

U.S. Department of Labor

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



June 7, 2022

The Honorable Pedro Pierluisi
Governor of Puerto Rico
La Fortaleza
P.O. Box 9020082
San Juan, PR 00902-0082

Dear Governor Pierluisi:

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 Puerto Rico will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by Puerto Rico and ETA. This action is taken under the Secretary'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 Commonwealth is requesting a waiver of WIOA Section 134(c)(3)(H)(i) and 20 CFR 680.720(b) in order to increase on-the-job training (OJT) employer reimbursement up to 90 percent for businesses with 50 or fewer employees.

ETA Response: ETA approves the Commonwealth's waiver request through June 30, 2024, for the WIOA Title I Adult, Dislocated Worker, and Youth formula funds. ETA reviewed the Commonwealth's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Puerto Rico to implement its plan to improve the workforce development system. Existing statutory authority permits the Commonwealth and its local workforce areas to increase the reimbursement rate for OJT contracts up to 75 percent. The Commonwealth may also reimburse up to 90 percent for OJT for businesses with 50 or fewer employees. ETA expects the utilization of OJT to increase in the Commonwealth as a result of this waiver.

Requested Waiver: Waiver associated with the requirement at WIOA Section 129(a)(4)(A) and 20 CFR 681.410 that the Commonwealth 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 Commonwealth's request to waive the requirement that the Commonwealth expend 75 percent of Governor's reserve youth funds on OSY. The use of this waiver is limited to emergency, disaster-related

needs only, as proposed by Puerto Rico in its request. ETA reviewed the Commonwealth's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Puerto Rico to implement its plan to improve the workforce development system. Puerto Rico may lower the expenditure requirement of Governor's reserve funds to 50 percent for OSY.

In addition, ETA approves for PY 2022 and PY 2023, which includes the entire time period for which states are authorized to spend those funds, the Commonwealth's request to waive the requirement that local areas expend 75 percent of local youth formula funds on OSY. Puerto Rico may lower the local youth funds expenditure requirement to 50 percent for OSY. The use of this waiver is limited to emergency, disaster-related needs only, as proposed by the Commonwealth in its request.

Requested Waiver: Waiver to allow flexibility in the use of funds reserved by the Governor to provide statewide rapid response activities under WIOA Section 134(a)(2)(A) to also provide statewide employment and training activities under WIOA Section 134(a)(2)(B) and WIOA Section 134(a)(3), including disaster-relief employment to affected areas.

ETA Response: ETA cannot approve the Commonwealth's waiver request at this time due to inadequate information provided in the request. ETA will provide technical assistance to Puerto Rico and may provide approval upon receipt of more detailed information regarding the rationale for the waiver, projected quantifiable outcomes of its implementation, and a description of results from the Commonwealth's prior utilization of this waiver.

Requested Waiver: Waiver of the limitation on the use of funds for capitalization of business at WIOA Section 181(e) to permit funds to be used to capitalize small businesses that were affected by emergencies, up to \$5,000 per affected business.

ETA Response: ETA does not approve the Commonwealth's waiver request. This waiver is limited in application to active disaster-related National Dislocated Worker Grants (DWGs), which Puerto Rico does not currently have. If desired, Puerto Rico may submit this waiver request in the future for a specific DWG project.

Requested Waiver: Waiver of the requirement at WIOA Section 116(e) and 20 CFR 682.200(d) to conduct evaluations of workforce investment activities for adults, dislocated workers and youth at WIOA Section 134(a)(2)(B)(vi) and WIOA Section 129(b)(1)(A).

ETA Response: ETA does not approve the Commonwealth's waiver request. The Commonwealth is requesting this waiver due to lack of capacity to conduct evaluations. Evaluations provide crucial information regarding the effectiveness of workforce services. ETA can provide technical assistance regarding lower cost evaluation options and other acceptable evaluation activities.

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".

Brent Parton
Acting Assistant Secretary

Enclosure

cc: Jenny Mar Cañón Feliciano, Director, Department of Economic Development and Commerce
Jennifer Friedman, Acting Boston Regional Administrator, ETA
Minnie R. Holleran, Federal Project Officer, ETA

Updated 2022 State Plan Waiver Request – Puerto Rico

1. Waiver of WIOA Section 134(c)(3)(H)(i) and 20 CFR 680.720 (b) to increase the On-the-Job Training (OJT) employer reimbursement up to 90 percent

Puerto Rico is requesting a waiver to the current allowable employer reimbursement rate of up to 50 percent of the wage rate of an On-the-Job-Training (OJT) participant for the extraordinary costs of providing training and additional supervision related to the OJT as described in the WIOA Section 134(c)(3)(H)(ii)(II). The waiver request has been developed following the WIOA guidelines in Section 189(i)(3)(B) and the WIDA Federal regulation at 20 CFR 680.720(6).

Puerto Rico is proposing a sliding scale of reimbursement to the employer based on its size and capability. Under this waiver, the following scale will be implemented: up to 90% reimbursement for employers with 50 or less employees; up to 75% reimbursement for employers with a workforce between 51and 250 employees. For employers with 251employees or more, the statutorily defined 50% limit will continue to apply.

The waiver is requested in order to use with all WIOA formula funds: Adult, Dislocated Worker, Youth, National Dislocated Worker Grants, as well as other Discretionary grants, as appropriate. DEDC looks forward to the approval of this waiver for Puerto Rico. Effective upon approval.

This waiver was approved by USDOL on February 12, 2021, and it will be valid until June 30, 2022. The waiver allows Puerto Rico's businesses to rapidly adapt to technological and general marketplace changes by improving their capacity to expand and remain competitive with affordable OJT options uniquely designed to achieve their specific development goals. The reduced match requirement for employers, particularly new start-ups and small to medium-sized businesses, provide an attractive and cost-effective financial incentive, increasing the opportunity to utilize the OJT model for hiring and training new workers. From an economic development standpoint, increasing the number and quality of the labor force stimulates the competence and competitiveness of Puerto Rico's economy.

This waiver has been a great tool to help LWDA's to attract new employers to the workforce system. For example, during PY20 this waiver was used by eight (8) LWDA's with a participation of 56 employers and 271 employees, 163 adults, and 108 dislocated workers, with a total expenditure of \$1,278,634M. The waiver has been responsible for increasing employee and employer participation, as shows chart 1. It should be noted that the use of this waiver for PY20 could only be implemented by the LWDA's for the last two (2) quarters. Notwithstanding, as shows in next chart, included in PY 2020 Annual Report, the LWDA's had an extremely satisfactory performance.



Source: Puerto Rico Annual Report(2020)

The LWDA's that benefited most from the waiver according to the information provided on their expenditures are Caguas/Guayama (\$354,334) and Southeast (\$384,300). Based on the labor and business sector background in Puerto Rico, the impact of said waiver is significantly aiding Puerto Rico's workforce and economy since it is increasing the opportunity to promote job skills improvement, job creation, and business sustainability of various economic regions of Puerto Rico. As a result, with the data provided by the LDWA's, we expect an increase in the participation of employers, adults, displaced workers, and youth, as well as in the investment of funds for PY 2021.

- *Discuss the implementation of this waiver in previous years*
- The data presented is the official data registered in the Participant Record Information System (PRIS) for the PY 2018-2021 until the end of the third quarter.
- The following tables show the official data for the delivery of training services in the period of 2018-2021, both at the state level and in the 15 local areas. It also includes the number of participants entering employment for the second and retained in the fourth quarter.
- In PY 2018, 46% of the training delivered at the state level was OJT. In the second quarter, 80% participants with programmatic exit were employed, and 69% were retained in employment for the fourth quarter.

TABLE 2- Training Services PY 2018-2021

PY	Receive Training	OJT	Employment 2Q
2018	1859	864	693
2019	2814	951	618
2020	2886	865	287
2021	2731	770	23

- In PY 2019, 34% of trainings offered were OJT, with 65% employed in the second quarter and 54% with retention in the fourth quarter.
- For PY 2020, 865 on-the-job trainings were offered, with a placement of 33% in employment in the second quarter and a retention rate of only 21% in the fourth quarter.
- The reduction that occurs in the statistics is directly related to the effects of the COVID 19 pandemic on labor markets.
- In PY 2021, the LWDA planned to develop 2,213 OJT, as shown in Table 3. Until the third quarter, 770 OJTs have been delivered, corresponding to 35% of the planned outcomes. In this item, most of the participants have not completed their participation in the program so the rate calculation cannot be made.
- In PY 2021, the approved planning by the WDP to local areas shows that the 15 ALDLs planned to deliver 2,213 OJTs, with 635 for adults and 1678 for dislocated workers. The estimated investment would be approximately \$6.5 million, as shown in Table 3.

Projected Participants OJT PY 2021**PY 2021-22**

LWDA	Adults	DW	Adults
Bayamon	31	40	\$209,037
Caguas	56	75	\$343,952
Carolina	41	50	\$205,710
GTB	100	31	\$106,000
LM	10	14	\$50,000
Manati	28	30	\$235,872
Mayaguez/LM	15	46	\$112,320

PY 2021-22

Noreste	20	125	\$127,916
Noroeste	40	62	\$172,800
Norte Central	90	330	\$551,788
Ponce	23	100	\$80,040
San Juan	53	532	\$159,675
Sur Central	79	58	\$236,759
Sureste	50	85	\$290,000
Suroeste	30	40	\$86,913
Total	635	1578	\$2,759,745

Statutory and/or regulatory requirements to be waived:

WIOA Section I34(c) (3)(H)(ii)(II), and the accompanying regulations as promulgated at 20 CFR 680.720 (b), state that employers may be reimbursed up to 50 percent of the wage rate of an OJT participant for the extraordinary costs of providing the training and additional supervision related to the OJT.

Actions undertaken to remove state or local barriers:

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

Goals and expected programmatic outcomes from the waiver:

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

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

- Increase business usage of the local workforce system by providing added incentives to hire and train new workers.
- *Provide discrete and measurable outcomes that the state projects will result from the implementation of this waiver*
- The PRIS data show that 770 OJT training have been offered until the third quarter of PY 2021, corresponding to 35% of targeted services. However, it is necessary to consider that the trend in data entry is to increase the number of participants registered by the end of each program year.
- In addition, the governor of PR eliminated the restrictions contained in the Executive Orders for controlling COVID-19 in March 2022, which opened the doors for companies and employers to enter a more aggressive recruitment process than in the three previous years. Considering the removal of COVID restrictions and the beginning of investment by FEMA recovery funds that are beginning to release, we project an increase in the number of hires and the offer of OJT. DEDC and PRDOLHR are currently engage in an aggressive campaign to encourage people to return to work.
- On the other hand, PR will receive a reduction of approximately 10% in the allocation for the PY 2022, according to TEN 20-21. Taking as a parameter the planning of PY 2021, the following outcomes are projected for 2022 and 2023:

Table 4- Waiver Outcomes 2022-2023

PY	Adults	DW
2022	572	1,420
2023	514	1,278
TOTAL	1,086	2,698

- The OJT waiver will be extended to all 15 LWDBs, considering the relevance to increasing services to employers and improving the post-COVID-19 economy.

Department of Labor's policy priorities:

- Connect individuals with chronic unemployment or inconsistent work history with opportunities to build workplace skills and job history.
- Inject the economy with skilled individuals that will continue to advance in their specific fields or occupations.

Individuals impacted by the waiver:

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

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

Process for monitoring progress in implementation:

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

- *Discuss how the State will monitor implementation, including programmatic review, financial oversight, and accountability. Indicate policies in place to ensure compliance with OJT requirements.*

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

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

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

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

Process for Notice of Local Boards and Opportunity to Comment:

The unified plan and the waiver request were published for a period of two (2) weeks on the PRDEDC website, allowing for public comment on its content and potential impact. In addition, copies of workforce system waivers will be provided to the Major's boards, Local Boards and LDWA's.

- *Discuss the public comment period and how many responses were received. If comments were received, were they incorporated into the Plan.*

The following is the public comment process conducted prior to the approval of the amendments to the PR Unified State Plan 2020-2023:

- On February 25, 2022, The Puerto Rico Unified State Plan 2020-2023 modification draft was published on the DDEC website for review and public comments. The review period was open until March 14, 2022.
- In addition, the draft plan was sent to all members of the State Workforce Development Board (SWDB) on March 8, 2022, for review and comment.
- On February 25, 2022, we sent the draft to all the presidents of the Local Boards, Chief Elected Officials, and Deputy Directors of the ALDLs, for local dissemination and public comments. In addition, we instructed that the Plan should be available at the AJC so that the citizen, participants, partners, and services providers could review and evaluate it. The AJC staff would collect recommendations or comments and send them to the WDP. Nevertheless, no comments were submitted at the local level regarding the Plan.
- The Planning and Executive Committees of the State Board met virtually on March 14, 2022, to evaluate the proposed modifications to the Plan. The WDP developed the changes following DOLETA's public policy, issued in TEGL 4-21, **Modification Requirements for WIOA State Plans for Program Years (PYs) 2022 and 2023**. The modified Plan has six additional strategic objectives in compliance with the TEGL 4-21 priorities. The committee assessed the proposed objectives and presented recommendations to expand the scope of the objectives. The committee decided to convene all the members for an ordinary meeting for the approval of the Plan.
- The SWDB approved the modifications to the Unified State Plan on March 14, 2022.
- On March 10, 2020, the WDP held an open webinar to discuss the proposed modifications of the Unified Plan 2020-23 with the presidents of the Local Boards, CEOs, deputy directors, and AJC staff. WDP staff made a presentation summarizing the amendments, including the strategic objectives for the implementation of the Plan and the most significant changes made. In addition, we included a summary of the waivers requested in the Plan at the meeting. Thirteen local areas were represented in the meeting.

Waiver Impact:

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

- Indicate policies in place to ensure compliance with OJT requirements.

A Work-based training policy was sent to the State Workforce Development Board (SWDB) to provide guidelines for the following WBT activities: On the Job Training (OJT), Customized Training, Incumbent Workers Training, and Registered Apprenticeship. The draft is pending State Board approval. The policy will include a section dedicated to the implementation of the waiver of WIOA Section 134(c)(3)(H)(i) and 20 CFR 680.720(b) to increase on-the-job training (OJT) employer reimbursement up to 90 percent using a sliding scale based on employer size.

However, the WIA policy 4-2007, **Requirements and Public Policy for the activities of Customized Training and On the Job Training (OJT)**, is the current policy for developing these two work-based trainings. Although this policy contains references to WIA regulations, it sets forth the State Board's requirements for carry-out an OJT, with clear reference to in-demand, high-skilled occupations, eligibility, hiring process, contract content, and non-discrimination provisions, lobbying, as well as other regulatory prohibitions.

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

- DEDC-WIOA-01- 2021 - Policy to comply with the Sunshine Provision for Local Board activities under the Workforce Opportunity and Innovation Act WIOA
- DDEC-WIOA-07-2 - Procedure for the follow-up service required by WIOA for participants of the Adult, Dislocated Worker, and Youth Programs
- DEDC WIOA 08-20 - Case Management and Record-Keeping Policy - Provide guidance for carrying out case management interventions (eligibility, referrals, training activities, employment, etc.) and record-keeping
- DDEC-WIOA-09-20 - Cost allocation and fund reimbursement
- DDEC-WIOA-11-20 - Payroll Cost Allocation Policy - Guidelines and procedures for payroll based on budget
- Policy to establish the procedure for the determination of WIOA rules violations and the imposition of state board sanctions

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

Statutory and/or regulatory requirements to be waived:

Indicate which part of the WIOA or the regulations the state would like to waive.

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

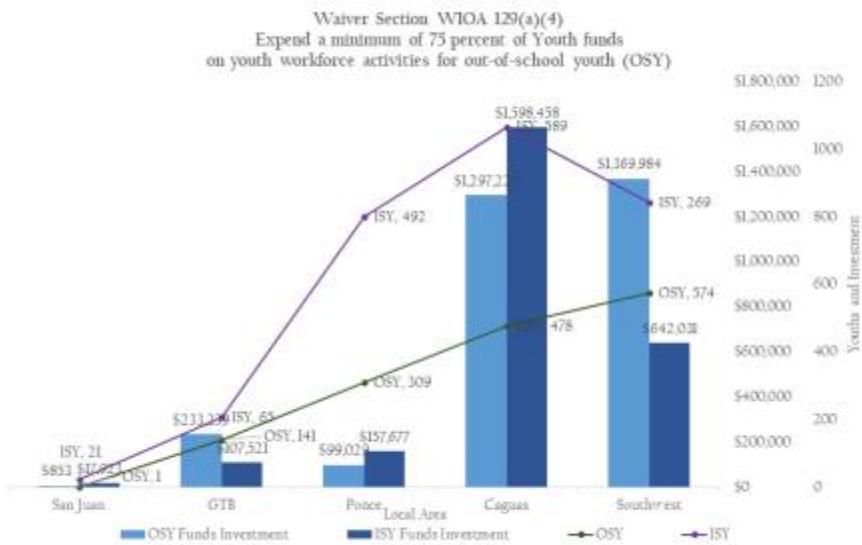
The use of this waiver is limited to emergency, disaster-related needs only. The natural disasters like hurricanes, earthquakes and now pandemic like CORVID -19, are causing the loss of thousands of jobs throughout Puerto Rico. Local economists forecast that Puerto Rico will face an economic contraction that can extend for the next ten years. The island's labor market is currently paralyzed, without any new jobs or the openings of new businesses. On the other hand, Local Areas are facing an increase in the demand for jobs, for job sites that were destroyed or have not been able to restart operations because of the instability of infrastructure, lack of financial resources or the decrease in product consumption.

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

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

This waiver was approved by USDOL on April 20, 2021, and it will be valid until June 30, 2022. The chart below, details the use of the same by the participating LWDA's. From the data provided by the belowmentioned chart, we can attest that Puerto Rico's workforce system has greatly benefitted from the same since its implementation allows for the use of up to 50% of the youth program funds, for services for in-school youth (ISY). Nonetheless, Puerto Rico continues its efforts to provide employment and education services for out-of-school youth (OSY). Given the economic crisis that the island is experiencing, it is necessary to promote the holistic development of young people to foster their economic self-sufficiency to the extent that barriers to employment and access to education are broken down, including OSY and ISY population.

The chart below shows the participation of OSY and ISY for the PY20. The approval of waivers in previous years had a significant effect in increasing ISY participation. The five (5) local areas that used the waiver in the aggregate, reported expenditures of \$5.5 million during the PY20. Of said group, the LWDA of Caguas-Guayama reported the highest expenditures and the largest number of participants. The chart shows the relationship between participation and expenditures in the WIOA Youth Program. It should be noted that the participating LWDA's continued to provide services to OSY and the data reflects that the provided OSY services did not decrease. In simpler words, the number of OSY is greater than ISY, with 1,503 OSY and 1,436 ISY, as show in the following chart.



Source: PR Annual Report PY 2020

Actions undertaken to remove state or local barriers:

Describe the actions undertaken to remove state or local barriers.

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

Goals and expected programmatic outcomes of waiver:

Describe and specify how the waiver will help the state achieve an identified strategic goal or set of goals that it has outlined in its State Plan. If possible and appropriate the type of waiver requested, provide quantifiable projections for programmatic outcomes that will result from the waiver.

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

The expect outcomes are as follow:

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

- Provide specific, numeric programmatic projected outcomes resulting from the implementation of this waiver.

The waiver to WIOA section 129(a)(4) has been approved to PR since the PY 2018. The Table 1 shows the registered youth in the database Participants Record Information System (PRIS), from 2018, until the current program year. This waiver increases the number of In-School Youth (ISYs) that receive services in the AJC, with over 50% of in-school youth.

Youth Registration in PRIS 2018-2021

PY	OSY	%	ISY	%	TOTAL
2018	3,388	53%	3,023	47%	6,411
2019	2,437	50%	2,423	50%	4,860
2020	1,527	45%	1,866	55%	3,393
2021	1,120	40%	1,682	60%	2,802
2022	1,008	40%	1,514	60%	2,522
2023	907	40%	1,362	60%	2,270

Services for out-of-school youth (OSY), are more expensive because OSY needs a comprehensive service strategy that includes education, training, employment, and support services, among others. The use of the waiver has not affected services to the OSY population due to that expenditure remained above 60% from 2018 to 2020.

In the PY 2021, the expenditure presented is until the second quarter of the program year, so it is projected that the program will reach a spending rate above 60 percent at the end of the year, following the trend described above.

Considering the number of youths registered in the PRIS, and that PR had a 10% reduction in the allocation in the PY 2021, and a reduction of 10% is projected for the PY 2022, according to the *TEN 20-21 Planning Estimate for Workforce Innovation and Opportunity Act (WIOA) Youth, Adult, and Dislocated Worker Program Allotments for Program Year (PY) 2022*, the outcomes expected are delivery services for 2,522 youth in PY 2022, and 2,270 for the PY 2023. Therefore, expenditure is expected to continue at over 65% for the program based on the reflected trend. It should also be noted that in the last three months we have signed MOUs with different entities that work with disadvantaged communities. There are already several projects of which we can mention the University of Puerto Rico – Río Piedras Campus, The Office of Socioeconomic and Community Development and the Institute for Youth Development (*Instituto del Desarrollo de la Juventud*). These projects will allow us to reach and serve our communities in a more efficient and productive manner.

Department of Labor's policy priorities:

Describe how the waiver will align with the Department's policy priorities, such as:

- Maximize the flexibility needed to ensure speedy implementation of work-based learning opportunities that WIOA encourages for both formula and discretionary grants;
- Increase business usage of the workforce system and thereby achieve greater access to employment opportunities for young people;
- Provide greater incentives for employers to retain and retrain current employees to avoid layoffs and to create new jobs;
- Create additional opportunities for new workers, and for unemployed and underemployed workers to speed up their return to full-time employment; and
- Support Puerto Rico's small and medium-sized businesses and the entrepreneurial start-up economy.

Individuals impacted by the waiver:

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

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

Process for monitoring progress in implementation:

The WDP of PRDEDC will monitor progress under this waiver through performance reports, and through its monitoring and performance accountability system. The Monitoring Unit will be adding the monitoring of waivers to its monitoring processes to ensure compliance with waiver guidelines.

Process for Notice of Local Boards and Opportunity to Comment:

The unified plan and the waiver request were published for a period of two (2) weeks on the PRDEDC website, allowing for public comment on its content and potential impact. In addition, copies of workforce system waivers will be provided to the Major's boards, Local Boards and LDWA's.

Waiver Impact:

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

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

3. Waiver of statewide required activities described in WIOA Sections 129(b)(1)(A) and 134(a)(2)(vi) to conduct evaluations under section 116(e) of activities authorized under this chapter and chapter 3 in coordination with evaluations carried out by the Secretary under section 169(a).

Statutory and/or regulatory requirements to be waived:

Indicate which part of the WIOA or the regulations the state would like to waive.

PRDEDC requests a waiver for statewide required activities described in WIOA Sections 129(b)(1)(A) and 134(a)(2)(vi); to conducting evaluations under section 116(e) of activities authorized under this chapter and chapter 3 in coordination with evaluations carried out by the Secretary under section 169(a).

The purpose of the evaluation is to improve the management and effectiveness of workforce system programs and activities. Gathering statistical data, participants, and employer's surveys, developing an adequate methodology, disseminating the information and other necessary steps to conduct evaluations, are difficult to complete during emergency time.

PR did not submit the performance reports required by WIOA regulations since the implementation of the act. Negotiation with Region I and ETA allowed PR to present with priority the reports of PY 2019 and PY 2020. Soon we will be presenting the execution reports for the AP 2017 and AP 2018, so that our jurisdiction would comply with the WIOA reporting.

The State Board and the Governor need precise and objective data to be able to carry out the evaluation required by the rules, to the implementation of services in the AJC. Currently, the state level is in the process of submit the performance reports required for the four years since the implementation of WIOA and does not have the data to objective evaluations and decision making. In addition, as previously mentioned in this plan, we are in the process of integrating the databases of the system partners, which will allow the state to begin a comprehensive evaluation all the services in the AJC. The approval of this waiver will provide the time required to complete the processes described before and have the statistical data to an objective evaluation of the workforce development system in PR.

Actions undertaken to remove state or local barriers:

Describe the actions undertaken to remove state or local barriers.

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

Goals and expected programmatic outcomes of waiver:

Describe and specify how the waiver will help the state achieve an identified strategic goal or set of goals that it has outlined in its State Plan. If possible and appropriate the type of waiver requested, provide quantifiable projections for programmatic outcomes that will result from the waiver.

- Provide the time required to complete the processes to complete performance report required since WIOA.
- Have the statistical data to an objective evaluation of the workforce development system in PR.
- This waiver will help PRDEDC to complete the collaborative partnerships that will commit to a system-wide evaluation of activities throughout this recovery period.
- The waiver will allow Puerto Rico to develop a strategy for evaluation, transparency, to identify innovative changes and transitional steps to improve the island's workforce system.

- This waiver will also broaden opportunities for core partners to collaborate on a strategy to gather information, evaluate program requirements, as well as the state board delimit their evaluation priorities and goals.

Department of Labor's policy priorities:

Describe how the waiver will align with the Department's policy priorities, such as:

The PRDEDC will focus on providing LWDAs assistance to improve operational capacity, continue capacity building efforts for staff, program participants and employers, understand impact of performance outcome, and improvement and progress of the delivery of services.

Individuals impacted by the waiver:

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

This impact the WIOA labor development system in Puerto Rico

Process for monitoring progress in implementation:

The WDP will continue its efforts to improve the management and effectiveness of workforce system programs and activities. The Monitoring Unit will be adding the monitoring of waivers to its monitoring processes in order to ensure compliance with waiver guidelines.

Process for Notice of Local Boards and Opportunity to Comment:

The unified plan and the waiver request were published for a period of two (2) weeks on the PRDEDC website, allowing for public comment on its content and potential impact. In addition, copies of workforce system waivers will be provided to the Major's boards, Local Boards and LDWA's.

Waiver Impact:

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

4. Waiver of WIOA Section 134/(a) Statewide Employment and Training Activities.

Statutory and/or regulatory requirements to be waived:

Indicate which part of the WIOA or the regulations the state would like to waive.

The Commonwealth of Puerto Rico, through the Department of Economic Development and Commerce (DEDC), the WIOA Title I-B grantee, seeks a waiver allowance of WIOA section 134(a)(2)(A), (2)(B) and (3) to add flexibility in the use of the funds reserved by the Governor for use to provide statewide rapid response activities (i.e. WIOA section 134(a)(2)(A)), for use to provide statewide employment and training activities (i.e. WIOA section 134(a)(2)(B) and (3)) to provide disaster relief to affected areas.

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

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

- Expedited allocation of funds to a local workforce development board, or local board, so they may respond quickly to a disaster, emergency, or other qualifying event as described at 20 CFR 687.100(b). Only those events, and cascading events caused by a qualifying event, that have been declared as an emergency or disaster by the Federal Emergency Management Agency (FEMA), by the chief official of a Federal Agency with jurisdiction over the Federal response to a disaster with potential significant loss of employment, or the Governor of Puerto Rico as a qualifying event, qualify for the use of WIOA statewide funds.
- To alleviate the effects that a qualifying event causes within affected local area(s), and/or planning regions, WIOA statewide funds will allow comprehensive disaster relief employment and employment and training activities, and the provision of needed humanitarian resources and services, including other services or resources deemed necessary as described at 20 CFR 687.180(b)(1).
- An individual's disaster relief employment is limited to 12 months or 2080 hours for work related to recovery from a single emergency or disaster. The Workforce Development Program (WDP) of the DEDC may extend an individual's disaster relief employment for up to an additional 12 months or 2080 hours if requested and sufficiently justified by the local board.
- Employment and training activities as described in WIOA section 134(c) and (d) are supported for WIOA eligible participants.
- Supportive services may be provided to enable individuals to participate in disaster relief employment, including such costs as transportation, childcare, and personal safety equipment and clothing consistent with local policies.
- Individuals shall be eligible to be offered disaster relief employment and employment and training services if such individual is a dislocated worker; is a long-term unemployed individual as defined by the State; is temporarily or permanently laid off as a consequence of the emergency or disaster; or in the case of an individual who is self-employed, becomes unemployed or significantly underemployed as a result of the emergency or disaster as well as appropriate adults and youth ages 18 and over.
- Transitional jobs as described at WIOA section 134(d)(5) will be supported with the WIOA statewide funds. Puerto Rico has a waiver of WIOA section 134(d)(5) to allow local boards up to 50 percent of Adult and Dislocated Worker funds to be used for the provision of transitional jobs effective until June 30, 2020.

Actions undertaken to remove state or local barriers:

Describe the actions undertaken to remove state or local barriers.

The Commonwealth of Puerto Rico established the **Puerto Rico State Agency for Emergency and Disaster Management** —[Spanish](#): Agencia Estatal para el Manejo de Emergencias y Administración de Desastres (AEMEAD)— as the [agency](#) that oversees all emergency activities that occur in [Puerto Rico](#). Within all local workforce development areas, or local areas, there are responsible entities

marshalled by local government, or its agents, should a qualifying event occur. The AEMEAD works in concert with these entities to provide resources and expertise.

Puerto Rico Unified Plan contain the state and local workforce development system strategies and activities to deal with future emergency events as hurricanes, earthquake, flood, among other, including the timing, process and staff authorized to applying and administering applicable National Dislocated Worker Grants, or NDWG, consistent with WIOA Sec. 170 and its corresponding regulatory requirements. The state plan will include the state board policy as well as the process to Local Areas request NDWG funds, once the grant be approved.

The NDWG grants are helpful once allocated, but in the time between the event and allocation, aid is urgently needed and there is much work to be done. If months pass before the NDWG allocation occurs, damage can be exacerbated, and work is not completed. The Government is mindful of this time gap and strives to apply as soon as the state is eligible for NDWG funding assistance, as appropriate. The efficient use of time right after a qualifying event occurs is a critical variable in how well recovery is measured. This is a serious barrier the state wants to reduce.

Goals and expected programmatic outcomes of waiver:

Describe and specify how the waiver will help the state achieve an identified strategic goal or set of goals that it has outlined in its State Plan. If possible and appropriate the type of waiver requested, provide quantifiable projections for programmatic outcomes that will result from the waiver.

Strategic Goals

In the case of a qualifying event, the State intends to use WIOA statewide funds so that relevant workforce development responses are provided in a timely manner. WIOA statewide funds may be provided to local areas deemed in need of financial resources because of being affected by a qualifying event.

The use of WIOA statewide funds associated with this waiver supports the state's goal of local WIOA-based programs and activities that better serve targeted groups of workforce development system customers. The use of WIOA statewide funds offers greater flexibility so that the state and local governing entities can expand their ability to coordinate resources, services and activities for individual, workers and employers affected by the qualifying emergency and/or disaster event. The state will use WIOA statewide funds to ensure that critical, time-sensitive work can be performed, and the potential participant pool is widened. The waiver flexibility permits local areas the latitude to marshal available labor, conduct appropriate training, enable required resources to be requisitioned quickly, and provide immediate and comprehensive disaster recovery assistance, including efforts to minimize further disaster impacts.

Projected programmatic outcomes resulting from implementation of the waiver

- Increase statewide and local workforce development board's response time to a qualifying event.
- This waiver will improve the ability of Local Workforce Development Boards to develop strategies to align with workforce and economic realities within their local areas after the emergency and to design programs in direct response to the needs of the affected individuals.

- Increase opportunities for needed participants to gain skills that help them to be more marketable in the labor market.
- Provide opportunity to employers to hire skilled individuals

Department of Labor's policy priorities:

Describe how the waiver will align with the Department's policy priorities, such as:

- *Supporting employer engagement;*
- *Connecting education and training strategies;*
- *Supporting work-based learning;*
- *Improving job and career results; and*
- *Other priorities as articulated in guidance.*

This waiver aligns with not only the Department of Labor's priorities, but also with those of the State of Puerto Rico. The initiatives will demonstrate the importance of ensuring career and work readiness at all levels. This will allow the state to temporarily expand service capacity at the local level through time limited funding assistance in response to significant disasters.

Expanding the ability for the state to provide disaster related employment opportunities through statewide funding allows participants to develop skills that will better prepare them to obtain permanent employment.

Individuals impacted by the waiver:

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

This waiver will help business, industries, community base organization, service providers, among other, to restart their operations, reenter employment to dislocated workers that lost their jobs by the disaster and launch the economy recovery needed in the Puerto Rico labor market. Also, will help older youth, adults, and dislocated workers with employment skills.

- All eligible participants as identified at WIOA section 170 and 20 CFR 687.170
- Eligible WIOA Title I Adult, Dislocated Workers and Out-of-School Youth participants
- WIOA reportable individuals claiming under-employment or unemployment; to maintain benefit of this waiver a reportable individual must be deemed a WIOA Title I eligible participant within thirty days of accepting disaster relief employment and/or training activities
- Non-WIOA eligible recipients include: affected businesses and employers, residents and other individuals that benefit from the qualifying event clean-up, restoration and humanitarian activities and resources provided.

State plans for monitoring waiver implementation, including collection of waiver outcome information

States must describe how they intend to oversee effective waiver implementation and any protocols that may be used in their waiver requests.

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

Workforce Development Program (WDP) leadership will determine if the qualifying event requires the use of WIOA statewide funds and will approve parameters for the project, and be the operational lead. Applicable federal, state and local laws, regulations, policies and procedures will be used to ensure fiscal accountability. Unless otherwise authorized in this waiver, the financial and administrative rules contained in Workforce Innovation and Opportunity Act; Final Rule (i.e. 20 CFR 683) will apply.

- Narrative will include, at a minimum, summary of the event, preliminary assessment of the cleanup, humanitarian needs of the affected areas, and will demonstrate whether there is a sufficient population of eligible individuals to conduct the planned work;
- Budget and budget justification; and
- Completed worksite summary.

The WDP will receive monthly project status reports and will host teleconferences with project stakeholders as necessary to monitor project status. At a minimum, funding recipients will provide the WDP with the following information for review:

- Revised narrative and associated attachments when a modification is required;
- Monthly Financial Status Reports;
- Monthly project status report of project activities; and
- Data entry for all participant service in the state system of PIRL system.

Only local boards will be the recipient of WIOA statewide funding for qualifying events. If a qualifying event occurs in a local area, the state requires the respective local board to collaborate with local governments and other recognized entities to determine whether workforce development-oriented services and activities are warranted. Local boards may work with their respective local area fiscal agents to complete and submit the funding request to WDP. Local boards will work with one-stop operator(s) to communicate the funding parameters to workforce development system partners and other service providers. Participant activity is to be recorded in the state system of record.

All funds obligated will be accounted for in the financial management system, the MIP. Case management and related source documentation associated with the emergency and/or disaster must include the qualifying event as a point of reference.

State staff who administer programming will provide ongoing technical assistance and oversight as it relates to the appropriateness and the effectiveness of this waiver.

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

Additionally, the WDP will have the responsibility of ensuring the specific goals and outcomes achieved by the waiver are realized. Furthermore, the information gathered from the waiver will inform new or changes to policy as well as provide best practices.

Assurance of state posting of the request for public comment and notification to affected local workforce development boards

Provide a description of the proactive solicitation of public comments. At a minimum, post the proposed waiver request to the state's official website for comment. Ideally, develop a targeted outreach strategy to collect input and comment from all affected stakeholders. Submit any comments or concerns collected in this manner and the outcome of the state's review of the public comments received.

Puerto Rico's waiver request was posted on DEDC's website for comment and review by required parties and the public from January 14, 2020 through January 21, 2020.

LWDBs will receive the opportunity to participate in the public comment period. All received comments were evaluated and posted in DEDC's website and evaluated in case they need to be incorporated in the waiver request and the policy that is in process to be developed related this subject.

The feedback received was supporting the waiver request. In addition, they request that even this request was triggered by the recent, and still occurring, tremors that affected Puerto Rico, especially the southern area, it should be considered to have the same flexibility to serve individuals, affected by the disaster, who come to receive services in other local areas that do not, were directly affected. This requires our particular attention since there are citizens residing in the southwest area and are relocating to other areas of the island.

It should be clarified that the waiver was certainly requested in the wake of the tremors that have been affecting the island since the end of December 2019, but this flexibility should cover any other eventuality that occurs anywhere on the island and that qualify under the emergency criteria, during the extension of the waiver.

In addition, if the local area needs to provide services to people affected by a disaster who live in municipalities that are not part of that area, they should provide the services they need from the array of regular services that can be accessed in any AJC. The disaster relief and humanitarian efforts are concentrated in the local areas that have municipalities covered under the declaration of emergency.

5. Waiver of the limitation on the use of funds for capitalization of business under WIOA §181(e) to allow funds to be used to capitalize small business, up to \$5,000 per affected business.

PRDEDC requests DOLETA a waiver of the limitation on the use of funds for capitalization of business under WIOA §181(e) to allow Governor's Reserve funds to be used to capitalize small business that were affected by emergencies, up to \$5,000 per affected business. This waiver will allow the state to assist disaster-affected business and create new employment opportunities. Under the waiver, individuals benefiting from the capitalization must complete entrepreneurial or microenterprise training.

Puerto Rico's geographical location exposes the island to atmospheric and natural events that lead to emergencies. We are exposed to threats of floods, tropical storms and hurricanes, because of our

geographical position in the Caribbean Sea, that disrupt the functioning of the island's economy after each event. In 2017, we suffered the onslaught of the Category 5 Hurricanes Irma and Maria, which left desolation, deaths, million-dollar losses, infrastructure damage and the dislocation of PR's economy. Under the grant DW-31161-17-60-A-72 assigned by DOLETA to serve both hurricanes, the business capitalization waiver was requested. Only the state of Texas had received approval from this waiver to deal with Hurricane Katrina.

On the other hand, geologically the island of Puerto Rico lies in a dynamic plate-boundary zone between two tectonic plates: the North American plate and the northeast corner of the Caribbean plate. The northern boundary of Puerto Rico is marked by the 800-kilometer-long Puerto Rico Trench, which is the deepest part of the Atlantic Ocean, with a maximum depth of 8,648 meters. Puerto Rico is bounded on the south by the Muertos Trough, on the west by the Mona Canyon, and on the east by the Virgin Islands Basin

Puerto Rico lies in a tectonically active region where earthquakes have occurred for centuries, but because Puerto Rico has not experienced a quake of this level of impact since 1918. The recent quakes occurred since December 28, 2019, their aftershocks, and resulting damage took the southwest region and destroyed it. About 7,500 people have left their homes for other kinds of shelter, including, in some cases, cars and tents.

The geologic settings of Puerto Rico created a new emergency scenario related to human safety, environmental health, and economic development. Because the island lies on an active plate boundary, earthquakes are a constant threat, and the densely populated coastal areas are vulnerable to tsunamis. Erosion is a concern in many coastal areas but is particularly serious to island economies that rely heavily on the tourist industry.

The latest worldwide emergency is the COVID-19 pandemic. Coronavirus disease (COVID-19) is a new strain that was discovered in 2019 and has not been previously identified in humans. This new virus and disease were unknown before the outbreak began in Wuhan, China, in December 2019.

In the three emergency scenarios that faced PR in the last years, the small and medium business are the most affected sector in the economy, because there are directly related with people spending trend.

The use of funds that will be allocated under this waiver is limited to emergency, disaster-related needs only. For example, businesses may use the funds to purchase a computer for contacting customers and reestablishing payroll records, lease a building for operations, buy supplies and materials, or for fees and tuition payments for operating licenses or staff certification and training.

Small and medium-sized established businesses represented 81.3% of private sector jobs, according to the Small Business Administration[\[1\]](#). According to the SBA, the private sector accounted for 681,058 jobs in Puerto Rico. Of these, 555,945 or 81.3% were in businesses of 25 employees or less. It was estimated around 40,000 small and medium-sized business in Puerto Rico well known as PYMEs (the Spanish acronym for *Pequeñas y Medianas Empresas*). According to the SBA, 8 of 10 jobs openings in Puerto Rico came from PYMEs.

On June 12, 2018, DOLETA approved this waiver to Puerto Rico, until June 30, 2020, to allow the use of Irma and Maria Hurricanes NDWG funds up to \$5,000 to capitalize a small business in concert with entrepreneurial training for the individuals benefiting from the capitalization.

PR is proposing two scenarios for the use of funds for capitalization. In the first option, the state would use up to 20% of the Governor's Reserve funds, when a state emergency occurs, as proclaimed by the Governor, through the State Emergency Management Agency. In this case, the State Board will determine the allocation and approve the use of capitalization funds, taking into consideration the impact of the designated emergency. On the second scenario, up to 25% of the emergency funds allocated through an NDWG grant can be used for capitalization of small business. This alternative is in consonance with the waiver approved after Hurricanes Irma and Maria.

The following conditions apply to the use of funds for small business capitalization once approved this new waiver request:

1. The DEDC create an ad-hoc Business Capitalization Committee. The applications must be reviewed by the committee prior to approval to ensure rigor and consistency in the handling of business capitalization requests.
2. Grant assistance must be limited to no more than \$5,000 per individual/business.
3. Use of funds to cover salaries is not permitted.
4. Use of funds for business capitalization revolving loans is not permitted.
5. Is required to submit as minimum three receipt of legitimate estimates for expenses in the application for the Committee evaluation.
6. Also business have to submit receipts after the item/service is provided, to ensure that the actual cost of the good/service is not less than the estimate.
7. The business has to reimbursement the fund doesn't used as approved by the Committee.
8. DEDC financial systems in place to track funds approved under this business capitalization waiver, as well as the responsibility to recapture funds that were not used by eligible businesses in instances where the final receipt is less than the original estimate.
9. The DEDC Monitoring Unit is required to monitor the implementation of this waiver

Waiver for capitalization after hurricanes Irma and Maria was of great help to small and medium-sized business affected by hurricanes to restart their operations. The outcomes of this waiver are as follows:

1. Development of an outreach and dissemination process by providing on-site orientation, related to the eligibility criteria, documentation and application processes. Were completed 1,453 orientations to small business and had been received 669 applications for the grants.
2. A policy and procedure to capitalization of business was approved by de PR Department of State and is in place to continue the implementation of this waiver request once approved.
3. The DEDC create an ad-hoc Business Capitalization Committee, in charge of evaluate and approve the applications, after the pre-screening process performed by case managers.
4. Until December 31, 2019, the Committee evaluated the 669 applications, with 499 approved, 153 rejected and another 17 that did not comply with the eligibility process.

5. From the total approved, 496 business completed the entrepreneurship training as part of the requirement for delegation of funds.
6. Total funds approved until December 31, 2019 were \$2,308,437.57, with a balance of \$191,562.43, related to the \$2,500,000 approved for business capitalization.
7. The Workforce Development Program have developed a follow-up process to verify the use of funds by business and the policy described before, including penalties and sanction for the wrong use of federal funds.

Statutory and/or regulatory requirements to be waived:

Indicate which part of the WIOA or the regulations the state would like to waive.

PRDEDC requests a waiver to the WIOA Section 181(e), Limitation on Use of Funds. This section establishes that no funds available to carry out an activity under this title shall be used for employment generating activities, investment in revolving loan funds, **capitalization of businesses**, investment in contract bidding resource centers, economic development activities, or similar activities, that are not directly related to training for eligible individuals under this title.

Due to the economic breakdown after emergencies like hurricanes, earthquakes and COVID-19, the small and the medium sized businesses were the most affected by these natural disasters and disease. Many small businesses had to close operations because they were not able to face the loss of revenue and an economy in crisis for years to come.

Actions undertaken to remove state or local barriers:

Describe the actions undertaken to remove state or local barriers.

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

Goals and expected programmatic outcomes of waiver:

Describe and specify how the waiver will help the state achieve an identified strategic goal or set of goals that it has outlined in its State Plan. If possible and appropriate the type of waiver requested, provide quantifiable projections for programmatic outcomes that will result from the waiver.

The expected outcomes from this waiver for the PRDEDC are as follow:

- Support Puerto Rico's small business and entrepreneurial start-up economy.
- Accelerate the economy and the labor market restoration;
- Complete the evaluation of 100% of application submitted under this waiver.
- Approve at least 90% of application evaluated by the committee.
- Achieve the restart or maintain operation in 90% the business impacted by the capitalization funds
- Avoid layoff of employees of small and medium business affected by emergencies

- Rise at least 95% of expenditure in fund allocated under this waiver.

Department of Labor's policy priorities:

Describe how the waiver will align with the Department's policy priorities:

- Maximize the flexibility needed to ensure speedy implementation of work-based learning opportunities that WIOA encourages for both formula and discretionary grants;
- Increase business usage of the workforce system flexibilities and thereby achieving greater access to employment opportunities;
- Provide greater incentives for employers to retain and retrain current employees to avoid layoffs; and to create new jobs;
- Create additional opportunities for new workers, and for unemployed and underemployed workers to speed their return to full-time employment;

Individuals impacted by the waiver:

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

- Businesses, particularly small and medium-sized businesses needing to retain current workers, and/or hire additional workers to sustain or expand their productivity, and that do not have immediate resources to do so;
- Small business employees who will be able to retain their jobs, and
- Unemployed and underemployed workers.

Process for monitoring progress in implementation:

The Workforce Development Program (WDP) of PRDEDC developed waiver guidelines and policies, and will measure the impact of waivers on performance outcomes. The WDP will monitor progress under this waiver by reviewing performance reports, and through its monitoring and performance accountability system. The Monitoring Unit will be adding the monitoring of waivers to its monitoring processes in order to insure compliance with waiver guidelines.

Process for Notice of Local Boards and Opportunity to Comment:

The unified plan and the waiver request will be published for a period of two (2) weeks on the PRDEDC website, allowing for public comment on its content and potential impact. In addition, copies of workforce system waivers will be provided to the Major's boards, Local Boards and LDWA's.

Waiver Impact:

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

The Workforce Development Program will prepare quarterly reports regarding this waiver. The report must include the number of approved businesses, fund allocation and information related to any situation that would affect the waiver implementation. PRDEDC will report on the impact and outcomes of its approved waivers in the WIOA Annual Report.

[1] The SBA defines small business those that generate \$5 million in revenue a year or have less than 25 employees.