

U.S. Department of Labor

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



June 7, 2022

The Honorable Doug Ducey
Governor of Arizona
State Capitol
1700 West Washington Street
Phoenix, AZ 85007

Dear Governor Ducey:

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 request was received March 16, 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 Arizona will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by Arizona 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: Waiver of 20 CFR 681.550 to allow WIOA individual training accounts (ITAs) for in-school youth (ISY).

ETA Response: ETA approves for Program Year (PY) 2022 and PY 2023 the State's request to waive the requirement limiting ITAs to only out-of-school youth (OSY), ages 16–24. In addition to these OSY, the State may use ITAs for ISY, ages 16–21. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Arizona to implement its plan to improve the workforce development system. Approval of this waiver should not impede the State's efforts to prioritize OSY, including outreach to the OSY population.

Arizona 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", written over a light gray background.

Brent Parton
Acting Assistant Secretary

Enclosure

cc: Michael Wisheart, Director, Arizona Department of Economic Security
Nicholas Lalpui, Regional Administrator, ETA
Marian Esver, Federal Project Officer, ETA

Arizona Waiver Youth Extracted from State Plan March 16, 2022

For PYs 2022 to 2023, Arizona requests an extension to the current, approved waiver of the requirement (20 CFR § 681.550) that Individual Training Accounts (ITAs) are only available to Out-of-School Youth enrolled in the WIOA Title I-B Youth Program. The current waiver was initially approved by the DOL on November 14, 2019. The current waiver expires on June 30, 2022.

This waiver enables In-School Youth ages 18 to 21 to use an ITA to purchase training services from training providers listed on ETPL, allowing Arizona to continue serving In-School Youth preparing to graduate high school and supporting their goal of entry into postsecondary education. This waiver encourages Youth Service Providers to continue supporting In-School Youth with postsecondary education and training activities allowing these youth to obtain industry-recognized credentials required for employment. It also helps with the recruitment of In-School Youth for enrollment into WIOA Title I-B Youth Program, expands the menu of services available to In-school youth enrolled in the WIOA Title I-B Youth Program, and increases consumer choice by the allowing In-School Youth to choose any of the training programs listed on Arizona's ETPL. Without the waiver, In-School Youth will be limited to occupational skills training programs that are procured for youth. The waiver also allows Arizona to assist In-School youth already enrolled in postsecondary education by providing ITAs to assist paying for tuition and education-related expenses and fees. This allows the In-School Youth to complete their training program, provided the training program is listed on the ETPL. Arizona requests an extension of this waiver to allow LWDB within the State sufficient time to utilize the waiver and assess the outcomes of In-School Youth utilizing an ITA to pursue postsecondary education and training activities.

Arizona served 2,444 Out-of-School Youth and 326 In-School Youth in PY 2018. In PY 2018, Arizona spent \$10,443,244 on Out-of-School Youth and \$1,836,914 on In-School Youth, maintaining the required 75 percent of expenditures on Out-of-School Youth. Arizona continues its focus to serve Out-of-School Youth with the goal of increasing outcomes and increasing the number of Out-of-School Youth applying for and receiving WIOA Title I-B Youth Program services and increasing awareness by building partnerships with organizations and programs that serve Out-of-School Youth.

In preparing job seekers, as outlined in Goal #3 of the Arizona Unified State Workforce Development Plan for PYs 2020 to 2023, training opportunities must be available to both Out-of-School and In-School Youth.

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

Arizona requests approval to waive the requirement under 20 CFR § 681.550 allowing use of ITAs to only Out-of-School Youth for attending training programs on the ETPL. Arizona requests ITAs also be available to In-School Youth so they may attend training programs on the ETPL.

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

N/A

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

The waiver will support the implementation of the State Plan by:

1. Supporting Goal 3; prepare job seekers, as defined in Arizona's Unified Workforce Development Plan for PYs 2020 to 2023, The State Plan specifies that supporting participants as early as possible to obtain core employment and basic skills services is one of Arizona's current strengths. By extending this waiver, Arizona will continue to assist youth in obtaining industry-recognized credentials that lead to employment.
2. Encouraging transition of youth to postsecondary education and supporting entry into career pathways, including those with low skill levels.
3. Encouraging Youth Service Providers to serve and support In-School Youth already enrolled in postsecondary education by issuing an ITA to assist with costs of the training program, therefore improving success in completion of the training program.

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

It is anticipated that more In-School Youth will obtain industry-recognized credentials as the result of gaining access to training programs listed on the ETPL. As a result of the waiver, which DOL first approved in November 2019, the credential attainment rate for the WIOA Title I-B Youth Program is expected to increase. In PY 2020, local workforce development boards reported 95 ITAs created for In-School Youth, and the State intends to continue collecting and monitoring data to determine the outcomes of the waiver implementation.

5. DOL Policy Priorities

This waiver request aligns with DOL policy priority for increasing the number of youths who transition into postsecondary education. The waiver supports DOL's commitment to providing high quality services for youth, including opportunities for skills training for in-demand industries and occupations that result in employment, enrollment in postsecondary education, and/or registered apprenticeships.

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

1. In-School Youth are supported during their transition from secondary education into postsecondary education. By issuing ITAs, youth may receive financial assistance to attend training listed on Arizona's ETPL, earn industry-recognized credentials, and become employed in jobs on a career pathway.

2. In-School Youth already attending postsecondary education are supported to ensure completion of their training programs, to obtain industry-recognized credentials, and to become employed in jobs on a career pathway.
3. In-School Youth benefit from increased consumer choice as Arizona's ETPL currently includes over 1,200 training programs in PY 2018. The ETPL also provides information regarding the related occupation, expected entry-level wage, training program cost, and training program performance information allowing youth to make an informed choice regarding their training options.

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

1. Arizona will continue to monitor spending levels for Out-of-School Youth ensuring at least 75 percent of WIOA Title I-B Youth funds are spent on Out-of-School Youth.
2. Arizona will continue to monitor ITAs issued to In-School and Out-of-School Youth to ensure they are used for attending training programs listed on the ETPL.
3. Arizona provides technical assistance for reengaging Out-of-School Youth and increasing enrollment with the LWDBs.

8. Assurance of State posting of the request for public comment and notification to affected local workforce development boards:

This request for a waiver was posted online on the ARIZONA@WORK website from February 4 to 11, 2020 and disseminated via e-mail to ARIZONA@WORK partners, including LWDBs, with an opportunity to comment on the request.