waiver which will include a mandatory reporting process for the Workforce Development Boards (WDBs) that request and utilize the specific waiver. The reporting at a minimum will require the WDBs monitor the waiver and the utilization and submit quarterly reports to the state regarding enrollments that impact the waiver; outcomes of the trainings received; and the impact it has had on enrollments and WIOA metrics. The implementation and progress of the waiver utilization will be reviewed at a minimum, quarterly by programmatic, compliance, and fiscal staff with technical assistance being provided if needed.

In addition to the quarterly reports submitted by the Workforce Development Boards, OWD units will utilize the state's electronic case management system (MoJobs) to verify customer enrollments and outcomes. OWD's financial monitoring will utilize the Financial Reporting System (FRS) to monitor expenditures and lines items applicable to the waiver.

Waiver Request #3

1. The statutory and/or regulatory requirements the State would like to waive:

WIOA 134(c)(3)(H)(i) and 20 CFR 680.720(b); Waiver to increase on-the-job training employer reimbursement up to 90 percent for businesses.

2. Actions the State has undertaken to remove State or local barriers:

There are currently no state or local statutory or regulatory barriers to implementing the requested waiver. The state of Missouri regulations, policy guidance and issuances are in compliance with federal law.

3. State strategic goal(s) and Department of Labor priorities (i.e. expansion of apprenticeship, improved employer engagement, etc.) supported by the waiver:

The State of Missouri will utilize this waiver to offer businesses with work-based learning opportunities to re-establish their workforce and provide job seekers the opportunity to connect with the workforce and learn skills to establish self-sufficiency. This waiver is intended to improve employer engagement and allow for more businesses to be supported through WIOA funding. Additionally, this waiver will support expansion of apprenticeship programs and support future grant funding currently under application status to help move Missourians into good, quality jobs.

4. Projected programmatic outcomes resulting from implementation of the waiver:

This waiver request will assist Missouri to further enhance its existing efforts designed to establish a talent pipeline that will address the labor market needs of local Missouri businesses.

PY2022 data shows that OJT has decreased significantly. In 2023, OWD hired an apprenticeship and work-based learning program coordinator; this staff member will be crucial in increasing awareness of OJT and waivers available and providing local workforce areas with program guidance, materials, and other technical assistance identified. Staffing support is expected to yield an increase in OJT enrollments. Meanwhile, staff continue to market OJT as WIOA programmatic support for apprenticeship and will offer a valuable resource to local workforce development areas looking to expand business service offerings.

The goal is to increase the number of OJTs being utilized by 20% each year, using PY2022 data (29) as the baseline.

5. Individuals, groups or populations benefitting from the waiver:

This waiver request will provide Local Workforce Development Boards (LWDBs) the flexibility to work with businesses in their community, following the targeted businesses

outlined in local policy, and assist job seekers with barriers to employment and in need of additional training to secure employment.

6. How the State plans to monitor waiver implementation, including collection of waiver outcome information:

Once it is approved, OWD will issue guidance on the waiver which will include a mandatory reporting process for the Workforce Development Boards (WDBs) that request and utilize the specific waiver. The reporting at a minimum will require the WDBs monitor the waiver and the utilization and submit quarterly reports to the state regarding enrollments that impact the waiver; outcomes of the trainings received; and the impact it has had on enrollments and WIOA metrics. The implementation and progress of the waiver utilization will be reviewed at a minimum, quarterly by programmatic, compliance, and fiscal staff with technical assistance being providing if needed.

In addition to the quarterly reports submitted by the WDBs, OWD units will utilize the state’s electronic case management system (MoJobs) to verify customer enrollments and outcomes. OWD’s Regulatory Compliance team will monitor expenditures to ensure WDBs are following established written policies to allow for the use of the increase reimbursement rate.

Most recent data regarding current waiver request provided.

OJTs by Region Per Program Year	Program Year	Program Year
	PY2021	PY2022
Central Region	9	16
East Jackson County	2	0
Jefferson/Franklin Consortium	9	3
Kansas City & Vicinity	10	2
Northeast Region	2	0
Northwest Region	4	0
Ozark Region	3	1
South Central Region	9	0
Southeast Region	3	2
Southwest Region	4	0
St. Charles County	1	1
St. Louis County	5	1
West Central Region	3	3
Total	64	29

Waiver Request #4

1. The statutory and/or regulatory requirements the State would like to waive:

WIOA 134(d)(4) and 20 CFR 680.800(a)

Missouri requests to waive the ability of the local areas to reserve more than 20% of Adult and Dislocated Worker funds for incumbent worker training for PY2023 and PY2024.

2. Actions the State has undertaken to remove State or local barriers:

There are currently no state or local statutory or regulatory barriers to implementing the requested waiver. The state of Missouri regulations, policy guidance and issuances are in compliance with federal law.

3. State strategic goal(s) and Department of Labor priorities (i.e. expansion of apprenticeship, improved employer engagement, etc.) supported by the waiver:

In an effort to assist employers with upskilling current employees to remain marketable and competitive, the State of Missouri is requesting this waiver to allow the local areas the flexibility to offer additional incumbent worker training opportunities within their service area. This waiver will assist local workforce development areas support in improving employer engagement efforts.

4. Projected programmatic outcomes resulting from implementation of the waiver:

The use of these strategies will increase skills for underemployed workers in an effort to advance these workers to more skilled positions with the same employer or industry sector leading to an increase in earnings through more work hours or an increase in pay.

The availability to access Incumbent Worker Training has increased over the past three years from one region to seven regions. IWT training for this year (PY22) served a total of 171 participants throughout Missouri. During the waiver period, OWD's Work Based Learning Coordinator hosted a cohort of Local Workforce Development Board (LWDB) Directors or other key staff to the board. The cohort met bi-monthly and were provided with technical assistance on work-based learning and apprenticeship with an increased emphasis on incumbent worker training. These cohort calls discontinued in the spring of 2023 due to staff transition, notably, enrollments in IWT decreased slightly. In summer 2023 hired a new apprenticeship and work-based learning program coordinator who will resume those cohorts to support IWT and other work-based learning needs/supports. There are 7 local boards who have engaged in IWT in their areas. The goal of this waiver will be to increase participants served by 10% (188), increase the number of employer served by 10% (18), and assist at least one new local board to engaging in IWT as an available service.

5. Individuals, groups or populations benefitting from the waiver:

This waiver request will provide Local Workforce Development Boards (LWDBs) the flexibility to work with businesses in their community to re-build their workforce and possibly alleviate business closures and lay-off. It will also provide an opportunity for incumbent workers to retain employment and upgrade skills.

6. How the State plans to monitor waiver implementation, including collection of waiver outcome information:

Once it is approved, OWD will issue guidance on the waiver which will include a mandatory reporting process for the Workforce Development Boards (WDBs) that request and utilize the specific waiver. The reporting at a minimum will require the WDBs monitor the waiver and the utilization and submit quarterly reports to the state regarding enrollments that impact the waiver; outcomes of the trainings received; and the impact it has had on enrollments and WIOA metrics. The implementation and progress of the waiver utilization will be reviewed at a minimum, quarterly by programmatic, compliance, and fiscal staff with technical assistance being providing if needed.

In addition to the quarterly reports submitted by the Workforce Development Boards, OWD units will utilize the state's electronic case management system (MoJobs) to verify customer enrollments and outcomes. OWD's financial monitoring will utilize the Financial Reporting System (FRS) to monitor expenditures and lines items applicable to the waiver.

Most recent data regarding current waiver request provided.

IWT-Participants Served by Region Per Program Year	Program Year	
	PY2021	PY2022
Central Region	89	12
East Jackson County		
Jefferson/Franklin Consortium	20	32
Kansas City & Vicinity		
Northeast Region	8	1
Northwest Region		
Ozark Region		
South Central Region	6	
Southeast Region		
Southwest Region		
St. Charles County		
St. Louis County	46	25
West Central Region	2	7
Total	171	77

IWT-Employers Served by Region Per Program Year	Program Year	
	PY2021	PY2022
Central Region	16	2
East Jackson County	0	0
Jefferson/Franklin Consortium	10	11
Kansas City & Vicinity	0	0
Northeast Region	1	1
Northwest Region	0	0
Ozark Region	0	0
South Central Region	2	0
Southeast Region	0	0
Southwest Region	0	0
St. Charles County	0	0
St. Louis County	3	2
West Central Region	2	1
Total	34	17

2024 State Plan Waivers – MO Additional Information Request

In the 2024 State Plan submission, the federal review of the waiver section identified areas requiring additional information in your request. Please review and provide additional information to the state plan portal for the following areas related to your waiver request.

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.

- Clarify whether the state is asking for OJT reimbursement for all sized businesses. If so, discuss why local areas have had difficulty using OJT at rate allowed by law and why large businesses need a reimbursement rate above and beyond what is allowed in WIOA.
- Clarify if the state and/or local board have a policy or process in place to ensure that only employers with a history of retaining OJT participants at the end of training will be given the higher rate employment.

RESPONSE:

Local areas have had difficulty using OJT at the rate allowed by law due to the decrease in local business outreach staff. The state has a statewide OJT policy in place which requires every local board to establish OJT policy that establishes factors used to determine when increasing the OJT wage reimbursement rates above 50% to 75%, as required under 20 CFR 680.730, which includes employers qualified as small businesses. In following WIOA regulations, the intent is not for the reimbursement to go only to large businesses. However, with staff turnover and being a large business, it is costly and time consuming to train individuals.

Additionally, the statewide policy mandates that every employer must undergo a pre-award review. The pre-award review assesses the employer's previous OJT history, among other requirements. Policy states: OJTs must not be entered into with employers that consistently fail to retain OJT participants. The State Workforce Development Board and the Governor both have reviewed and approved Missouri's state plan.

Waiver of WIOA 134(d)(4) and 20 CFR 680.800(a) to allow local areas to reserve more than 20 percent of Adult and Dislocated Worker funds for incumbent worker training (IWT).

- Provide a specific numeric percentage threshold for this waiver.
- Discuss why the 20 percent threshold is inadequate.

RESPONSE:

Missouri would like to request a threshold of up to 50%. The 20 percent threshold limits local areas who are actively providing incumbent worker training services. By allowing an increase in this area, local areas can provide services to employers, increase skill levels of Missouri's workers, and overall lead to better economic growth and higher wages.

Please provide this information to your FPO via email by Wednesday, April 10, 2024. Let us know if this due date is not feasible. Please note that this additional information will also need to be input in the State Plan Portal.

Thank you in advance for your additional information.