

U.S. Department of Labor

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



June 7, 2022

The Honorable Albert Bryan
Governor of the Virgin Islands
Government House
21-22 Kongen
Charlotte Amalie
St. Thomas, VI 00802

Dear Governor Bryan:

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 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 U.S. Virgin Islands will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by U.S. Virgin Islands 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 Territory 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 Territory's waiver request through June 30, 2024, for the WIOA Title I Adult, Dislocated Worker, and Youth formula funds. ETA reviewed the Territory's waiver request and plan and has determined that the requirements requested to be waived impede the ability of U.S. Virgin Islands to implement its plan to improve the workforce development system. Existing statutory authority permits the Territory and its local workforce areas to increase the reimbursement rate for OJT contracts up to 75 percent. The Territory 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 Territory as a result of this waiver.

The Territory 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', with a large, stylized initial 'B'.

Brent Parton
Acting Assistant Secretary

Enclosure

cc: Gary Molloy, Director, Virgin Islands Department of Labor
Jennifer Friedman, Acting Regional Administrator, ETA
Carmen Rodriguez, Federal Project Officer, ETA

Updated 2022 State Plan Waiver Request – Virgin Islands

The US Virgin Islands is requesting one (1) waiver:

- Waiver of section 134 (c)(3)(H)(i) to allow the wage reimbursement to employers participating in on-the-job training to up to 90% for businesses with 50 or fewer employees.

US VIRGIN ISLANDS WAIVER REQUEST

WORKFORCE INNOVATION AND OPPORTUNITY ACT

WAIVER TO INCREASE ON-THE-JOB TRAINING (OJT) REIMBURSEMENT FOR EMPLOYERS

Statutory and/or Regulatory Requirement to be Waived

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

Actions Taken to Remove State and Local Barriers

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

State Strategic Goals(s) and Department of Labor Priorities Supported by the Waiver

The Virgin Islands Workforce System seeks to enhance business engagement through a sector-based approach to workforce training. On-the-Job training is a tried-and-true method of work-based training especially in times of recovery from natural or other disasters. Employers need a strong workforce, but when one is not readily available, quick but effective turn around training is needed. The VI has seen a need for such activity especially in the construction industry. While general theoretical knowledge is necessary, learning through performance allows for a quick ramp up of the local workforce. Employers can meet their objectives and job seekers are introduced to and learn to perform (by doing) in an actual work environment. For smaller companies who do not regularly have a large workforce on standby, this waiver allows them the opportunity to employ individuals who may still be dislocated from other employment, while still being able to use their limited resources for other critical aspects of job performance.

COVID-19 has restructured the workplace and learning. Modernization of the workplace and the methods used for learning must be prioritized to meet today's job demands. Employers have new challenges such as providing on the job medical screenings in the form of temperature checks, flexibility with the standard 9-5 office/business hours, fully automating their businesses to allow for virtual operational hours. Greater emphasis will be placed on closing the digital divide. Assisting current and new businessowners with sharpen their focus will be provided with partnerships with the Small Business Development Center (SBDC).

USDOL also prioritizes the need for work-based learning situations. It connects education and training strategies and fulfills the gaps in sector-driven demand areas.

Restoring Futures successfully places 339 dislocated workers in OJT because of dislocation from the two category 5 hurricanes and Covid 19 impact. While the waiver was in effect during that time, Restoring Futures did not find it necessary to utilize that waiver opportunity. Currently, Skills for Today has limited OJT (under CDBG D/R funds) maintaining employer interest in OJT. Now to successfully implement OJT, the incentive of this waiver is necessary.

Projected Programmatic Outcomes Resulting from Implementation of the Waiver

This waiver allows for smaller businesses to be more flexible with the use of their resources and increase their labor force thus making them more competitive for jobs often afforded to larger companies who are able to absorb the cost of a larger workforce. It also builds capacity for smaller companies by allowing for the use of local talent rather than having to undergo costly recruitment from off-island. It increases the opportunities for businesses to employ, assist and support individuals with significant barriers to employment. Those they were unlikely to take a risk. This waiver allows the WDB to focus on priority occupations and sectors and target hard to serve individuals that historically have not had a high labor market participation. With the recent lifting of the COVID barriers many employers in the Virgin Islands are now hiring and this waiver will permit them to reduce their risk significantly in hiring WIOA hard-to-serve individuals.

The WDB expects to have at least seven (7) OJT's.

Restoring Futures proved the concept and desire of employers to participant and utilized OJT as a valuable and important training tool. Equus started as the new Operator last September and the focus was to get them established and fill the backlog of ITA's and expand the availability of providers as desired by the Governor and the Board.

Individuals, Groups or Populations Benefitting from the Waiver

This waiver benefits both employers and job seekers. With an increased reimbursement percentage of 90%, employers are more willing to accept individuals with significant barriers to employment including those that lack significant skills (and may be significantly changing careers paths due to the Covid 19 impact), those with significant barriers including those not completing post-secondary education, those lacking appropriate skills and/or successful work history, individuals with disabilities, individuals engaged with the justice system, and those that may be long-term unemployed.

The Workforce Development Board (WDB) anticipates this waiver will assist our newly hired One Stop Operator/WIOA Title I Adult and Dislocated Worker operator, Equus, with the opportunity to quickly reach out to employers and implement On the Job Training. The WDB also experienced complementary programs through other non WIOA funds that have focused on skill training and reduced the WIOA engagement for OJT. The 90% waiver will be a catalyst in engaging and involving employers through hiring and on the job training of hard to serve individuals. However, the contracting process and final start up for Equus took longer than expected and they (and other partners in the Virgin Islands) are just now expanding their work-based learning. We want to maintain this 90% reimbursement for both the OJT under Title I and the related braiding of funds with our expanding Registered Apprenticeship efforts.

How the State Plans to Monitor Waiver Implementation, Including Collection of Waiver Outcomes

The Planning, Research and Monitoring Unit at the VI Department of Labor will conduct regularly scheduled reviews of the effectiveness of this waiver. Also, performance data collection through the State's MIS system will be analyzed to determine any patterns that result from usage.

Equus will provide a report monthly specific to the OJT's contracted and placed. VIDOL Monitoring will review these initial OJT's to confirm successful startup and implementation. VIDOL will also monitor the progress and outcomes of Equus' case management and support. All OJT contracts will invoice monthly with appropriate back up that will be reviewed by VIDOL for payment and monitored by VIDOL monitoring unit. Based on the plan numbers agreed upon with Equus, the Board will monitor the programs according to plan.

Assurance of State Posting of the Request for Public Comment and Notification to Affected Local Workforce Development Boards

The waivers will be posted for review and comment on the VI Workforce Development Board and VI Department of Labor's websites.