

U.S. Department of Labor

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



May 30, 2024

The Honorable Dan McKee
Governor of Rhode Island
82 Smith Street
Providence, RI 02903

Dear Governor McKee:

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 Rhode Island will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by Rhode Island and ETA. This action is taken under the Secretary of Labor's authority to waive certain requirements of WIOA Title I, Subtitles A, B, and E, and Sections 8–10 of the Wagner-Peyser Act in WIOA Section 189(i).

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

ETA Response: ETA approves for Program Year (PY) 2024 and PY 2025, the State's request to waive the requirement limiting ITAs to only out-of-school youth (OSY), ages 16–24. In addition to these OSY, the State may use ITAs for ISY, ages 16–21. ETA reviewed Rhode Island's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Rhode Island 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 for Program Year (PYs) 2024 and 2025 the waiver for OJT employer reimbursement levels for the WIOA Title I Adult/Dislocated Worker formula funds. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Rhode Island to implement its plan to improve the workforce development system. Existing statutory authority permits the State and its local workforce areas to increase the reimbursement rate for OJT contracts up to 75 percent. The State may also reimburse up to 90 percent for OJT for businesses with 50 or fewer employees. ETA expects the utilization of OJT to increase in the State as a result of this waiver.

Requested Waiver: Waiver 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 local formula youth funds on OSY.

ETA Response: ETA approves for PY 2024 and PY 2025, which includes the entire time period for which states are authorized to spend each of those Program Year fund allotments, the State's request to waive the requirement that local areas expend 75 percent of local youth formula funds on OSY. Rhode Island may lower the local youth funds expenditure requirement to 50 percent for OSY. ETA reviewed Rhode Island's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Rhode Island to implement its plan to improve the workforce development system. As a result of this waiver, ETA expects that the number of ISY served will increase, and performance accountability outcomes for overall WIOA Youth (including both ISY and OSY) will remain steady or increase for the majority of the WIOA Youth performance indicators.

Requested Waiver: Waiver of the requirements outlined in WIOA Section 107(b), to allow a state workforce development board to carry out the roles and responsibilities of a local board.

ETA Response: ETA approves for Program Year (PYs) 2024 and 2025 the State's request to allow the State Board to carry out the roles of the Greater Rhode Island Workforce Development Board. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Rhode Island to implement its plan to improve the workforce development system. Given the support for this waiver request by the local elected officials in the local area and the challenges the State and local area have in mounting a fully compliant local-led board at this time, ETA agrees that the State Board is in a better position to ensure effective service delivery in the Greater Rhode Island local area. Under this waiver, the Governor may designate the State Board to carry out the roles and responsibilities of the local board in the State. In implementing this waiver, the State must continue to:

- Demonstrate progress in addressing concerns identified in the 2018 compliance monitoring review, particularly in regard to fiscal controls and firewalls;
- Include local input into its activities. As proposed in the State's waiver request, the state board must maintain a subcommittee to reflect the geographic diversity of the State and its local elected officials; and
- Allocate funding to the local area for which the State Board is carrying out local board functions.

The State 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,

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: Mr. Matthew Weldon, Director, Rhode Island Department of Labor and Training
Gregg Wertz, ETA Regional Administrator – Boston Region
Larica Kintchen, ETA Federal Project Officer

Rhode Island 2024 State Plan Waivers

- 1. Identifies the statutory or regulatory requirements for which a waiver is requested and the goals that the State or local area, as appropriate, intends to achieve as a result of the waiver and how those goals relate to the Unified or Combined State Plan;**

The State of Rhode Island seeks continuation of the waiver from the requirements outlined at Sec. 107 of the Workforce Innovation and Opportunity Act, relating to the roles and responsibilities of a local board.

Prior to the Secretary's initial September 2019 waiver approval, Rhode Island had two Local Workforce Development Areas under the Workforce Innovation and Opportunity Act (WIOA): The Providence/Cranston Local Workforce Development Area (LWDA) (made up of two cities) and the Greater Rhode Island LWDA (made up of thirty-seven (37) cities and towns). WIOA requires Chief Local Elected Officials to administer WIOA Title I funds and appoint Local Workforce Development Board members. In Rhode Island, as far back as the Jobs Training Partnership Act, the Governor performed the functions of the Chief Local Elected Official for the Greater Rhode Island (GRI) LWDA. This meant the Governor was appointing both the State Workforce Development Board (SWDB) and the GRI LWDB.

After authorization of WIOA, the Governor continued to serve as the Chief Elected Official for the GRI LWDB. However, during a compliance monitoring review conducted in February 2018, United States Department of Labor (USDOL) regional staff identified that the Governor acting in this capacity was inconsistent with WIOA requirements because the Governor is not a Local elected official and, thus, cannot appoint the local board. Regional staff advised finding a local elected official(s) to assume the role of Chief Local Elected Official for the area or submit a waiver requesting that the SWDB act as, and carry out roles and responsibilities of, the GRI LWDB. It is important to note that the local area belonging to this board comprises 95% of the municipalities within the state.

In response to the regional office's directive, the Governor engaged the RI League of Cities and Towns to address the issue. The DLT Director, at the direction of the Governor, met with the League twice to explain the change in law and answer questions regarding the ramifications of that change. The DLT then asked local officials if they wanted to appoint the board and they ultimately decided they wanted to relinquish that responsibility to the state and therefore wanted the state to produce a waiver request. These considerations

were documented in a letter addressed to the Director dated April 23, 2019. The main theme of those comments involved the need for more efficient management of the local board and more effective use of funds. The decision of the local officials was the primary compelling reason for the proposed governance structure. The waiver request was initially approved in September 2019. It was subsequently reauthorized in September 2020 and again in June 2022.

The June 2022 reauthorization included the following conditions:

- That the state demonstrate progress in addressing concerns identified in the 2018 compliance monitoring review, particularly in regard to fiscal controls and firewalls;
- That the state include local input into its activities. As proposed in the State's waiver request, the state board must maintain a subcommittee to reflect the geographic diversity of the State and its local elected officials; and
- Allocate funding to the local area for which the state board is carrying out local board functions.

In response to condition one; on March 29, 2021, the state provided USDOL regional staff a copy of the document entitled "Firewalls and Internal Controls Re: State and Local Board Responsibilities." This document memorialized the internal controls that all staff adhere to when fulfilling State and Local Workforce Board responsibilities in order that business will be conducted in a manner that will prevent actual, potential, or questionable conflicts of interest and will provide clear separation of duties. The Board's administrative and fiscal agent, the Department of Labor and Training, continues to conduct the responsibilities and functions of both boards consistent with Uniform Guidance and in compliance with the established firewalls and internal controls. Administrative and fiscal procedures were shared with, and reviewed by, USDOL-ETA staff during a PY2022 Consolidated Compliance Review. Any issues or deficiencies with those procedures were addressed and resolved through corrective action.

In response to condition two; the Board initially worked with the League of Cities and Towns to establish a Local Area Advisory Committee (LAAC) for the State Board, comprised of business, labor, and community leaders from throughout the Greater Rhode Island workforce area. This Subcommittee has continuously met throughout PY2021, PY2022, and presently - and helps ensure local area 'voice' and representation in key WIOA-related matters including policymaking, service data and demographic analysis, modification

of the local WIOA plan, overseeing rehabilitation and upgrading of the local area American Job Centers, and other matters. While the ultimate responsibility for these functions remains with the board; the LAAC insures the needs, perspective, and opinions of the local area is hear.

In response to condition three; the state board allocates funds to both local areas annually through the annual “Allocations for Adult, Youth, and Dislocated Programs” policy ([Workforce Innovation Notice 03-03](#)). The development of the weights and allocation formulas, as well as the annual calculation and funding allocation, are done in specific manner such to ensure they are free from any real or perceived conflicts or biases toward one local area over another.

2. Describes the actions that the State or local area, as appropriate, has undertaken to remove State or local statutory or regulatory barriers;

The Rhode Island Department of Labor and Training conducted a review of potential statutory and regulatory barriers and does not anticipate any challenges in this area. In addition, this waiver would not change the allocation of resources as there will be no change to the designation of Local Workforce Development Areas. Allocations made to the Providence/Cranston local area would remain unchanged as the Providence/Cranston local board would remain active and continue to be appointed by the two mayors.

State law R.I.G.L §42-102 provides the Governor’s Workforce Board authority to “establish statewide policies, definitions, objectives, goals, and guidelines for the coordination of all employment-and-training programs and related services and programs within the state.” This statute applies to all such programs administered by the Department of Labor and Training, which includes WIOA Title 1B. This statute, and its related subsections, provides the state policy necessary to assume the roles of the local workforce board.

As mentioned above, to ensure local stakeholder interests are represented and engaged; the Governor’s Workforce Board has formed a subcommittee called the Local Area Advisory Committee, which reflects the geographic diversity of the greater Rhode Island area. This body is in addition to the current composition of the Board itself which includes representation from the greater Rhode Island area and already provides a degree of synergy between the role of the SWDB and the GRI LWDB. Existing SWDB committees already address many of the local board roles and the Local Area Advisory Committee is positioned to handle any additional roles.

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

The primary goal and outcome related to this waiver request are to comply with the provisions of WIOA.

Ancillary outcomes expected from this waiver include increased efficiency within the Department of Labor and Training, reduced overhead costs, and a maximizing of funds available for direct services for individuals and businesses. Pandemic-related disruptions made it difficult to quantify and document the efficiencies that have resulted from the board governance waiver. However, as Rhode Island enters the fourth year of the waiver, the state estimates that the waiver and its associated administrative efficiencies have resulted in a reduction of no fewer than two FTEs, reducing overhead and freeing up more resources for direct participant services.

A second outcome of this waiver greater synergy between WIOA investments and the sizable commitment of state funds to workforce development. Per state statute, the State Workforce Development Board oversees WIOA investments and activities in the state and is also responsible for allocating the Job Development Fund – a state level workforce development account that augments the federal investments of WIOA. Involving the board in the direct oversight and administration of the local area offers opportunities to integrate state-funded programming into the local area American Job Centers and helps identify gaps and areas where state funds can compliment and assist federal programming.

4. Describes 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 guidance issued by the department.**

This waiver directly responds to the issues raised in the USDOL compliance monitoring review conducted in February 2018, which identified that the Governor appointing membership to the LWDA is inconsistent with WIOA requirements because the Governor is not a Local elected official and, thus, cannot appoint the local board.

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

We believe that all employer and job-seeker customers benefit from this waiver and the transition toward a more unified statewide workforce system. WIOA partner programs benefit from a more straightforward planning and program development. AJC staff and other partners benefit from increased resources for direct programming and training as well as increased opportunities for system improvements and investments in technical assistance.

6. Describes the processes used to:

- **Monitor the progress in implementing the waiver;**
- **Provide notice to any local board affected by the waiver;**
- **Provide any local board affected by the waiver an opportunity to comment on the request;**
- **Ensure meaningful public comment, including comment by business and organized labor, on the waiver.**
- **Collect and report information about waiver outcomes in the State's WIOA Annual Report.**

The State Workforce Development Board will continuously monitor the implementation and impact of this waiver. The Office of Planning, Integrity, and Compliance (OPIC) within the Department of Labor and Training is responsible for this monitoring. OPIC includes dedicated staff who do not have a role in the implementation or operations processes. Consistent with the terms of the waiver, the state revised its statewide monitoring policy to ensure that local monitoring decisions were free from any actual, potential, or perceived conflicts of interest. In CY2022, OPIC conducted a comprehensive fiscal monitoring of the Providence/Cranston workforce development area. A similar review of the Greater Rhode Island workforce development area is planned for the near future and will include a review of the aforementioned firewalls and internal controls to ensure continued adherence.

In addition to formal monitoring functions, the department also engages in regular internal performance reviews. These reviews cover progress on key implementation issues involving workforce development programs and Unemployment Insurance. The continued implementation of the waiver and the related data necessary to evaluate outcomes would be collected by the department's performance data team and presented at these meetings. Each

local board role and project relating to the waiver would be converted into deliverable and the progress of each deliverable would be evaluated.

The initial waiver request was announced to the public and posted to the State Workforce Development Board's website for four weeks for public comment and review. Furthermore, Rhode Island Department of Labor and Training hosted three (3) public hearings across the LWDA to encourage public comment and notified stakeholders and advocates of these scheduled events, as well as the process for submitting written comments.

A copy of this renewal request has been shared with the Chair and Executive Director of the Providence-Cranston Local Workforce Development Board as well as the Chair and executive Director of the State Board, acting as Local Board for the Greater Rhode Island area. Should the waiver be renewed, notice will be disseminated to both boards as well as other impacted partners as necessary.

As part of the 2024 WIOA State Plan submission, this waiver request will be posted to the State Workforce Development Board's website for comment and review by the general public and will be accompanied by public notice.

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.

As described above, the waiver has functioned without issue since its initial authorization in 2019. The members of the Local Area Advisory Committee meet regularly and are engaged in decision-making effecting the Greater Rhode Island local area; firewalls and internal controls are working as intended with board and staff taking reasonable precautions against real or perceived biases. The waiver has resulted in some administrative efficiencies as estimated; with a reduction of no fewer than two FTEs, reducing overhead and freeing up more resources for direct participant services.

Statutory and/or Regulatory Requirement to be Waived – 75% Out of School Youth Expenditure (renewal)

- 1. Identifies the statutory or regulatory requirements for which a waiver is requested and the goals that the State or local area, as appropriate, intends to achieve as a result of the waiver and how those goals relate to the Unified or Combined State Plan;**

Rhode Island is seeking renewal of a waiver from Section 129(a)(4)(A) and 20 CFR 681.410, which require not less than seventy-five (75%) percent of funds allotted to states under Section 127(b)(1)(C), reserved under Section 128(a), and available for statewide activities under subsection (b), and not less than seventy-five (75%) percent of funds available to local areas under subsection (c), be used to provide youth workforce investment activities for Out of School Youth (OSY).

Specifically, Rhode Island is requesting a waiver of the requirement to expend 75% of local area funding on the OSY population. Rhode Island is requesting that this percentage be lowered to 50%. Renewal of this waiver would allow the state to more flexibly serve and meet the needs of youth clients and would enhance the state's ability to serve all youth who would benefit from the intended purposes of this funding.

This is especially important giving the rising cost of living and homelessness crisis currently facing the state. According to the 2023 analysis by the U.S. Department of Housing and Urban Development, Rhode Island saw a 15% increase in overall homelessness — including those in shelters — from 1,577 in 2022 to 1,810 in 2023. Those numbers included 1,215 individuals and 595 people in families. The total homeless population represents a 65% increase from the 1,104 recorded in 2020.

By serving more in-school youth with WIOA career services, Rhode Island can encourage their continued attachment to their education and to persist to graduation; while providing them the opportunity to build job skills and work experiences. Upon graduation these youth will be better positioned for post-secondary education or the job market, with the opportunity for higher earnings to support themselves and their families.

By granting this waiver, USDOL would enable Rhode Island to increase the number of ISY served and greatly enhance the state's ability to provide top

quality college and career readiness services to in-school youth with barriers, including:

- In 2021, 16,234 (32%) youth under the age of 18 living in families where no parent has full-time, year-round employment [highest in New England]
- In 2021, 31,854 (15%) youth under the age of 18 were living in poverty [almost two-thirds (64%) of which reside in the urban core]
- 45,830 youth under the age of 18 receiving SNAP benefits

As a result of this waiver, Rhode Island intends to:

- Increase WIOA youth program participants' access to innovative student retention strategies including the following services available to in-school youth
- Reduce the dropout rate for in-school youth, particularly those with significant barriers to education and employment who may be impacted by housing insecurity or the rising cost of living facing their household.
- Increase WIOA youth program participant's access to appropriate mental health services, alleviating the burden schools are currently facing who are either short staffed or understaffed, a critical need in the K-12 space.
- Increase access to work experiences and other work-based learning opportunities for in-school youth, thereby helping the State and its local WDBs achieve the requirement of spending 20% of their WIOA youth program funds on work experience;
- Serve Rhode Island business community by increasing the access to qualified workers at the earliest possible opportunity; and
- If the state also received approval for a waiver allowing ITAs for In-School Youth; increase the number of ISY receiving occupational skills training from providers on the states Eligible Training Provider List.

2. Describes the actions that the State or local area, as appropriate, has undertaken to remove State or local statutory or regulatory barriers;

There are currently no state or local statutory or regulatory barriers to implementing the requested waiver.

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

Balancing the use of WIOA funds equally between ISY and OSY, while maintaining focus on underserved populations and students at risk of drop-out, will help Rhode Island better meet the needs of our youth population and help expand and scale school-to-career programming and drop-out prevention strategies.

Goal: Increase services to at-risk in-school youth in local schools, particularly those vulnerable to the rising cost of living and housing crisis

Expected Outcome: Approval of the waiver request would allow the state and local areas to focus funding and services on engaging at-risk in-school youth to ensure that effective student career pathway guidance, dropout prevention programming; appropriate mental health service referrals and job skill and work experience opportunities, are provided prior to graduation. As described above, the cost of living, especially housing, has risen considerably in recent years; risking significant disruption to a youth's education and stability.

Approval of this waiver will allow the workforce system the flexibility to serve a greater number of at-risk 'in school' youth and connect them with dropout prevention services, tutoring, career and postsecondary preparation activities, as well as pick up some of the intensive support services that these students need, but that schools are challenged to provide. The waiver will also allow at-risk 'in school' youth access to high quality work-based learning opportunities that can benefit employers and better prepare high school students for in-school and post-graduation success, especially for those that have barriers to that success.

Goal: Increase numbers of better-prepared youth to meet evolving employer demand.

Expected Outcome: Rhode Island operated as a full employment economy throughout 2023. The employer community, particularly at the entry-level wage category, report hiring challenges. These employers have called for more support for youth to assist with work-readiness and soft skills training and prepare youth for short-term training, credentials, and employment. With evolving industry need and hiring gaps, it is critical for Local Workforce Development Boards to engage with youth, particularly non-college bound high school students, to promote local employment opportunities and develop career exploration activities.

Goal: Continued provision of service and priority for Out of School Youth.

Expected Outcome: For all of the goals and anticipated outcomes for in-school youth described above, the state understands and believes that the population most in need of WIOA Youth services remains the out of school youth population. The requested rebalancing of funds between in-school and out-of-school retains the overall system priority for providing WIOA youth career and postsecondary preparation activities and intensive support services to out of school youth throughout the state. Rhode Island would continue to monitor and track the share of out-of-school youth served to ensure they remain the priority and majority of overall WIOA population.

4. Describes 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 guidance issued by the department.**

This waiver request is in close alignment with US Department of Labor priorities. The intent of the waiver is to provide coordinated services to in-school youth impacted by the rising cost of living and who are at risk of homelessness or dropping out - which aligns with the Department priority for Connecting Education and Training Strategies. The waiver will also increase the number of in-school youth who participate in work-based learning, reflecting the priority for Supporting Work-Based Learning. Offering WIOA services to targeted in-school youth will result in an increase in the number of youth receiving job preparation and career skills which reflects the Department priority for Improving Job and Career Results.

This waiver aligns with not only the US Department of Labor's priorities, but also with those of the State of Rhode Island. Rhode Island's Combined state plan focuses on the importance of ensuring college and career readiness at all levels, particularly through expanded opportunities for work-based learning. Rhode Island has successfully prioritized better connecting high school education to workforce development and providing alternative pathways for all students whether they are college or career bound after graduation.

Allowing additional funds toward ISY will support the shared USDOL and Rhode Island goal of expanding quality work-based training opportunities

while aligning and integrating programs of study that lead to industry-recognized credentials and improved employment and earnings.

Flexible resources can also help further the engagement of educational institutions in the state's efforts to create a comprehensive job-driven education and training system. Aligning the in-school work of traditional high schools, with the WIOA service network, and community colleges, will create a continuum of services that can prepare ISY and OSY for high demand occupations, and reflects the level of need for services across each population.

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

Approval of this waiver and a more robust continuum of in-school and out-of-school youth programming will impact populations including, but not limited to:

- In-school youth at-risk of homelessness or dropping out
- In-school demonstrating at-risk behaviors due to mental health challenges and lack of support in schools
- Low-income families
- Rhode Island economy
- Rhode Island taxpayers
- Low-income and urban core communities
- Local Workforce Development Boards
- Contracted service providers
- Teachers and school counselors

6. Describes the processes used to:

- **Monitor the progress in implementing the waiver;**
- **Provide notice to any local board affected by the waiver;**
- **Provide any local board affected by the waiver an opportunity to comment on the request;**
- **Ensure meaningful public comment, including comment by business and organized labor, on the waiver.**
- **Collect and report information about waiver outcomes in the State's WIOA Annual Report.**

Annual WIOA programmatic reviews will include an evaluation of how this and all waivers are impacting local programs and performance, including: enrollment, particularly for low-income youth, in the Youth WIOA program;

percent of youth participating in work experiences under the Youth WIOA program; spending on work experiences as part of the 20% WEX requirement; and graduation rates for WIOA-enrolled ISY.

A copy of this renewal request has been shared with the Chair and Executive Director of the Providence-Cranston Local Workforce Development Board as well as the Chair and executive Director of the State Board, acting as Local Board for the Greater Rhode Island area. Should the waiver be renewed, notice will be disseminated to both boards as well as other impacted partners as necessary.

As part of the 2024 WIOA State Plan submission, this waiver request will be posted to the State Workforce Development Board's website for comment and review by the general public and will be accompanied by public notice.

Any information gathered from the waiver will inform new or changes to policy as well as provide best practices. Outcomes of the waiver will be reported in the WIOA Annual Report. This strategy ensures that the goals described above, as well as those outlined in the State's Combined Plan are consistent with established objectives of the WIOA and federal and state regulations.

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.

In PY2018, 24% of WIOA Youth served statewide were in-school youth; in PY2019, the rate was 23%; in PY2020, the rate was 31.4% (above the program maximum and attributed to the disruptions of the pandemic).

Rhode Island first received approval for this waiver in PY2021. In PY2021, 24.3% of WIOA Youth served statewide were in-school youth; and in PY2022 (the most recent year for which complete data is available), the rate was 20.6%. While these rates do not match the estimates provided when Rhode Island first requested the waiver – the state believes the recent decline was a byproduct of unique circumstance, including limited opportunities for in-school outreach and programming in a post-pandemic environment. The intent and focus behind this reauthorization request remains urgent and Rhode Island commits to using the flexibility granted if the Secretary were to approve.

Statutory and/or Regulatory Requirement to be Waived: On-the-Job Training Employer Reimbursement (renewal)

- 1. Identifies the statutory or regulatory requirements for which a waiver is requested and the goals that the State or local area, as appropriate, intends to achieve as a result of the waiver and how those goals relate to the Unified or Combined State Plan;**

The State of Rhode Island is seeking renewal of a waiver from the requirements of WIOA §134(c)(3)(H)(i) and 20 CFR §680.720(b) in order to increase on-the-job training (OJT) employer reimbursement up to ninety percent (90%) for businesses with less than 50 employees. Pursuant to 20 CFR §680.720, employers may be reimbursed up to fifty percent (50%) of the wage rate of an OJT participant, and up to seventy-five percent (75%) using the criteria in 20 CFR §680.730, for the extraordinary costs of providing the training and additional supervision related to the OJT. This waiver request would allow for a sliding scale for OJT training employer reimbursements that ranges from fifty to ninety percent (50 – 90%), depending on the number of employees.

This waiver is being requested to apply for all OJT contracts supported by WIOA formula funds, including Adult, Dislocated Worker, and Youth, as appropriate. Rhode Island's economy operated as a full-employment economy throughout 2023 with a tight labor market. Small businesses are most severely impacted by this labor market tightness as their ability to advertise and recruit is not as broad and far reaching as large firms. The limited labor supply presents an opportunity for these employers to rethink their recruitment and hiring methods. Incentives such as the increased wage reimbursement being requested can open the doors of opportunity for current unemployment insurance receipts as well as individuals with barriers to employment and/or less-than-required skills or experience.

- 2. Describes the actions that the State or local area, as appropriate, has undertaken to remove State or local statutory or regulatory barriers;**

There are currently no state or local statutory or regulatory barriers to implementing the requested waiver.

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

Approval of this waiver request would continue to provide critical flexibility for smaller Rhode Island businesses to help them ramp up operations and remain competitive in a tight labor market. The waiver would also give job seekers, particularly those with barriers to employment, an avenue to employment. Lastly, the enhanced match would continue to be an appealing marketing tool that could help raise the profile of the state workforce development network at a time when the state's function as employment facilitator is critically needed.

Rhode Island is again proposing the following scale for on-the-job training reimbursements:

50 or fewer employees: up to ninety percent (90%) on-the-job training employer reimbursement

51-250 employees: up to seventy-five percent (75%) on-the-job training employer reimbursement

250 employees+: up to fifty percent (50%) on-the-job training employer reimbursement

The current waiver was approved for the 2021 program and reauthorized for the 2022 and 2023 program years. The waiver has allowed Rhode Island to more fully support the meaningful entry of jobseekers requiring additional work-based learning into the labor market. Small employer establishments (fewer than 20 employees) dominate the Rhode Island landscape. Per the US bureau of Labor Statistics, 92% of Rhode Island entities were those which employed fewer than 20 workers in 2022. These small employer establishments are often better able to offer individualized and contextualized work-based learning, particularly for those with significant barriers to employment.

As described below, in Program Year 2022, 82% of OJT establishments statewide were businesses under 50 employees; and it is estimated that 53.8% were businesses under 20 employees. In light of this compelling data, and to continue to offer more meaningful and robust work-based learning experiences for Rhode Island job seekers, Rhode Island will be requesting a continuation of its current OJT reimbursement waiver.

4. Describes 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 guidance issued by the department.**

This waiver strongly aligns with the US Department of Labor’s priorities for supporting employment engagement, supporting work-based learning, and improving results.

Rhode Island remains a strong advocate of work-based learning and paid/subsidized work experiences as a means improving the competitiveness of Rhode Island employers, while increasing employment opportunities and earning power of jobseekers. Rhode Island’s Combined State Plan places a strong emphasis on meeting the evolving needs of the state’s largest and growing industries while advancing “Advance career pathway strategies to provide education, training, employment and support services for current and future workers, particularly those with barriers to employment and/or economic mobility.”

On-the-job training is a proven and reliable work-based learning model that meets the immediate workforce needs of employers and industries. Employers, especially small employers, have emphasized the need for a trained and reliable workforce. In the face of a shrinking and diversifying workforce, Rhode Island needs to leverage every tool and resource available to increase the availability of skilled and trained talent in the labor pool while offering immediate hiring relief to local employers.

OJT allows employers to meet their immediate and long-term objectives, while providing jobseekers with learning opportunities in an actual work environment that lead to a career pathway. For smaller businesses and employers that do not typically have a large workforce (or former/recalled workforce) on standby, granting this waiver will allow the opportunity to employ individuals who are current unemployment insurance receipts as well as individuals with barriers to employment and/or less-than-required skills or experience.

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

Individuals impacted by the waiver include:

- Small Employers looking to increase their competitiveness and ability to respond to a tight labor market through the use of on-the-job training;
- Job seekers with non-traditional career and educational pathways, for whom the availability of contextualized on the job worker training is an equalizer in the job market;
- Business Services staff (and the public workforce system overall) that will have a more effective and responsive program to market to employers;
- The state Unemployment Insurance program, which is eager to assist claimants in returning to work.

6. Describes the processes used to:

- **Monitor the progress in implementing the waiver;**
- **Provide notice to any local board affected by the waiver;**
- **Provide any local board affected by the waiver an opportunity to comment on the request;**
- **Ensure meaningful public comment, including comment by business and organized labor, on the waiver.**
- **Collect and report information about waiver outcomes in the State's WIOA Annual Report.**

Annual WIOA programmatic reviews will include an evaluation of how this and all waivers are impacting local programs and performance. Rhode Island can effectively monitor the impact of the waiver through our existing client management system. Usage of the OJT training model is an easily trackable query and would demonstrate increased uptake as well as the participant profile of OJT candidates.

A copy of this renewal request has been shared with the Chair and Executive Director of the Providence-Cranston Local Workforce Development Board as well as the Chair and executive Director of the State Board, acting as Local Board for the Greater Rhode Island area. Should the waiver be renewed, notice will be disseminated to both boards as well as other impacted partners as necessary.

As part of the 2024 WIOA State Plan submission, this waiver request will be posted to the State Workforce Development Board's website for comment and review by the general public and will be accompanied by public notice.

Any information gathered from the waiver will inform new or changes to policy as well as provide best practices. Outcomes of the waiver will be reported in the WIOA Annual Report. This strategy ensures that the goals described

above, as well as those outlined in the State's Combined Plan are consistent with established objectives of the WIOA and federal and state regulations.

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.

In PY2021; across both local workforce areas, 29 out of 39 (74%) establishments that utilized OJTs in the Program Year were identified as businesses under fifty employees. Local Areas estimate that 12 of those establishments were identified as employers with under twenty employees.

The percentage of smaller employers utilizing these waivers has increased steadily since the implementation of the waiver. In addition, the number of OJTs that smaller businesses have utilized has substantially increased in the past two program years. In PY21 (the first year of the waiver) the percentage of OJT contracts issued that were utilized by businesses with under twenty employees was 30.7% In PY 22 that percentage increased to 53.8%. We anticipate this ratio to maintain or increase as Rhode Island continues to build both employer and client awareness and outreach regarding the enhanced match.

Statutory and/or Regulatory Requirement to be Waived – Allowing Individual Training Accounts [ITAs] for In-School Youth [ISY] (new request)

- 1. Identifies the statutory or regulatory requirements for which a waiver is requested and the goals that the State or local area, as appropriate, intends to achieve as a result of the waiver and how those goals relate to the Unified or Combined State Plan;**

Rhode Island is seeking a waiver from the implied limitations at 20 CFR 681.550, preventing the issuance of Individual Training Accounts (ITAs) for In-School Youth (ISY). 20 CFR 681.550, states “In order to enhance individual participant choice in their education and training plans and provide flexibility to service providers, the Department allows WIOA Individual Training Accounts (ITAs) for OSY (Out of School Youth), ages 16 to 24 using WIOA youth funds when appropriate.

To increase the supply of skilled labor, particularly among non-college/military bound high school graduates, Rhode Island seeks to allow local workforce areas to utilize the state Eligible Training Provider list to provide training opportunities for all youth including the in-school youth who are preparing to graduate and enter the workforce. The waiver is designed to increase program flexibility, enhance customer choice, allow all youth to benefit from services provided state-certified training providers, and expand training options for youth without requiring the local area to register in-school youth participants 18 years old or older in the WIOA Adult program (and utilize WIOA Adult funds for their training). Funds used for ITAs would be tracked and easily identifiable. Using ITAs would allow youth service providers an opportunity to promote and encourage training as another option for addressing tight labor supply in Rhode Island’s most critical industries.

- 2. Describes the actions that the State or local area, as appropriate, has undertaken to remove State or local statutory or regulatory barriers;**

There are currently no state nor local statutory or regulatory barriers to implementing the requested waiver.

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

Providing occupational training to youth via an ITA will maximize the service delivery capacity of the WIOA Youth Program by allowing those youth that are focused on employment to have the same access as Adults and Dislocated Workers to the advantages of ITAs. The waiver will also increase the rigor and quality of ISY learning opportunities, increase employment and training opportunities for youth; improve customer choice and increase empowerment for youth, making them capable and responsible for making thoughtful choices about their career; and increase the supply of trained and job-ready workers.

During PY 2022, Rhode Island enrolled 81 in-school youth. We estimate that figure to increase in PY 2023 and into PY2024-25, the period for which we are requesting the waiver. We further estimate that no less than 10% of in-school youth participants will avail themselves of the opportunity for an ITA; estimating that 8-12 ISYs will receive an ITA during the two-year approval period.

The state estimates that the waiver will provide other tangible benefits for jobseekers and employers by increasing the number of youth with an industry recognized and/or some other post-secondary credential; and increasing the reach and notoriety of the WIOA system within high schools.

4. Describes 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 guidance issued by the department.**

By allowing ITAs for WIOA out-of-school youth, the US Department of Labor sought to expand training options, increase program flexibility, enhance customer choice, and reduce administrative complexity. Rhode Island seeks to extend those benefits to in-school youth as well. This waiver encourages in-school youth to seriously consider their post-high school careers and analyze in-demand occupations as well as their personal and professional goals. The waiver helps to empower youth to make their own decisions and take responsibility for their actions.

This waiver aligns with both the US Department of Labor's priorities, as well as the state of Rhode Island. As captured in this Combined Plan, Rhode Island seeks to better align and integrate the Youth WIOA program with the state's overall youth vision and WIOA service network. The plan also looks to

maximize the ability of age-appropriate youth to benefit from the services and resources made available to Adult and Dislocated Worker participants, including ITAs. Across the entire plan, Rhode Island wants to maximize the opportunities brought about by federal investments such as the Bipartisan Infrastructure Law, the Inflation Reduction Act, the CHIPS and Science Act of 2022 and others and will look to ensure that training and career preparation programs listed on Eligible Training Provider List are aligned with the major industries central to those investments. By extension, increasing the number of eligible ITA candidates available to enter those training programs may help increase the available labor supply to those industries. Lastly, both the state and the USDOL have prioritized the expansion of Registered Apprenticeship as a training model, including placement on the ETPL for interested programs. Authorizing this waiver may increase the number of eligible ITA candidates available to enter those Registered Apprenticeship Programs.

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

WIOA in-school youth participants will benefit from this waiver. Given the eligibility standards for an in-school youth to qualify for WIOA Services (that they be low-income and face an additional barrier to employment); this waiver will specifically benefit a disadvantaged population. Employers will also benefit from the increase in available trained talent and current eligible training providers will have the opportunity to expand the population served by including all eligible youth.

6. Describes the processes used to:

- **Monitor the progress in implementing the waiver;**
- **Provide notice to any local board affected by the waiver;**
- **Provide any local board affected by the waiver an opportunity to comment on the request;**
- **Ensure meaningful public comment, including comment by business and organized labor, on the waiver.**
- **Collect and report information about waiver outcomes in the State's WIOA Annual Report.**

Annual WIOA programmatic reviews will include an evaluation of how this and all waivers are impacting local programs and performance. Rhode Island can effectively monitor the impact of the waiver through our existing client management system. Funds used for ITAs would be tracked, easily identifiable, and linked to the specific youth obtaining the training. Any local

area electing to utilize this waiver will be required to separately track the employment, earning, and credentialing outcomes of those youth as compared to the larger ISY service population.

A copy of this renewal request has been shared with the Chair and Executive Director of the Providence-Cranston Local Workforce Development Board as well as the Chair and executive Director of the State Board, acting as Local Board for the Greater Rhode Island area. Should the waiver be renewed, notice will be disseminated to both boards as well as other impacted partners as necessary.

As part of the 2024 WIOA State Plan submission, this waiver request will be posted to the State Workforce Development Board's website for comment and review by the general public and will be accompanied by public notice.

Any information gathered from the waiver will inform new or changes to policy as well as provide best practices. Outcomes of the waiver will be reported in the WIOA Annual Report. This strategy ensures that the goals described above, as well as those outlined in the State's Combined Plan are consistent with established objectives of the WIOA and federal and state regulations.

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 is a new waiver request for which no previous outcome data is available. However, Rhode Island is prepared to provide any other information that may be requested.