

**U.S. Department of Labor**

Employment and Training Administration  
200 Constitution Avenue, N.W.  
Washington, D.C. 20210



June 7, 2022

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

Dear Governor McKee:

Thank you for your waiver request submission to the U.S. Department of Labor (Department) regarding certain statutory and regulatory provisions of the Workforce Innovation and Opportunity Act (WIOA) and the accompanying plan to improve the statewide workforce development system (enclosed). The waiver requests were received March 15, 2022, as part of your recent WIOA State Plan modification. 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'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: The State is requesting a waiver of WIOA Section 134(c)(3)(H)(i) and 20 CFR 680.720(b) in order to increase on-the-job training (OJT) employer reimbursement up to 90 percent for businesses with 50 or fewer employees.

ETA Response: ETA approves the State's waiver request through June 30, 2024, for the WIOA Title I Adult, Dislocated Worker, and Youth 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 Governor's reserve youth funds and local formula youth funds on out-of-school youth (OSY).

ETA Response: ETA approves for Program Year (PY) 2022 and PY 2023, which includes the entire time period for which states are authorized to spend those funds, the State's request to waive the requirement that the State expend 75 percent of Governor's reserve youth funds on

OSY. 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. Rhode Island may lower the expenditure requirement of Governor's reserve funds to 50 percent for OSY.

In addition, ETA approves for PY 2022 and PY 2023, which includes the entire time period for which states are authorized to spend those funds, 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. As a result of this waiver, ETA expects that the number of in-school youth (ISY) served will increase, and performance accountability outcomes for overall WIOA Youth (including both ISY and OSY) will remain steady or increase for the majority of the WIOA Youth performance indicators.

Requested Waiver: Waiver of 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, through June 30, 2024, the State's request for a waiver 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 also requested a waiver of 20 CFR 680.780 to adjust the six-month employment requirement for incumbent worker training (IWT) but notified ETA that it is withdrawing the request.

The State must report its waiver outcomes and implementation of the approved waiver in the WIOA Annual Report. ETA will use this information to assess continued waiver approval and to identify promising practices that may be adopted more widely. ETA is available to provide

technical assistance to you in support of your goals. If you have questions, feel free to contact my office at (202) 693-2772.

Sincerely,

A handwritten signature in black ink, appearing to read "Brent Parton". The signature is stylized with a large initial "B" and a long horizontal stroke at the end.

Brent Parton  
Acting Assistant Secretary

Enclosure

cc: Matthew Weldon, Director, Rhode Island Department of Labor and Training  
Jennifer Friedman, Acting Boston Regional Administrator, ETA  
Danielle Worthen-Ramos, Chief, Division of Workforce Investment, ETA

## Updated 2022 State Plan Waiver Requests - Rhode Island

### **Statutory and/or Regulatory Requirement to be Waived – State Board to Act as Local Board (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 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 approved through June 30, 2022.

The September 2020 reauthorization included the following conditions:

- That the state establishes a written agreement delineating the roles of and firewalls among the state board, board staff, fiscal agent, and service providers;
- That the state demonstrates administrative procedures and policies consistent with Uniform Guidance; and
- That the state conducts regular and complete monitoring of local areas.

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 memorializes the internal controls that all staff must 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.

In response to condition two; 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. The Department has an established track record of applying the highest standards of fiscal and accounting controls and has a comprehensive monitoring and compliance unit to oversee partnership financial and programmatic integrity.

In response to condition three, the Department’s Integrity and Compliance Unit (ICU) continues to conduct regular monitoring of local areas. Consistent with the terms of the waiver, the state revised its statewide monitoring policy (Page 174 in the state WIOA Policy Manual: [WIOA-Policy-Manual-March-2021.pdf \(ri.gov\)](#)) to ensure that local monitoring decisions were free from any actual, potential, or perceived conflicts of interest.

**(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.

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. The existing committees already perform the roles of planning, regional labor market and workforce research, convening system stakeholders, engaging employers, aligning services to promote career pathways, disseminating information on promising practices, coordinating with education and training providers, and developing budgets for all workforce programs.

The board currently has four committees, two made up of only state board members and two with a broader composition to include a diverse set of additional stakeholders with interest and expertise in specific programmatic areas.

Executive:

The Executive Committee is responsible for the overall management, direction and oversight of the Board and its programs. The Committee's primary role is to ensure the functionality and effectiveness of the State Board. The Committee is also responsible for workforce development planning and policy, which includes oversight of the State's Biennial Plan and the WIOA State Plan. Membership is limited to officers and chairs of standing and ad-hoc committees. The Committee may establish subcommittees to perform any activities within its scope of responsibilities.

Strategic Investments and Evaluation Committee:

The Strategic Investments and Evaluation Committee is responsible for guiding workforce investments (federal, state and local), aligning and leveraging workforce funds, and Rhode Island Department of Labor and Training recommending allocations for the state's Job Development Fund. The Committee's primary role is to ensure investments are demand-driven, meet the talent needs of businesses to spur economic resilience and growth, and create employment opportunities for Rhode Island workers. The Committee regularly reviews Labor Market Information, Bureau of Labor Statistics data and program-level performance data to evaluate demand and supply, monitor progress, and inform future investments. The Committee, like the full board, includes representatives from business, labor, public institutions and community-based organizations.

Career Pathways Advisory Committee (CPAC):

CPAC is responsible for overseeing the development and growth of career pathways that connect populations throughout the state with current and future career opportunities. Central to this function is overseeing the execution of the State's PrepareRI action plan to provide all youth (K-24) with access to flexible, quality and demand-driven career pathways programming through high-quality work-based learning including, but not limited to, Career and Technical Education. CPAC's membership is diverse and includes stakeholders beyond those appointed to the State Board, including industry intermediaries, youth-serving organizations, local school districts, higher education, etc.

Education & Employment Advisory Committee (EEAC):

EEAC is responsible for overseeing programs that ensure adults and out-of-school youth in or nearing the labor force have access and opportunity to obtain postsecondary education, training and credentials and secure employment and a living wage. EEAC is particularly focused aligning Title II adult education programming, administered by the RI Department of Education, with the State's sector-based, demand driven workforce strategy. Like CPAC, EEAC is comprised of stakeholders, such as adult education service providers, industry intermediaries, employers, organized labor, the K-12 and higher education systems, etc.

The newly formed Local Area Advisory Committee has oversight over the One Stop (America's Job Center) system for the local area, manages the technology needs to improve access and communication among programs, conducts program oversight, negotiates local performance measures, selects operators and providers, and assesses physical and programmatic accessibility of the one-stop centers. The Local Area Advisory Committee also has initial input into the design, deliberation, and development of policies impacting the local area, as well crafting the local area WIOA plan; although the full Board retains ultimate discretion and responsibility for local area policymaking and plan approval.

**(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, and more Title IB resources available for career and training services. Roles and responsibilities of the local board are now met by state board staff with staff previously assigned to the LWDB reassigned to different responsibilities within the agency. The state anticipated that resources would be freed up by this reallocation when the waiver was first requested which could be redirected to the provision of direct career services for participants in the Adult and Dislocated Worker programs rather than to managerial staff. Unfortunately, service disruptions as a result of the Covid-19 pandemic have had equivalent

disruptions in the budgeting process. These disruptions have made it difficult to document the efficiencies that have resulted from the board governance waiver. As operations return to normal, we expect to be better able to track and document the resources that have been made available by this change. The increase in resources dedicated to service delivery will allow significantly more participants to be served under these programs. There is no cost in implementing this waiver.

The selection process for operators and service providers remains unchanged under this waiver request. Department of Labor and Training staff presently serves as staff for the Board in both its SWDB and LWDB roles and is responsible for developing and publishing RFPs for operators and providers. The RFPs are issued and awarded through the State of Rhode Island's procurement process. Awards are managed through the Department of Labor and Training, since the department is the board's fiscal agent.

**(4) Describes how the waiver will align with the Department's policy priorities, such as:**

- (A) supporting employer engagement;**
- (B) connecting education and training strategies;**
- (C) supporting work-based learning;**
- (D) improving job and career results, and**
- (E) 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;**

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:**

- (A) Monitor the progress in implementing the waiver;**
- (B) Provide notice to any local board affected by the waiver;**



**(C) Provide any local board affected by the waiver an opportunity to comment on the request;**

**(D) Ensure meaningful public comment, including comment by business and organized labor, on the waiver.**

**(E) 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 Department of Labor and Training, as the grant recipient of Title I funds, prepares monitoring reports for the SWDB regarding the USDOL Consolidated Compliance Review, and the department's own monitoring and audit reports regarding both the state and local boards. The unit responsible for these updates includes dedicated monitors who do not have a role in the implementation or operations processes. This function will continue if the waiver is granted. 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. Both boards were supportive of the request. Should the waiver be renewed, notice will be disseminated to both boards as well as other impacted partners as necessary.

As part of the 2022 WIOA Plan Modification; this waiver request has been posted to the State Workforce Development Board's website for comment and review by the general public and was accompanied by public notice. No public comment was received.

**(7) The Secretary may require that States provide the most recent data available about the outcomes of the existing waiver in cases where the State seeks renewal of a previously approved waiver.**

Rhode Island is prepared to provide this information if requested.

**[Update]** The Secretary requested that Rhode Island confirm with our FPO that she has reviewed the policies referenced above and approves them. Rhode Island's understanding is that the FPO has approve the policies and will be providing the requested information. We are happy to provide any additional information that may be necessary.

## **Statutory and/or Regulatory Requirement to be Waived – 75% Out of School Youth Expenditure**

**(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 from 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 funding on the OSY population. Rhode Island is requesting that this percentage be lowered to 50%. Such a 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.

In particular, in-school youth (ISY) in the state's urban core where the highest concentration of poverty is found remain underserved, and this gap is only exacerbated by the lingering impacts of COVID-19. 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:

- 15,238 (23%) youth under the age of 18 living in families where no parent has full-time, year-round employment [first in New England]
- 34,766 (14%) youth under the age of 18 living in poverty [almost two-thirds (65%) of which reside in the urban core ]
- 43,660 youth under the age of 18 receiving SNAP benefits

The above totals are based on the most recent data available (2019) and almost assuredly increased as a result of the COVID19 pandemic, illustrating the importance of providing the WIOA Youth system maximum flexibility to serve youth no matter the setting.

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 through the existing state-funded [PrepareRI Initiative](#): dual/concurrent college course enrollment, [All Course Network](#), occupational training, pre-apprenticeship and/or registered apprenticeship programs;

- Reduce the dropout rate for in-school youth, particularly those with significant barriers to education and employment who are negatively impacted by virtual learning requirements enacted due to the COVID-19 pandemic and subsequent learning loss;
- 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; and
- Serve Rhode Island business community by increasing the access to qualified workers at the earliest possible opportunity.

**(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 vulnerable youth negatively impacted by COVID-19 disruptions and associated learning loss.

**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, tutoring and learning loss mitigation, and dropout prevention is provided prior to graduation. Covid-19 has led to a great deal of disruption to the academic year, particularly in the state's urban core. Since the start of the pandemic, nearly all Rhode Island students have received at least partial virtual instruction, with some experiencing almost the entire school year at-home. This has led to documented 'learning loss' and more pronounced achievement gaps. 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:** The employer community, particularly at the entry-level wage category, continued to report hiring challenges as a result of pandemic-distributions and the mass retirement of the 'baby boom' labor force. These employers encourage 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:** Increase the number of students living in areas of high-poverty that are connected to post-secondary education or self-sustaining employment.

**Expected Outcome:** Rhode Island continues to witness an 'opportunity gap' between students in our urban communities and those in the rest of the state. Families that are living in high-poverty areas within Rhode Island, including the state's urban core, see higher rates of unemployment and substantially lower rates of post-secondary education attainment. By balancing the state's in-school and out-of-school youth investments, the state can partner with K-12 school systems to identify students most at risk to provide better and comprehensive supports and resources, leading to better outcomes for these students. Under the 75% OSY requirement, providers have had to limit their enrollment of ISY, even though the need is there.

**Goal:** Increase awareness and visibility of the WIOA Title I Youth programs and increase number of individuals enrolled in the Youth program.

**Expected Outcome:** Engagement with in-school youth, their families, and school staff is an effective way to promote awareness of WIOA Title I Youth services. School and community relationships were more common under WIA, however since the transition to WIOA, knowledge and familiarity of the WIOA service network has waned within the school system because of reduced service capacity and overall reduced emphasis on in-school programming. Being able to bring these services back into schools will not only assist with In-School Youth referrals, but Out-of-School enrollments as well, since WIOA services would have more visibility with school representatives and the student population earlier. We expect to see an overall increase in enrollments, particularly with ISY, if granted this waiver.

**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.

The current waiver was approved for the 2021 Program Year. Based on recent data; Rhode Island estimates serving over 90 In-School Youth by close of this program year, compared to 79 the previous year and 40 in the (Covid disrupted) PY2019. This is a measurable increase that is accompanied positive anecdotal experiences among out youth providers. Many have shared the importance that the waiver has played in providing drop-out prevention and particularly 'whole family' services wherein an out of school youth may have a sibling or relative in school facing similar challenges. The 50/50 funding balance authorized by the waiver has made serving such youth a much easier effort.

**[Update]** The Secretary requested that Rhode Island provide specific, numeric programmatic projected outcomes resulting from the implementation of this waiver.

If this waiver is reauthorized Rhode Island anticipates that no less thirty percent (30%) of statewide youth serviced through WIOA will be in-school youth in PY2022, compared to 24% in PY2018, 23% in PY2019, 31.4% in PY2020 (above the program maximum and attributed to the disruptions of the pandemic) and an estimated 30% for PY2021. With an estimated 450 youth served statewide for PY2022; that represents 135 In-School Youth; 23 more than would have been able to serve had the waiver not be authorized.

Importantly, according to performance data as published in the USDOL's PY2019 and PY2020 Data Book for the state of Rhode Island; averaging the reported periods; In-School Youth served by the Rhode Island WIOA System were *more* likely to be on public assistance (36.9% ISY vs 27.8% OSY), and *more* likely to be from communities of color (35.8% ISY vs. 29.2% OSY). By increasing the share of In-School Youth Served, we can anticipate increases in participants reporting receipt of public assistance or identifying from communities of color. Furthermore, again averaging the two reported periods, In-School Youth reported increased outcomes for Employment at 2<sup>nd</sup> Quarter after Exit as compared to Out-of-School youth (81.35% ISY vs. 70.35% OSY). Based on the estimates above; Rhode Island would anticipate a 1% increase in Employment at 2<sup>nd</sup> Quarter after Exit for WIOA Youth, due to the increased number of In-School-Youth served.

**(4) Describes how the waiver will align with the Department's policy priorities, such as:**

**(A) supporting employer engagement;**

**(B) connecting education and training strategies;**

**(C) supporting work-based learning;**

**(D) improving job and career results, and**

**(E) other guidance issued by the Department.**

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 unified state plan mirrors the strategies in the PrepareRI action plan and 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 secondary 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.

The waiver is also consistent with Rhode Island's 2022 Modified WIOA Plan which commits to better collaboration with Rhode Island high schools to share service and program availability and information with non-college/military bound seniors. Increasing the portion of ISY served through the WIOA Youth program helps build presence and awareness of the workforce development system among this critical and somewhat underutilized talent pipeline.

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 work of Perkins Career and Technical education, 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;**

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:

- Rhode Island's at-risk youth
- 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:**

**(A) Monitor the progress in implementing the waiver;**

**(B) Provide notice to any local board affected by the waiver;**

**(C) Provide any local board affected by the waiver an opportunity to comment on the request;**

**(D) Ensure meaningful public comment, including comment by business and organized labor, on the waiver.**

**(E) 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; graduation rates for WIOA-enrolled ISY; engagement of WIOA-enrolled ISY in available PrepareRI programs; measurable skills gains for WIOA-enrolled ISY. As mentioned previously; the current waiver was approved for the 2021 Program Year. Based on recent data; Rhode Island projects serving over 90 In-School Youth by close of this program year, compared to 79 the previous year and 40 in the (Covid disrupted) PY2019.

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. Both boards were supportive of the request. Should the waiver be renewed, notice will be disseminated to both boards as well as other impacted partners as necessary.

As part of the 2022 WIOA Plan Modification; this waiver request has been posted to the State Workforce Development Board's website for comment and review by the general public and was accompanied by public notice. No public comment was received.

**(7) The Secretary may require that States provide the most recent data available about the outcomes of the existing waiver in cases where the State seeks renewal of a previously approved waiver.**

Rhode Island is prepared to provide this information if requested.



## **Statutory and/or Regulatory Requirement to be Waived – 6 Month Employment Requirement for Incumbent Worker Training Grants**

### **(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 20 CFR 680.780 to amend the definition of “incumbent worker” by eliminating the 6-month employment requirement. Before budget challenges brought about by the COVID-19 pandemic, Rhode Island offered a similar incumbent worker training program to employers that had no such requirement. Consistent with the state plan, Rhode Island intends to reintroduce incumbent worker training under WIOA formula funds, but anticipates complications and confusion among employers as a result of this requirement.

### **(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;**

The overarching goal is to eliminate a barrier to providing incumbent worker training to employers and workers looking to restart operations and increase competitiveness as the state recovers from the COVID19 pandemic. Removing this barrier aligns directly with priorities of the state, as described in our State WIOA Plan, to “Implement a demand-driven, sector-based strategy to meet employer demand and establish a pipeline of skilled workers for future demand” as well as “advance a career pathway strategy to provide employment, education, training and support services for individuals, particularly those with barriers to employment (including TANF recipients), that will ensure an opportunity to develop their education and skills to prepare them for a job at various points in their life.”

**[Update]** The Secretary requested that Rhode Island provide specific numerical outcomes that the state projects will result from the implementation of this waiver; and that the state discuss the implementation of this waiver in previous years.

As mentioned in Rhode Island’s initial waiver application, the state previously offered a state-funded incumbent worker training program that was popular statewide and made a WIOA-funded iteration of IWTG redundant. The program was put on hiatus as a result of financial difficulties brought about by the Covid-19. After a recent of financial review, the state has elected to bring the state-funded incumbent worker training program back beginning this fiscal year and for the foreseeable future. Therefore, Rhode Island has determined that this waiver is no longer necessary and respectfully withdraws the request. The state will continue to

monitor the interest and need for Incumbent Worker Training under WIOA. Such training may still be made available in local areas who authorize it, but with the six-month employment requirement, as described in 20 CFR 680.780.

**(4) Describes how the waiver will align with the Department's policy priorities, such as:**

**(A) supporting employer engagement;**

**(B) connecting education and training strategies;**

**(C) supporting work-based learning;**

**(D) improving job and career results, and**

**(E) other guidance issued by the Department.**

Rhode Island has long been a strong advocate of incumbent worker training as a means to improving the competitiveness of Rhode Island employers, which increasing the earning power (and reducing the likelihood and/or duration of future unemployment) of workers. Rhode Island's State Plan places a strong emphasis on meeting the evolving needs of the state's largest and growing industries while promoting lifelong learning and skill attainment among the workforce.

For over 15 years, the Governor's Workforce Board (Rhode Island's State Workforce Development Board under WIOA) administered an incumbent worker training grant (IWTG) program financed through the state Job Development Fund. The IWTG program became increasingly popular among employers and was an important part of the state's overall strategic workforce development vision. Unfortunately, the impact of COVID-19 on the Job Development Fund has been severe and has curtailed the state's ability to offer a state-funded incumbent worker training program. Incumbent Worker Training is allowed under WIOA, but Local Boards had previously resisted authorizing such training to avoid confusion and conflict with the state-funded program. As part of a larger strategic and resource allocation plan, the State intends to authorize incumbent worker training by local areas through WIOA formula funds and position the public workforce development network as a valuable partner to employers as they adapt, evolve, and recover from the economic challenges of the COVID-19 pandemic. The six-month employment requirement is a challenge to this effort, particularly at this time.

- As employers ramp up hiring and/or rehiring to keep pace with operations, there is a substantial need for training and retraining of newly hired employees
- Despite the flexibility granted to cohorts of trainees, employers who have previously utilized the state-funded incumbent worker training program have shared concerns at only being able to train some employees and not others (potentially creating gaps in knowledge between older hires and new)

- The six-month requirement is inconsistent with the overall strategic direction of the state workforce development network toward a demand-driven system that can quickly respond to the needs of employers and industry, whatever they may be.
- Incumbent worker training grants have been positioned as a tool to promote equity and equal opportunity, enabling employees to hire individuals with barriers to employment and/or less-than-required skills or experience, knowing that the training grants could help quickly ‘train up’ such hires post-employment. The six-month requirement is inconsistent with this positioning

Lastly, Rhode Island believes that the historic structure of the state’s previous Incumbent Worker Training grant program meets the intent of this six-month requirement without the employment restrictions. A WIOA-funded incumbent worker training grant would have to clearly relate to the competitiveness of the employer and/or worker and be based around the attainment of occupational skills. Proposals that relate to ‘onboarding’, general skills, and other introductory instruction associated with new employees would not be allowable.

Due to continued disruptions brought about by Covid-19, Rhode Island was unable to seed and scale a WIOA-funded Incumbent Worker Training program as intended during the PY2021 program year. However, the State Workforce Development Board continues to consider incumbent worker training as an important and impactful component of a comprehensive, responsive, and demand-driven workforce development system. Therefore, the state is requesting continued flexibility provided by this waiver for PY2022.

**(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;**

Individuals potentially impacted by the waiver include:

- Employers looking to increase their competitiveness and ability to respond to an evolving market through the use of incumbent worker training
- Lower skilled/experienced job seekers for whom the availability of incumbent worker training is an equalizer in the job market
- Newly hired workers looking to increase their earning capacity and/or job security
- Business Services staff that have a more flexible and responsive program to market to employers.

**(6) Describes the processes used to:**

**(A) Monitor the progress in implementing the waiver;**

**(B) Provide notice to any local board affected by the waiver;**

**(C) Provide any local board affected by the waiver an opportunity to comment on the request;**

**(D) Ensure meaningful public comment, including comment by business and organized labor, on the waiver.**

**(E) 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. Date of Hire relative to Start Date of Training is an easily trackable query and would highlight individuals and/or training projects that would have otherwise been denied in the absence of the waiver.

Due to continued disruptions brought about by Covid-19, Rhode Island was unable to seed and scale a WIOA-funded Incumbent Worker Training program as intended during the PY2021 program year. However, the State Workforce Development Board continues to consider incumbent worker training as an important and impactful component of a comprehensive, responsive, and demand-driven workforce development system. Therefore, the state is requesting continued flexibility provided by this waiver for PY2022.

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. Both boards were supportive of the request. Should the waiver be renewed, notice will be disseminated to both boards as well as other impacted partners as necessary.

As part of the 2022 WIOA Plan Modification; this waiver request has been posted to the State Workforce Development Board's website for comment and review by the general public and was accompanied by public notice. No public comment was received.

**(7) The Secretary may require that States provide the most recent data available about the outcomes of the existing waiver in cases where the State seeks renewal of a previously approved waiver.**

Rhode Island is prepared to provide this information if requested.

## **Statutory and/or Regulatory Requirement to be Waived – On-the-Job Training Employer Reimbursement**

### **(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. Many Rhode Island small businesses faced unprecedented challenges as a result of the COVID19 pandemic and related economic impacts. As the state begins to recover from the pandemic, extra incentives such as the increased wage reimbursement is a tool to help meet the substantial need for training and retraining of newly hired employees employers as employers ramp up hiring and/or rehiring to keep pace with operations. OJT can also help promote the hiring of current unemployment insurance receipts as well as individuals with barriers to employment and/or less-than-required skills or experience. An enhanced OJT match for these small business can help them quickly 'train up' such hires post-employment.

### **(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 keep pace with evolving market demands as the state recovers from the economic impacts of the pandemic. The enhanced match would increase their competitive position for skilled labor as compared to larger firms who often have an advantage for such talent. This waiver would also build capacity for small businesses to draw from the local area's workforce talent, versus having to conduct costly and regional recruitment activities. The match would also 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 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 Year. The waiver was granted in August 2021, but full implementation of the revised reimbursement tier was not realized until Winter 2021-2022. This waiver has allowed Rhode Island to more fully support the meaningful intervention of jobseekers requiring additional work-based learning components. Small employer establishments (fewer than 20 employees) dominate the Rhode Island landscape. Per the US bureau of Labor Statistics, 91.1 percent of Rhode Island entities were those which employed fewer than 20 workers in 2021. These small employer establishments are often better able to offer individualized and contextualized work-based learning, particularly for those with significant barriers to employment.

Since July of 2021, 81% of OJT establishments contracted in the Greater Rhode Island workforce area alone employed fewer than 50 individuals, and 59% employ fewer than 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.

**[Update]** The Secretary requested that Rhode Island provide specific numerical outcomes that the state projects will result from the implementation of this waiver.

As described below, one of Rhode Island's local workforce development areas operationalized the OJT waiver relatively late in the program year. The other local area which authorized the OJT waiver sooner in the program year witnessed a considerable increase in the utilization of OJT, particularly among small and mid-sized businesses that benefited from the enhanced match and were observed as most in need of assistance with hiring in the current tight labor market. In the seven months during PY2021 when the enhanced match was not available; the Greater Rhode Island local area approved a total of fifteen OJT contracts. In the less than three months since the enhanced match was authorized, the Greater Rhode Island local area has authorized eleven OJT contracts. The local area projects to end PY2021 with an estimated 17% increase in the total number of OJT contracts issued as compared to PY2020.

OJT is one of the state workforce system's most effective tools to promote a skilled workforce and job placement for Adults and Dislocated Workers. Rebuilding the utilization and awareness

of the program after a measurable reduction as a result of the pandemic is important to the state's WIOA Plan strategies of meeting employer demand and building career pathways for job seekers. Based on the experience described above; if this waiver is authorized, we project a 15% increase in the utilization of On-the-Job Training in PY2022 as compared to PY2021. This increase would have a compounding effect in later program years as many of the employers that are introduced to the OJT program as a result of the enhanced match return for additional hires even if the program reverts back to the 50% reimbursement level.

**(4) Describes how the waiver will align with the Department's policy priorities, such as:**

**(A) supporting employer engagement;**

**(B) connecting education and training strategies;**

**(C) supporting work-based learning;**

**(D) improving job and career results, and**

**(E) other guidance issued by the Department.**

Rhode Island has long been a strong advocate of work-based learning and paid/subsidized work experiences as a means improving the competitiveness of Rhode Island employers, which increasing opportunity and earning power (and reducing the likelihood and/or duration of future unemployment) of workers. Rhode Island's State Plan places a strong emphasis on meeting the evolving needs of the state's largest and growing industries while advancing "a career pathway strategy to provide employment, education, training and support services for individuals, particularly those with barriers to employment (including TANF recipients), that will ensure an opportunity to develop their education and skills to prepare them for a job at various points in their life."

On-the-job training is a proven and reliable work-based learning model that meets the immediate workforce needs of employers and industries, especially in such a tenuous and unpredictable time. Employers, especially small employers, have emphasized the need for a trained and reliable workforce, but inefficiencies in the labor market are threatening the state's efficient recover from the pandemic. Like many states facing the dual challenges of supply chain bottlenecks and short term labor shortages; Rhode Island is in need of proven and effective training models that can provide immediate and effective relief to employers and industries.

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 recipients as well as individuals with barriers to employment and/or less-than-required skills or experience.

According to the 2020 “Small Business Profile” published by the U.S. Small Business Administration’s Office of Advocacy, firms with fewer than 20 employees have the largest share of small business employment in Rhode Island (<https://cdn.advocacy.sba.gov/wp-content/uploads/2020/06/04144159/2020-Small-Business-Economic-Profile-RI.pdf>). On-the-job training strategies prioritized by the state match the USDOL’s priority of work-based learning activities and meet the immediate and long-term needs of American businesses.

**(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;**

Individuals potentially impacted by the waiver include:

- Employers looking to increase their competitiveness and ability to respond to an evolving market through the use of on-the-job training
- Lower skilled/experienced job seekers for whom the availability of incumbent 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 return claimants to work in rewarding and competitive employment

**(6) Describes the processes used to:**

**(A) Monitor the progress in implementing the waiver;**

**(B) Provide notice to any local board affected by the waiver;**

**(C) Provide any local board affected by the waiver an opportunity to comment on the request;**

**(D) Ensure meaningful public comment, including comment by business and organized labor, on the waiver.**

**(E) 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. As mentioned previously, the current waiver was granted in August 2021, but full implementation of the revised reimbursement tier was not realized until Winter 2021-2022. As such, data on the impact of the waiver within the 2021 Program Year is limited. We anticipate a much fuller data set and profile if the waiver were renewed for an additional program year.



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. Both boards were supportive of the request. Should the waiver be renewed, notice will be disseminated to both boards as well as other impacted partners as necessary.

As part of the 2022 WIOA Plan Modification; this waiver request has been posted to the State Workforce Development Board's website for comment and review by the general public and was accompanied by public notice. No public comment was received.

**(7) The Secretary may require that States provide the most recent data available about the outcomes of the existing waiver in cases where the State seeks renewal of a previously approved waiver.**

Rhode Island is prepared to provide this information if requested.

**[Update]** The Secretary requested that Rhode Island discuss the implementation of this waiver in previous years.

The initial waiver was approved on August 13, 2021. During the months of September and October, the state board conferred with staff and thought leadership on the best approach to operationalizing this waiver among the local areas and raising employer awareness. In December guidance was issued by the State Board to all local areas and state staff was made available to answer any questions. The Greater Rhode Island local area issued enabling policy changes, with required procedural changes and guidance in early February 2022; the Providence/Cranston local area issued enabling policy with required procedural changes and guidance in late March.