

U.S. Department of Labor

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



May 30, 2024

The Honorable Pedro Pierluisi
Governor of Puerto Rico
PO Box 9020082
San Juan, PR 00902-0082

Dear Governor Pierluisi:

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 Puerto Rico will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by Puerto Rico 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 Commonwealth's request to waive the requirement that the Commonwealth expend 75 percent of Governor's reserve youth funds on out of school youth (OSY). ETA reviewed the Commonwealth's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Puerto Rico to implement its plan to improve the workforce development system. Puerto Rico 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 Program Year fund allotments, the Commonwealth's request to waive the requirement that local areas expend 75 percent of local youth formula funds on OSY. Puerto Rico 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: The Commonwealth 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 for PY 2024 and PY 2025 the waiver request to waive the OJT reimbursement requirements for the WIOA Title I Adult/Dislocated Worker formula funds. ETA reviewed the Commonwealth's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Puerto Rico to implement its plan to improve the workforce development system. Existing statutory authority permits the Commonwealth and its local workforce areas to increase the reimbursement rate for OJT contracts up to 75 percent. The Commonwealth 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 Commonwealth 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 Commonwealth'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 Commonwealth's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Commonwealth 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 Commonwealth collects and tracks use of funds under this waiver and complies with all WIOA-required performance and fiscal reporting.

The Commonwealth must report its waiver outcomes and implementation of the approved waivers 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,



José Javier Rodríguez

Enclosure

cc: Manuel Cidre, Puerto Rico Department of Economic Development and Commerce
Gabriel Maldonado, Esq., Puerto Rico Department of Labor and Human Resources
Gregg Weltz, ETA Regional Administrator - Boston Region
Minnie Holleran, ETA Federal Project Officer

Puerto Rico 2024 State Plan Waivers

Waiver of WIOA Section 134(c)(3)(H)(i) and 20 CFR 680.720 (b)

to increase the On-the-Job Training (OJT) employer reimbursement up to 90 percent

1. Statutory and/or regulatory requirements to be waived:

WIOA Section 134(c) (3)(H)(ii)(II), and the accompanying regulations as promulgated at 20 CFR 680.720 (b), state that employers may be reimbursed up to 50 percent of the wage rate of an OJT participant for the extraordinary costs of providing the training and additional supervision related to the OJT.

State Law 62-2014, *Ley de Apoyo a la Microempresa, al Pequeño y Mediano Comerciante*; defines microbusiness (PYMES by its Spanish acronym) as a business that generates a gross income of less than \$500,000 annually, with seven employees or less, and small merchant as someone who generates less than \$3 million gross per year and employs 25 people or less. Also defined are the medium-sized business those that generate an annual gross revenue of less than \$10 million and employs fifty or fewer employees.

According to the Center for Economic Research of the Economic Development Bank for Puerto Rico (BDE), when compared to 2021, in 2022 there was an increase of 4% of small and medium-sized business (SMEs) in the Puerto Rican economy. On average, each SME in 2022 generated 12 jobs, which added 715,998 workers in the private sector, and of this total, 43.4% correspond to people who work in establishments with fewer than 50 employees, and 56.6% work in private companies with a payroll of 50 employees or more, according to BDE data. (**Source:** El Vocero de PR; October 22, 2022; Hay más pequeñas y medianas empresas en la Isla; Banco de Desarrollo Económico para Puerto Rico (BDE))

According with BDE, the five industries with the most private business operating with fewer than 50 employees are:

- retail trade, with 8,408 establishments;

- health and social assistance services, with 7,380;
- professional, scientific and technical services, with 5,142;
- accommodation and food services, with 4,671;
- other services with 3,349 businesses.
- and construction came in sixth place, with 2,233 establishments.

The PYMES have a significant impact on the island's economy and on job opening and is the state's public policy to promote the creation and strengthening of these businesses. Puerto Rico is requesting a waiver to the current allowable employer reimbursement rate of up to 50 percent of 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 the WIOA Section 134(c)(3)(H)(ii)(II). The waiver request has been developed following the WIOA guidelines in Section 189(i)(3)(B) and the WIOA Federal regulation at 20 CFR 680.720(6).

Puerto Rico is proposing a sliding scale of reimbursement to the employer based on its size and capability. Under this waiver, the following scale will be implemented:

- up to 90% reimbursement for employers with 50 or less employees.
- up to 75% reimbursement for employers with a workforce between 51 and 250 employees.
- For employers with 251 employees or more, the statutorily defined 50% limit will continue to apply.

The waiver is requested to be used with all WIOA formula funds: Adult, Dislocated Worker, National Dislocated Worker Grants, as well as other Discretionary grants, as appropriate.

The state board developed the public policy **WIOA-PP-04-22, Requirements for Workbase Training Activities** targeting that in On-the-Job Training activities, priority is given to training aimed at companies committed to the registered apprenticeship program (RAP). The Puerto Rico Apprenticeship Team has been working hard to involve the LWDBs in the expansion of the apprenticeship programs. In PY 22-23, forty-three (43) technical assistance sessions were carried out in ten of the fifteen local boards. As a result,

five boards invested WIOA formula funds in seven programs to conduct the On-the-Job Learning. In addition, the AJC staff provide case management and supportive services to eligible apprentices.

The waiver allows Puerto Rico's businesses to rapidly adapt to technological and general marketplace changes by improving their capacity to expand and remain competitive with affordable OJT options uniquely designed to achieve their specific development goals. The reduced match requirement for employers, particularly new start-ups and small to medium-sized businesses, provide an attractive and cost-effective financial incentive, increasing the opportunity to utilize the OJT model for hiring and training new workers. From an economic development standpoint, increasing the number and quality of the labor force stimulates the competence and competitiveness of Puerto Rico's economy.

2. Actions undertaken to remove state or local barriers:

There is no state or local statutory or regulatory barrier to implement the proposed waiver.

3. Goals and expected programmatic outcomes from the waiver:

This waiver request is consistent with national policy to develop a workforce system that is responsive to the demands of both individual and employer customers. The Commonwealth anticipates the following goals will be achieved with the waiver's approval:

- Maximize the flexibility needed to impact local economic vitality and direct resources where demand for services is greatest by assisting local areas in marketing the OJT as a vehicle to engage employers, particularly in targeted sectors, to hire and provide training to new workers.
- This flexibility will build the capacity and future viability of both the workforce and the industries themselves. Assist with the transformation of the current workforce system to a demand-driven, sector-based and regionally driven talent development pipeline.
- Increase training and transitional employment for unemployed workers and hard-to-serve youth and adults.

- Equip individuals with relevant job training and transferable skills in high-skill, high-wage, high-demand occupation, and industries.
- Increase business usage of the local workforce system by providing added incentives to hire and train new workers.

The data presented is the official data registered in the Participant Record Information System (PRIS).

- Tables 1 above show the official data for the delivery of training services in the period 2020-2022, both at the state level and in 15 local areas. It also includes the number of participants entering employment for the second and retained in the fourth quarter.

TABLE 1- Training Services PY 2020-2022 & Projected 2025

PY	Receive Training	OJT	%	Employment Exit 2Q	%	Retention 4Q	%
2020	5,480	439	8%	300	68%	228	76%
2021	7,130	784	11%	521	66%	346	66%
2022	5,298	522	10%	208	40%	10	5%
	Projected						
2023	5,787	998	17%	251	25%		
2024	5,696	1040	18%	205	20%		
2025	5,025	1146	23%	159	14%		

- In PY 2021, 10% of training offered were OJT, with 66% employed in the second quarter and 66% with retention in the fourth quarter.
- For PY 2022, 522 on-the-job training were offered, with a placement of 39% in employment in the second quarter and a retention rate of 4% in the fourth quarter.

- In PY 2023, the approved planning by the WDP to local areas shows that the 15 ALDLs planned to deliver 998 OJTs, with 270 for adults and 728 for dislocated workers. The estimated investment would be approximately \$9.7 million, as shown in Table 2.

Applying a simple linear forecasting formula, it is projected that for the PY 2024 and 2025, 2,186 OJTs will be delivered with a job placement in the second quarter of 364 exiters, as shown in Table 1.

Table 2 - Projected Participants OJT PY 2023

PY 2023-24				
LWDA	Adults	Allocation	DW	Allocation
Bayamón	16	\$64,392	50	\$250,000
Caguas	16	\$95,760	96	\$574,560
Carolina	44	\$333,710	39	\$284,453
GTB	10	\$60,000	15	\$112,500
LM	2	\$20,000	9	\$90,000
Manatí	82	\$351,469	32	\$736,000
Mayagüez/LM	8	\$54,981	30	\$280,500
Noreste	-	-	12	\$159,890
Noroeste	50	\$90,000	80	\$290,000
Norte Central	5	\$28,500	14	\$98,000
Ponce	10	\$14,000	56	\$957,600
San Juan	7	\$122,385	241	\$3,753,000
Sur Central	12	\$96,000	21	\$168,000
Sureste	5	\$50,000	30	\$544,481
Suroeste	3	\$18,468	3	\$18,468
Total	270	\$1,399,665	728	\$8,317,452

Measurable outcomes that the state projects will result from the implementation of this waiver.

Taking as a parameter the statistics from de PRIS database and the forecasting presented in table 1, the following outcomes are projected for 2023-2025:

Table 3- Waiver Outcomes 2023-2025

PY	Adults	DW	Total
2023	270	728	998
2024	281	759	1,040
2025	309	836.58	1,146
TOTAL	860	2,324	3,184

- The OJT waiver will be extended to all 15 LWDBs, considering the relevance to increasing services to employers and improve the economy.
4. **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.**

The Workforce Development Program will require the local areas to submit quarterly reports regarding the use of all the approved waivers. The report includes the number of participants, funds allocation and information related to any situation that would affect the waiver implementation. PRDEDC will report on the impact and outcomes of its approved waivers in the WIOA Annual Report.

Policies in place to ensure compliance with OJT requirements.

The State Workforce Development Board (SWDB) approved the public policy **WIOA-PP-04-22, Requirements for Workbase Training Activities** to provide guidelines for the following WBT activities: On the Job Training (OJT), Customized Training, Incumbent Workers Training, and Registered

Apprenticeship. The policy includes a section dedicated to the implementation of the waiver of WIOA Section 134(c)(3)(H)(i) and 20 CFR 680.720(b) to increase on-the-job training (OJT) employer reimbursement up to 90 percent using a sliding scale based on employer size. In addition, it establishes that On-the-Job Learning (OJL) activities with Related Instruction (RI) of the Registered Apprenticeship Program are considered as the first alternative when offering Training Services.

Other policies approved by the State Board related to the delivery of services, including the OJT services, are:

- WIOA-PP-02-2023 - **WIOA Title I Adult Program Priority of Services**
- DDEC-WIOA-PP-01-2023 - **Diversity, Equity, Inclusion and Accessibility**
- WIOA-PP-03-2023 – **Support Services and Needs Related Payments (NRP)**
 - WIOA-PP-07-2023 - **Transfer of Funds between Adult and Dislocated Workers Programs**
- DDEC-WIOA-05-2022 - **Applicability of State Law No. 47 of 2021, on Minimum Wage to Municipal Consortia and Program Participants under the WIOA**
- DDEC-WIOA-03-2022 - **Guidelines Regarding Allowable and Non-Allowable Costs with WIOA Funds**
- DDEC-WIOA-004-2022 - **Applicability of 29CFR38 and 29USC3248 (WIOA) to the provision of services in One-Stop or One-Stop Partners, statutes, and prohibition of discrimination on the basis of race, color, national origin, religion, age, disability, gender, place of residence, political affiliation, or belief, in the provision of service**
- DEDC- WIOA- 01- 2021 - **Policy to comply with the Sunshine Provision for Local Board activities under the Workforce Opportunity and Innovation Act WIOA**
- DDEC-WIOA-07-2020 - **Procedure for the follow-up service required by WIOA for participants of the Adult, Dislocated Worker, and Youth Programs**
- DEDC WIOA 08-2020 - **Case Management and Record-Keeping Policy** - Provide guidance for carrying out case management interventions (eligibility, referrals, training activities, employment, etc.) and record-keeping.
- DDEC-WIOA-09-2020 - **Cost allocation and fund reimbursement**

- DDEC-WIOA-11-2020 - **Payroll Cost Allocation Policy - Guidelines and procedures for payroll based on budget.**
- Policy to establish the procedure for the determination of WIOA rules violations and the imposition of state board sanctions.

Waiver will align with the Department's policy priorities with:

- Connecting individuals with chronic unemployment or inconsistent work history with opportunities to build workplace skills and job history, and;
- Inject the economy with skilled individuals that will continue to advance in their specific fields or occupations, and;
- Targeting and improve RAP credential among the workforce system.

5. Describes the individuals affected by the waiver, including how the waiver will impact services for disadvantaged populations or individuals with multiple barriers to employment; and

The need for training is especially acute for those workers most in need: dislocated workers transitioning to new occupations and industries, long-term unemployed individuals in need of advancing outmoded skills in offer to catch up with emerging technologies, and low-income and entry-level workers seeking to start their careers in a weak economic climate. Approval of the waiver will increase training options for WIOA-eligible job seekers.

The reduced match requirement for employers, particularly new start-ups and other small to medium-sized businesses, will provide an attractive and cost-effective financial incentive, increasing the opportunity to utilize the OJT model to hire and train new workers. This waiver will allow Puerto Rico's businesses to adapt to both technological and general marketplace changes more rapidly by improving their capacity to expand and remain competitive with affordable OJT options uniquely designed to achieve their specific development goals.

6. Describes the Process used to:

1. Monitor the progress in implementing the waiver;

The WDP of PRDEDC will monitor progress under this waiver and work with the fifteen (15) local workforce development boards to implement the appropriate state and local policies. The Monitoring Unit will be adding the monitoring of waivers to its monitoring processes to ensure compliance with waiver guidelines.

The Monitoring and Compliance Division of DEDC assesses the Operational, Administrative, and Fiscal Systems using the DEDC Monitoring Rule and the Resolution of Audit Reports of WIOA grants and other funds allocated by USDOL. The DEDC rule defines monitoring as a continuous process of structured assessment of the operations of local areas and sub-recipients to identify at an early stage those inappropriate practices that may result in non-compliance with the purposes of the act and the 20 CFR.

Some of the objectives established in the State Monitoring System, as instituted in the current rule, are:

- Conduct annual on-site monitoring reviews of local areas' compliance with 2 CFR part 200, as required by sec. 184(a)(3) of WIOA.
- Verify expenditures have been made against the proper cost categories and within the cost limitations specified in WIOA and the regulations.
- Determine the compliance with WIOA regulations and other applicable laws.
- Verify that services to participants qualify for Title I programs and as specified in the Local Plan and annual funding allocation plan.
- Evaluate the internal control structure with respect to these objectives to determine the risk of illegal acts or violations of the Allocation Contract, Applicable Laws, or Regulations.
- Expand the analysis carried out by DDEC units regarding financial reports, identify any deviation or unexpected result reflected in the reports, and corrective actions implemented at the local level.

In summary, the implementation of waivers is one of the areas to be evaluated as part of fiscal and program monitoring. This is even stated in the monitoring guide and in the worksheets used during the review process. In addition to monitoring, we have personnel who are continuously verifying the efficiency and effectiveness of the LWDB.

2. Process for Notice of Local Boards and Opportunity to Comment:

The unified plan and the waiver request were published for a period of four (4) weeks on the PRDEDC website, allowing for public comment on its content and potential impact. In addition, copies of workforce system waivers will be provided to the Major's boards, Local Boards and LDWA's.

- ***Public comment period for Unified Plan and Waiver Request.***

The following is the public comment process to the approval of the PR Unified State Plan 2024-2027:

- The Puerto Rico Unified State Plan 2024-2027 draft is published on the DDEC website for review and public comments for a period of four (4) week, beginning on January 22, 2024, until February 21, 2024.
- In addition, the draft plan is sent to all members of the State Workforce Development Board (SWDB) for review and comment.
- Also, the WDP sent the draft to all the presidents of the Local Boards, Chief Elected Officials, and Deputy Directors of the ALDLs, for local dissemination and public comments. The Plan draft must be available at the AJC so that the citizen, participants, partners, and services providers could review and evaluate it. The AJC staff must collect recommendations or comments and send them to the WDP.
- WDP must evaluate all the public comments and recommendations to assess the pertinence with WIOA rule and state policies, objectives, strategic and priorities for the workforce development system.
- The Planning and Executive Committees of the State Board must meet to evaluate the proposed plan and submit their recommendations to the board quorum. The committee must convene all the members for an ordinary meeting for the approval of the Plan.
- A second assessment process will be taken by the state board to submit their comments and recommendations.

- The WDP will assess the state board input and upgrades or change the unified plan according to the state board feedback. The process will be repeated until the board approval of the board.
- The WDP will host an open webinar to discuss the proposed Unified Plan 2024-27, with the presidents of the Local Boards, CEOS, deputy directors, and AJC staff.
- WDP will make a presentation summarizing the plan, including the strategic objectives for the implementation of the Plan and the most significant strategies. Also, include a summary of the waiver’s application included in the Plan.

3. Provide any local board affected by the waiver an opportunity to comment on the request;

See process described in previous section.

4. Ensure meaningful public comment, including comment by business and organized labor, on the waiver.

See process described in previous section.

5. Collect and report information about waiver outcomes in the State’s WIOA Annual Report.

The Workforce Development Program will require the local areas to submit quarterly and annual reports regarding the use of all the approved waivers. The report includes the number of participants, funds allocation and information related to any situation that would affect the waiver implementation. PRDEDC will report on the impact and outcomes of its approved waivers in the WIOA Annual Report.

WDP has been assigned a coordinator, which oversees the local board, on the process of monitoring the use of the waiver and filing quarterly reports on time. In addition, at the end of the program year, the WDP requires all local boards to submit an annual narrative report on the activities and services delivered in the program year, which includes the use of the waivers.

The WDP provides ongoing technical assistance on the use of the waiver, in areas like tracking the funds and participants impacted through the waiver. This technical assistance is offered through webinars, which are recorded and maintained on the DEDC website for access at any time. Quarterly and annual reports include a standard worksheet with instructions for filing quarterly reports and the annual report on the use of waivers.

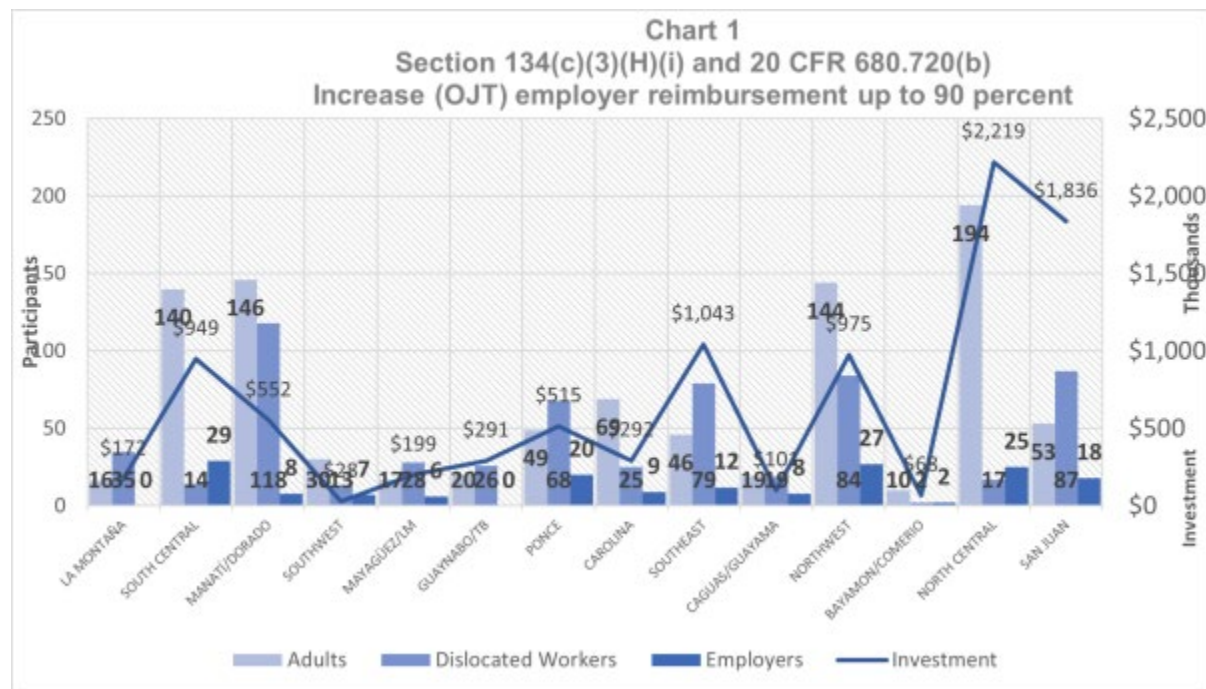
7. The most recent data available regarding the results and outcomes observed through implementation of the existing waiver, in cases where the State seeks renewal of a previously approved waiver.

This waiver was approved by USDOL on June 7, 2022, and it will be valid until June 30, 2024. The waiver allows Puerto Rico's businesses to rapidly adapt to technological and general marketplace changes by improving their capacity to expand and remain competitive with affordable OJT options uniquely designed to achieve their specific development goals. The reduced match requirement for employers, particularly new start-ups and small to medium-sized businesses, provide an attractive and cost-effective financial incentive, increasing the opportunity to utilize the OJT model for hiring and training new workers. From an economic development standpoint, increasing the number and quality of the labor force stimulates the competence and competitiveness of Puerto Rico's economy.

This waiver has been a great tool to help LWDA's to attract new employees to the workforce system. For example, during PY22 this waiver was used by fourteen (14) LWDA's with a participation of 171 employers and 1,568 employees, 953 adults, and 615 dislocated workers, with a total expenditure of \$9,239,516. The waiver has been responsible for increasing employee and employer participation. As shown in chart 1, the LWDA's had an extremely satisfactory performance.

The LWDA's that benefited most from the waiver according to the information provided on their expenditures are North Central (\$2,218,758), San Juan (\$1,836,160) and Southeast (\$1,042,524). Based on the labor and business sector background in Puerto Rico, the impact of the waiver is increasing the opportunity to promote job skills improvement, job creation, and business sustainability of various economic regions of

Puerto Rico. As a result, with the data provided by the LDWA's, we expect an increase in the participation of employers, adults, displaced workers, and youth, as well as in the investment of funds for PY 2023.



Source: Puerto Rico Annual Report (2022)

- **Implementation of this waiver in previous years**

The data presented is the official data registered in the Participant Record Information System (PRIS).

- Tables 1 above show the official data for the delivery of training services in the period 2020-2022, both at the state level and in 15 local areas. It also includes the number of participants entering employment for the second and retained in the fourth quarter.

- In PY 2020, 8% of the training delivered at the state level was OJT. In the second quarter, 68% of participants with programmatic exit were employed, and 76% were retained in employment for the fourth quarter.
- In PY 2021, 10% of training offered were OJT, with 66% employed in the second quarter and 66% with retention in the fourth quarter.
- For PY 2022, 522 on-the-job training were offered, with a placement of 39% in employment in the second quarter and a retention rate of 4% in the fourth quarter.
- In PY 2023, the approved planning by the WDP to local areas shows that the 15 ALDLs planned to deliver 998 OJTs, with 270 for adults and 728 for dislocated workers. The estimated investment would be approximately \$9.7 million, as shown in Table 2.

Waiver of the requirement under WIOA 129(a)(4), and consistent with 20 CFR 681.410, that states and local areas must expend a minimum of 75 percent of their Youth formula funds on youth workforce activities for out-of-school youth (OSY).

1. Statutory and/or regulatory requirements to be waived:

PRDEDC requests a waiver of the requirement under WIOA §129(a)(4), and consistent with 20 CFR 681.410, that States and local areas must expend a minimum of 75 percent of their youth formula funds on youth workforce activities for out-of-school youth (OSY).

The use of this waiver is limited to emergency, disaster-related needs only. Puerto Rico is exposed to the onslaught of natural disasters like hurricanes, earthquakes, pandemic like COVID -19, causing the shutdown of economic activity and the loss of thousands of jobs throughout the recovery process. Local economists forecast that Puerto Rico will face an economic contraction that can extend for the next ten years. After a disaster, the Local Areas will be facing an increase in the demand for jobs, due a lot of job sites are destroyed or will not be able to restart operations because of the instability of infrastructure, lack of financial resources or the decrease in product production.

This situation directly impacts OSY and ISY. The OSY is a hard to serve population, given that they require a combination of educational and employment services that are not available every time the island is facing an emergency scenario. It is reasonable to expect that many youth service providers are unable to provide services due to the damage suffered in their infrastructure, loss of employees or permanent closures. OYS are also competing for jobs opportunities with unemployed adults and dislocated workers, during the recovery process. These two factors make it difficult for the workforce system to reach the WIOA requirement to meet the 75% OSY during a national emergency like hurricanes, earthquakes, or worldwide diseases.

On the other hand, demand for services for ISY increases considerably in the face of emergencies, as schools must close during and after hurricanes, others have been destroyed by earthquakes and a large number become obsolete due to damage in its structure. In the case of pandemics, all schools have been forced to a full lockout. In these events ISYs will experience an increase in the need for services to meet their needs. The elements of the youth program are an alternative to support ISYs in receiving educational services in an emergency.

Nonetheless, Puerto Rico continues its efforts to provide employment and education services for out-of-school youth (OSY). Is necessary to promote the holistic development of youth to foster their economic self-sufficiency to the extent that barriers to employment and access to education are broken down, including OSY and ISY population.

2. Actions undertaken to remove state or local barriers:

Describe the actions undertaken to remove state or local barriers.

There are no State or local statutory or regulatory barriers for the implementation of the proposed waiver.

3. Describes the goals of the waiver and the expected programmatic outcomes if the request is granted;.

This waiver will provide Local Boards the necessary flexibility to use Youth formula funds, when appropriate, to meet the individual training and employment needs of all youth affected by an emergency.

The expect outcomes are as follow:

- Improve the ability of LWDAs to develop workforce strategies that align with economic realities within their workforce area;
- Improve the ability for LWDAs to design programs in response to the needs of their customers.
- Provides In-School Youth more choice opportunities to enter into post-secondary education, vocational training or a “learn and earn” opportunity through Pre-Apprenticeship Programs in order for them to increase math, literacy, vocational and pre-vocational skills needed to gain entry into a Registered Apprenticeship Program.

The waiver to WIOA section 129(a)(4) was approved to PR on June 7, 2022, and is valid until June 30, 2024. The Table 1 shows the registered youth in the database Participants Record Information System (PRIS), from 2018, until the current program year. This waiver increases the number of In-School Youth (ISYs) that receive services in the AJC, with over 50% of in-school youth.

Youth Registration in PRIS 2018-2023

	OSY	%	ISY	%	TOTAL	% OSY Expenditure
2018	3,388	53%	3,023	47%	6,411	69%
2019	2,437	50%	2,423	50%	4,860	66%
2020	1,527	45%	1,866	55%	3,393	69%
2021	1,120	40%	1,682	60%	2,802	59%
2022	2242	45%	2707	55%	4,949	
2023*	498	46%	572	54%	1,070	

*Data until Q1,Q2

Services for out-of-school youth (OSY), are more expensive because OSY needs a comprehensive service strategy that includes education, training, employment, and support services, among others.

The data from the annual narrative report presents the data of the youth served by the local boards who requested the use of this waiver. Based on the quarterly report data gathered by the WDP, a simple linear projection was made for the PY 2023-2025.

The following table shows a forecasting of the youth expected to be served under this waiver. The expected outcomes are more than three thousand youth delivery of service under the waiver in the three program years, in an average of 8 local areas that will request the use of it.

						Projected		
	2018	2019	2020	2021	2022	2023	2024	2025
ISY	1,588	1,835	1,436	1,148	2,124	1,742	1,807	2,052
OSY	2,160	1,625	1,503	926	1,145	1,492	1,377	1,361
Total	3,748	3,460	2,939	2,074	3,269	3,234	3,185	3,414

4. 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.

- Maximize the flexibility needed to ensure speedy implementation of work-based learning opportunities that WIOA encourages for both formula and discretionary grants;
- Increase business usage of the workforce system and thereby achieve greater access to employment opportunities for youth;

- Provide greater incentives for employers to retain and retrain current employees to avoid layoffs and to create new jobs;
- Create additional opportunities for new workers, and for unemployed and underemployed workers to speed up their return to full-time employment; and
- Support Puerto Rico's small and medium-sized businesses and the entrepreneurial start-up economy.

5. Individuals impacted by the waiver:

Describe which populations the waiver will benefit, including how the waiver will impact services for disadvantaged populations or individuals with multiple barriers to employment.

This waiver applies to the fifteen (15) LWDA's that compose Puerto Rico's Workforce Delivery System. All fifteen (15) LWDA's provide services to both out of school, and in-school youth.

6. Describes the Process used to:

1. Monitor the progress in implementing the waiver;

The WDP of PRDEDC will monitor progress under this waiver and work with the fifteen (15) local workforce development boards to implement the appropriate state and local policies. The Monitoring Unit will be adding the monitoring of waivers to its monitoring processes to ensure compliance with waiver guidelines.

The Monitoring and Compliance Division of DEDC assesses the Operational, Administrative, and Fiscal Systems using the DEDC Monitoring Rule and the Resolution of Audit Reports of WIOA grants and other funds allocated by USDOL. The DEDC rule defines monitoring as a continuous process of structured assessment of the operations of local areas and sub-recipients to identify at an early stage those inappropriate practices that may result in non-compliance with the purposes of the act and the 20 CFR.

Some of the objectives established in the State Monitoring System, as instituted in the current rule, are:

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- Verify expenditures have been made against the proper cost categories and within the cost limitations specified in WIOA and the regulations.
- Determine the compliance with WIOA regulations and other applicable laws.
- Verify that services to participants qualify for Title I programs and as specified in the Local Plan and annual funding allocation plan.
- Evaluate the internal control structure with respect to these objectives to determine the risk of illegal acts or violations of the Allocation Contract, Applicable Laws, or Regulations.
- Expand the analysis carried out by DDEC units regarding financial reports, identify any deviation or unexpected result reflected in the reports, and corrective actions implemented at the local level.

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Public comment period for Unified Plan and Waiver Request.

The following is the public comment process to the approval of the PR Unified State Plan 2024-2027:

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- WDP must evaluate all the public comments and recommendations to assess the pertinence with WIOA rule and state policies, objectives, strategic and priorities for the workforce development system.
- The Planning and Executive Committees of the State Board must meet to evaluate the proposed plan and submit their recommendations to the board quorum. The committee must convene all the members for an ordinary meeting for the approval of the Plan.
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- WDP will make a presentation summarizing the plan, including the strategic objectives for the implementation of the Plan and the most significant strategies. Also, include a summary of the waiver's application included in the Plan.

3. Provide any local board affected by the waiver an opportunity to comment on the request;

See process described in previous section.

4. Ensure meaningful public comment, including comment by business and organized labor, on the waiver.

See process described in previous section.

5. Collect and report information about waiver outcomes in the State's WIOA Annual Report.

The Workforce Development Program will require the local areas to submit quarterly and annual reports regarding the use of all the approved waivers. The report includes the number of participants, funds allocation and information related to any situation that would affect the waiver implementation. PRDEDC will report on the impact and outcomes of its approved waivers in the WIOA Annual Report.

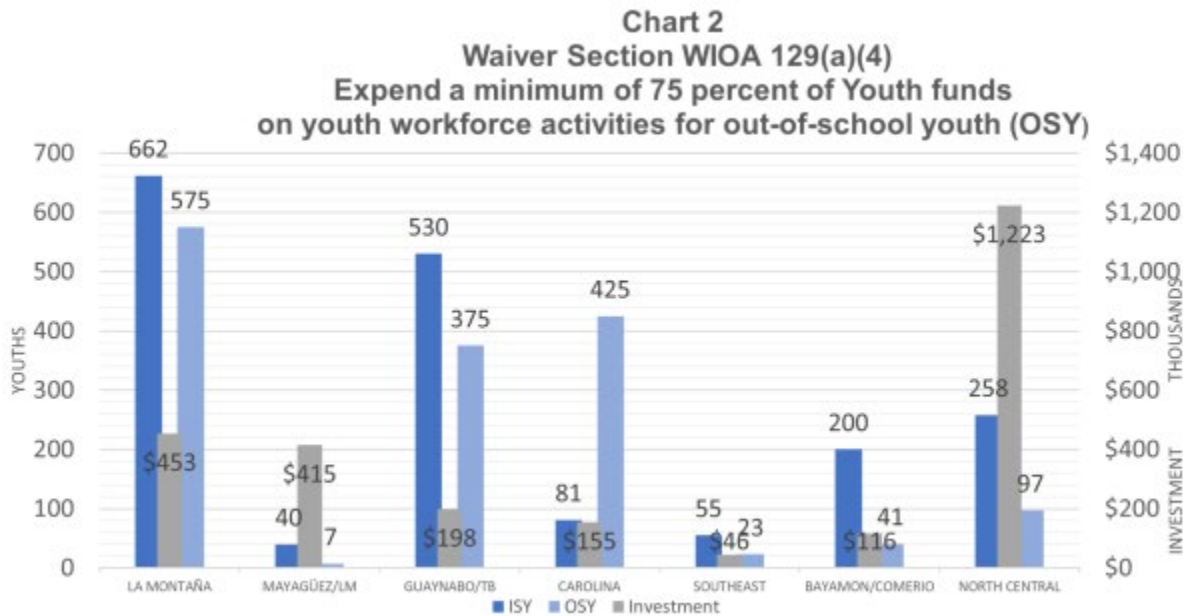
WDP has been assigned a coordinator, which oversees the local board, on the process of monitoring the use of the waiver and filing quarterly reports on time. In addition, at the end of the program year, the WDP requires all local boards to submit an annual narrative report on the activities and services delivered in the program year, which includes the use of the waivers.

The WDP provides ongoing technical assistance on the use of the waiver, in areas like tracking the funds and participants impacted through the waiver. This technical assistance is offered through webinars, which are recorded and maintained on the DEDC website for access at any time. Quarterly and annual reports include a standard worksheet with instructions for filing quarterly reports and the annual report on the use of waivers.

7. The most recent data available regarding the results and outcomes observed through implementation of the existing waiver, in cases where the State seeks renewal of a previously approved waiver.

This waiver was approved in June 7, 2022, and is currently valid until June 30, 2024. The chart below, details the use of the same by the participating LWDA's. Puerto Rico continues its efforts to provide employment and education services for out-of-school youth (OSY). Given the economic rising that the island is experiencing, it is necessary to promote the holistic development of youth to foster their economic self-sufficiency to the extent that barriers to employment and access to education to OSY and ISY population.

The chart below shows the participation of OSY and ISY for the PY22, as presented in the Annual Report Narrative 2022. The approval of waivers in previous years had a significant effect in increasing ISY participation. The seven (7) local areas that used the waiver in the aggregate reported expenditures of \$2.6 million during the PY22. The LWDA of North Central reported the highest expenditures and La Montaña the largest number of participants. The chart shows the relationship between participation and expenditures in the WIOA Youth Program. It should be noted that the participating LWDA's continued to provide services to OSY, and the data reflects that the provided OSY services did not decrease. In simpler words, the number of OSY is approximately near than ISY, with 1,543 OSY and 1,826 ISY, as shown in chart 2.



Source: PR Annual Report PY 2022

Waiver to allow flexibility in the use of funds reserved by the Governor to provide statewide rapid response activities to instead provide statewide employment and training activities, including disaster relief employment to affected areas

1. Statutory and/or regulatory requirements to be waived:

The Commonwealth of Puerto Rico, through the Department of Economic Development and Commerce (DEDC), the WIOA Title I-B grantee, seeks a waiver allowance of WIOA section 134(a)(2)(A), (2)(B) and (3) 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)) to provide disaster recovery assistance to affected areas as describe in WIOA 170(d) and 20 CFR 687.100(b), for program years 2024 and 2025, in case then PR face any disaster qualifying event by FEMA..

The set of Governor's reserved statewide funds shall be described in this waiver allowance request as "WIOA statewide funds". Under this waiver allowance the funds described at WIOA section 134(a)(2) and (3) may be used interchangeably.

Under this waiver allowance, permitted WIOA statewide fund use includes, but is not limited to:

- Provide disaster relief services immediately upon the event, maximizing the use of funds available from the state's reserve of the dislocated workers program, before applying for funds from the National Dislocated Workers Grant (NDWG).
- Expeditious allocation of funds to a local workforce development board, or local 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 the Federal Emergency Management Agency (FEMA), by the chief official of a Federal Agency with jurisdiction over the Federal response to a disaster with potential significant loss of employment, or the Governor of Puerto Rico 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 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).
- An individual's disaster relief employment is limited to 12 months or 2,080 hours for work related to recovery from a single emergency or disaster. The Workforce Development Program (WDP) of the DEDC may extend an individual's disaster relief employment for up to an additional 12 months or 2,080 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.

2. Actions undertaken to remove state or local barriers:

The Commonwealth of Puerto Rico established the Puerto Rico State Agency for Emergency and Disaster Management —Spanish: Agencia Estatal para el Manejo de Emergencias y Administración de Desastres (AEMEAD)— as the agency that oversees all emergency activities that occur in Puerto Rico. Within all local workforce development areas, or local areas, there are responsible entities marshalled by local government, or its agents, should a qualifying event occur. The AEMEAD works in concert with these entities to provide resources and expertise.

The Government of Puerto Rico will apply for National Dislocated Worker Grants (NDWG), consistent with WIOA Sec. 170 and its corresponding regulatory requirements. The NDWG 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 Government 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.

3. Describes the goals of the waiver and the expected programmatic outcomes if the request is granted;

This waiver will allow the Commonwealth of Puerto Rico to efficiently and effectively respond to disasters by aligning the program requirements of a disaster recovery project regardless if they are funded with WIOA Statewide Rapid Response funds or the National Dislocated Worker Grant Program. 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 because 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 individual, 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.

The waiver to WIOA section 134(a)(2)(A), (2)(B) and (3) was approved to PR on October, 6 2022, and is valid until June 30, 2024. During the validity of the waiver, the DEDC attended two disaster events using the flexibility in the use of the funds, the attention to dislocated workers by Hurricane Fiona in September 2022, as well as those dislocated by COVID -19.

Temporary Jobs Hurricane FIONA

Temporary employment activities were carried out in 12 local areas to address emergency needs, with functions such as cleaning and disinfection of common areas in municipal and recreational offices, maintenance of green areas, streets, roads, debris collection, assistance in the distribution of essential materials to the population, collect and dispose of food, provide detailed guidance on safety protocols, support the call center related to emergency management, conduct phone interviews, emails, in-person, or other methods for disaster-related requests for information. **The total number of impacted participants was 775 with an investment of \$4,160,258.26.**

Home Care Aides Project

This project, developed with funds from the state reserve of the dislocated workers program, has the purpose of providing a credential for Home Care Aides, for out-of-school youth affected by the pandemic, people with long-term unemployment and displaced by the COVID-19 pandemic. This initiative is in the process of being implemented and is expected to be completed in PY 2023, with 100% colocation in employment.

The outcomes of this project are presented in the following table:

Home Care Aides

LWDA	OSY	DW	Total Participants	Allocation OSY	Allocation DW	Total Allocation
Guaynabo- Toa Baja	10	40	50	\$145,260	\$581,040	\$726,300
La Montaña	25	110	135	\$363,150	\$1,597,860	\$1,961,010
Mayaguez- Las Marias	10	60	70	\$145,260	\$871,560	\$1,016,820
Noreste	45	180	225	\$653,670	\$2,614,680	\$3,268,350
Norte Central	40	160	200	\$581,040	\$2,324,160	\$2,905,200

LWDA	OSY	DW	Total Participants	Allocation OSY	Allocation DW	Total Allocation
Noroeste	35	140	175	\$508,410	\$2,033,640	\$2,542,050
Ponce	5	20	25	\$72,630	\$290,520	\$363,150
Sur Central	25	100	125	\$363,150	\$1,452,600	\$1,815,750
Sureste	35	140	175	\$508,410	\$2,033,640	\$2,542,050
Suroeste	50	200	250	\$726,300	\$2,905,200	\$3,631,500
Caguas- Guayama	40	160	200	\$581,040	\$2,324,160	\$2,905,200
Total	320	1,310	1,630	\$4,648,320	\$19,029,060	\$23,677,380

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 of eligible grant participant's employment and training activities will lead towards a higher probability of securing unsubsidized employment; and
- Alignment with Department of Labor's policy priorities

After hurricanes Irma and María in 2017 approximately 2,200 dislocated workers participated from temporary workers. For COVID-19 Pandemic we impacted 1,518 dislocated workers who helped with the cleaning and disinfection of common areas, but also supported the delivery of supplies and other humanitarian aid. For hurricane Fiona disaster were served 775 participants.

Based on the outcomes of the participants during the emergencies of Hurricanes Irma, Maria and Fiona, earthquakes, and pandemics, it is estimated that the implementation of this waiver in the event of a possible natural disaster, the following participants can be delivered in temporary by local Area:

Local Area	Participants	
Bayamón-Comerío	50	Clean-up, Emergency and Humanity Services
Caguas-Guayama	75	Clean-up, Emergency and Humanity Services
Carolina	25	Clean-up, Emergency and Humanity Services
Guaynabo- Toa Baja	75	Clean-up, Emergency and Humanity Services
La Montaña	75	Clean-up, Emergency and Humanity Services
Manatí-Dorado	125	Clean-up, Emergency and Humanity Services
Mayaguez-LM	150	Clean-up, Emergency and Humanity Services
North Central Arecibo	250	Clean-up, Emergency and Humanity Services
Northeast	75	Clean-up, Emergency and Humanity Services
Northwest	200	Clean-up, Emergency and Humanity Services
Ponce	150	Clean-up, Emergency and Humanity Services
San Juan	50	Clean-up, Emergency and Humanity Services
South Central	200	Clean-up, Emergency and Humanity Services
Southeast	150	Clean-up, Emergency and Humanity Services
Southwest	350	Clean-up, Emergency and Humanity Services
Total	2,000	

4. 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. 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 for 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.

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

The waiver will positively impact:

- All eligible participants as identified at 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.

6. Describes the processes used to:

- 1. Monitor the progress in implementing the waiver;**

Emergency qualifying events

The state will use the following approach for monitoring progress in implementation:

Workforce Development Program (WDP) leadership will determine if the qualifying event requires the use of WIOA statewide funds and will approve parameters for the project and be the operational lead. 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.

- 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, summary of the event, preliminary assessment of the cleanup, 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 WDP 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 WDP 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 service in the state system of PIRL system.

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 WDP. Local boards will work with 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.

All funds obligated will be accounted for in the financial management system, the MIP. 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 the effectiveness of this waiver.

Annual WIOA on-site programmatic reviews will include an evaluation of the impact the waivers have on programmatic goals and outcomes.

Operational, Administrative, and Fiscal Monitoring

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Sur Central	25	100	125	\$363,150	\$1,452,600	\$1,815,750
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