

U.S. Department of Labor

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



June 6, 2022

The Honorable Tony Evers
Governor of Wisconsin
115 East State Capitol
Madison, WI 53707

Dear Governor Evers:

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 14, 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 Wisconsin will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by Wisconsin 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 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. ISY under the age of 16 may not use ITAs under this waiver. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Wisconsin to implement its plan to improve the workforce development system. Approval of this waiver should not impede the State's efforts to prioritize OSY, including outreach to the OSY population.

Requested Waiver: 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 OSY.

ETA Response: ETA approves for PY 2022 and 20223, 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 Wisconsin to implement its plan to improve the workforce development system. Wisconsin 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. State 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 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.

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', with a stylized flourish extending to the right.

Brent Parton
Acting Assistant Secretary

Enclosure

cc: Amy Pechacek, Wisconsin Secretary of Workforce Development
Rose Zibert, Acting Regional Administrator, ETA
Malissa Dieterle, Federal Project Officer, ETA

PY 2022 Wisconsin waiver requests, excerpt from State Plan submission March 14, 2022

ITA Waiver Request

The State of Wisconsin is requesting a waiver for Program Years 2022 through 2023 (July 1, 2022- June 30, 2024) from the following requirement:

- WIOA regulation 20 CFR 681.550 which only allows Individual Training Accounts (ITAs) funded by WIOA youth funds to be used by out-of-school youth ages 16-24.

The State of Wisconsin is requesting that it be allowed to use WIOA youth funds for ITAs for in-school youth ages 16-21, which would allow the State to increase services to eligible in-school youth to better address the ongoing negative educational and employment impacts of the COVID-19 pandemic and future virtual educational options.

On May 4, 2020 the State of Wisconsin Department of Workforce Development used a portion of its WIOA Governor's Set-Aside funding to issue grants to all 11 local workforce development areas to provide additional funding for the purchase of technology for program participants impacted by the COVID-19 pandemic and in need of technology to continue accessing allowable training and/or career services. Many local areas also exercised the flexibility within state and local supportive service policies to use programmatic funding to purchase technology-related items for impacted participants. Though these measures were able to assist a small portion of the currently enrolled in-school youth population, the statutory and regulatory restrictions on spending more than 25 percent of the total youth allocation on in-school youth did not allow these measures to be fully effective in addressing the needs of the in-school population. These measures were also not able to address service needs, other than supportive services, that have greatly increased due to the COVID-19 pandemic and the shift to virtual learning, particularly for individuals with barriers to education.

Goal: Wisconsin will use the flexibility to continue to provide ITAs for in-school youth to provide additional, necessary training and related supports to eligible youth with barriers to employment who have been adversely impacted by the requirement to pursue education in virtual environments, rather than in-person, due to the COVID-19 pandemic and other negative economic factors.

This waiver will also continue to allow local workforce development boards to recruit and assist eligible youth enrolled in post-secondary education that have realized negative economic impacts related to unemployment in food service and retail sectors (for example). These two sectors have been drastically impacted given public occupancy limits and social distancing guidance. This is a trend that will most likely continue in the upcoming months as many restaurants and retail stores will not bounce back. These types of jobs support college students and being able to assist them when employment opportunities dwindle and will improve completion/graduation rates. Given that youth represent 42% and 21% of work in these occupation groups, the ability to use additional WIOA funds to serve this particular cohort presents a significant opportunity to keep eligible, low-income youth engaged in education and skill development.

See https://nces.ed.gov/programs/coe/pdf/coe_ssa.pdf for more detail.

Wisconsin will also use this strategy to better engage with Youth in our most rural areas. Local areas report difficulty enrolling youth in rural areas, as opportunity youth typically move out of rural areas and into cities for ease of accessing employment and services such as public assistance and public transportation. Allowing ITAs for youth attending schools in rural areas of the state, will help those local areas retain their local talent and will grow word-of-mouth support for WIOA programming in those communities that are further removed from an American Job Center.

Through implementing this waiver request renewal Wisconsin will:

- Increase the number of WIOA youth program participants that utilize an ITA to receive an industry recognized and/or some other postsecondary credential by **twenty-five percent**, thereby increasing both credential attainment and measurable skill gain performance accountability measures;
- Increase WIOA youth program participants' access to innovative student retention strategies including dual college enrollment, occupational training, pre-apprenticeship and/or registered apprenticeship programs; to-date, since implementation of this waiver, Wisconsin has realized a **10% increase** in Youth participants receiving training services and anticipates another **7-10% increase** over the next two-year period.
- Reduce the dropout rate for in-school youth **by 5%**, particularly those with significant barriers to education and employment who are negatively impacted by virtual learning requirements enacted due to the COVID-19 pandemic;

- Increase efficiencies and realize cost savings by employing the use of Wisconsin's Eligible Training Provider List (ETPL) on behalf of in-school youth;
- Expand services in Wisconsin's non-metro counties by **at least 10%**. Currently 19% of all Youth participants reside in non-metro counties;
- 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 Wisconsin's business community by increasing the access to qualified workers at the earliest possible opportunity.

One of the primary strategies identified in Wisconsin's 2020-2023 State Plan is to Expand Opportunities for Work-Based Learning and Credential Attainment, states:

Wisconsin will expand work-based learning opportunities for adults and youth. The state will focus on serving a diverse community of job seekers, including veterans, returning citizens, low income individuals, individuals with disabilities, and those seeking employment in non-traditional occupations. Wisconsin will focus on expanding its registered apprenticeship program and increase collaboration with Combined State Plan partners. Wisconsin will expand integrated work-readiness programs and work-based learning opportunities, such as On-the-Job Trainings. In addition to focusing on work-based learning programs, Wisconsin will promote training strategies that lead to credential attainment in demand-driven sectors.

The requested flexibility will continue to allow the State to cement its partnerships more firmly with newly added combined State Plan partners and programs, including the Departments of Health Services, Children and Families, and Corrections by allowing WIOA providers to better serve in-school youth already enrolled in their programming.

The flexibility requested in this waiver renewal will also allow the WIOA Title I Youth program to more fully support the state endorsed regional career pathways being developed under the JPMorgan Chase New Skills for Youth (NSFY) grant by allowing a greater number of co-enrollments for the in-school youth populations in the pilot regions. Co-enrollment with this grant supports the state Department of Public Instruction's Academic and Career Planning (ACP) initiative, as well as extending additional work-based learning experiences and industry-recognized credential attainment opportunities to targeted youth populations.

Allowing the use of ITAs to fund Occupational Skills Training for the in-school youth population will serve to support WIOA's goals of expanding training options, increasing program flexibility, enhancing customer choice, improving efficiency of operations, and increasing programmatic transparency. Approval of these waivers would also allow the WIOA Title I Youth program to more effectively serve youth engaged in Youth Apprenticeship programming, which is an in-school population by default, and related bridge-programming to Registered Apprenticeship. Greater availability of training options will allow Wisconsin's youth to engage in developing their chosen career pathways more fully.

The flexibility afforded by this waiver will continue to allow Wisconsin to better serve its barriered in-school-youth population throughout the current and future, largely yet unknown, impacts of the COVID-19 pandemic, including:

- 51,197 youth under age 18 with a disability (2018 American Community Survey 1-Year Estimates);
- Individuals with disabilities ages 16 to 20, who, in Wisconsin, comprise 6.8 percent of the overall population with a disability (Cornell University's 2017 Disability Status Report);
- 465 youth 17 years of age and older in out-of-home care as of December 31, 2018 (Wisconsin Department of Children and Families);
- 11.0 percent of persons in poverty (2018 American Community Survey 1-Year Estimates);
- 8.8 percent of Wisconsin's population ages 5 years and over who speak a language other than English (2018 American Community Survey 1-Year Estimates).
- Industries hardest hit by the pandemic include the hospitality, accommodations, retail and food service. These industries tend to have the lowest entry requirements for education and experience, but also tend to have the youngest and most diverse workforce. What we experienced from the last recession was that these industries were also the fall back industries for many adults. This is magnifying the challenges for our youngest workers to gain their first and/or early work experiences, but also creates an opportunity to use these additional resources to engage the other industries into engaging youth in their work places as well as supporting work based learning opportunities in our demand industries.
- <https://www.nytimes.com/2020/09/22/us/schools-covid-attendance.html> This article references and links to surveys that also highlight the challenges faced and lack of educational engagement

during these challenging times. We feel this article reinforces what we are also experiencing on the ground as well as why this flexibility is needed, and the duration should also not be limited.

This flexibility will also allow Wisconsin to help address negative impacts created by significant disparity in the availability of technology and connectivity, particularly in its rural areas, including 15.6 percent of Wisconsin households without a broadband internet connection and 9.6% of Wisconsin households without a computer (2018 American Community Survey 1-Year Estimates).

The State of Wisconsin has a robust data collection, data validation, and monitoring system in place that will be employed to collect necessary information and monitor the implementation and continuation of these waivers. Waiver-related information will be collected in the following ways:

- Programmatic, participant-specific data will be entered in Wisconsin's Automated System Support for Employment and Training (ASSET) system by program staff in real time;
- Financial information will be maintained by the local WDBs and provided to the State on a monthly basis via submission in Wisconsin's Contract Management and Expenditure Tracking (COMET) system.

Both programmatic and financial information are monitored on a monthly basis to track expenditure rates, gauge progress toward achieving negotiated levels of performance, and ensure data integrity. Programmatic and financial information are monitored more thoroughly on an annual basis through on-site reviews at each for the 11 workforce development areas.

Local Workforce Development Boards and other system stakeholders were given opportunity to comment on this waiver request from October 7 through 16, 2020, November 5 through 12, 2020, and December 1, 2021 through January 14, 2022.

For the period this waiver has been in place (January 1, 2021 - March 31, 2022), Wisconsin has provided training funded by an Individual Training Account (ITA) to 46 in school youth (ISY) program participants. This is 8% of the total ISY population served during this timeframe (596 total ISY). These ITAs, which would not have been possible without the implementation of this waiver, have helped youth ages 16-21 become skilled in Wisconsin's key industries including advanced manufacturing, construction, business, healthcare, and information technology.

Of the 46 ITAs provided to ISY participants, 24 participants have successfully completed their training programs (52%) and 20 are still actively involved in training services (43%).

These training opportunities, which are otherwise unavailable, allow Wisconsin's workforce system to engage earlier and more effectively with our newest generation of job seekers and provide early interventions to gain them the skills they need to participate in our state economy. If a continuation of this waiver is approved, Wisconsin is committed to increasing these opportunities to additional youth.

WIOA Youth Waiver Request

The State of Wisconsin is requesting a waiver for Program Years 2022 through 2023 (July 1, 2022 - June 30, 2024) from the following requirements:

- Workforce Innovation and Opportunity Act (WIOA) Section 129(a)(4)(A) and its corresponding regulation at 20 CFR 681.410 to spend at least 75 percent of WIOA youth funds on out-of-school youth.

The State of Wisconsin is requesting that it be allowed to lower the out-of-school expenditure rate to 50 percent, which would allow the State to increase services to eligible in-school youth to better address the ongoing negative educational and employment impacts of the COVID-19 pandemic.

On May 4, 2020, the State of Wisconsin Department of Workforce Development used a portion of its WIOA Governor's Set-Aside funding to issue grants to all 11 local workforce development areas to provide additional funding for the purchase of technology for program participants impacted by the COVID-19 pandemic and in need of technology to continue accessing allowable training and/or career services. Many local areas also exercised the flexibility within state and local supportive service policies to use programmatic funding to purchase technology-related items for impacted participants. These measures were only able to assist a small portion of the currently enrolled in-school youth population; the statutory and regulatory restrictions on spending more than 25 percent of the total youth allocation on in-school youth did not allow these measures to be fully effective in addressing the needs of the in-school population. These measures were also not able to address service needs, other than supportive services, that have greatly increased due to the COVID-19 pandemic and the shift to virtual learning, particularly for individuals with barriers to education.

Goal: Wisconsin will use the increased expenditure flexibility for in-school youth to provide additional, necessary training and related supports to eligible youth with barriers to employment who have been adversely impacted by the requirement to pursue education in virtual environments, rather than in-person, in 2020 and 2021 due to the COVID-19 pandemic.

Prior to the COVID-19 pandemic, and subsequent economic downturn, the State and its local workforce development areas were successfully achieving the 75 percent OSY expenditure requirement. However, the COVID-19 pandemic has changed the outlook for success for many in-school youth with WIOA Youth Program eligibility barriers, requiring them to pursue education in virtual environments^[1], rather than in-person, many without adult guidance/support^[2], access to adequate technology and connectivity, and the benefit of materials/supplies that would otherwise be provided in a classroom setting. If approved, the continued expenditure flexibilities requested will allow Wisconsin's workforce development system to help ensure successful outcomes for eligible youth in both the K-12 and postsecondary education systems by expanding the provision of the 14 Youth program elements, particularly:

- Tutoring, study skills training, instruction, and dropout prevention and dropout recovery services;
- Adult mentoring;
- Supportive services;
- Occupational Skills Training; and
- Follow-up services.

The spending flexibility would also allow local programs to expand paid work experience programming to in-school youth, where appropriate, providing multiple benefits:

- Low-income youth with barriers to education and employment will gain access to paid work experience, allowing them to earn wages while advancing toward their identified career goals;
- Local WDAs will have improved opportunities for **achieving the 20 percent youth work experience expenditure** requirement identified at WIOA Section 129(c)(4) and corresponding regulation 20 CFR 681.590, which has been rendered more challenging due to the economic impacts created by the COVID-19 pandemic.

This flexibility will also allow Wisconsin to help address negative impacts created by significant disparity in the availability of technology and

connectivity, particularly in its rural areas, including 15.6 percent of Wisconsin households without a broadband internet connection and 9.6% of Wisconsin households without a computer (2018 American Community Survey 1-Year Estimates).

This waiver will also allow local workforce development board to recruit and assist eligible youth enrolled in post-secondary education that have realized negative economic impact related to unemployment in food service and retail sectors (for example). These two sectors have been drastically impacted given public occupancy limits and social distancing guidance. This is a trend that will most likely continue in the upcoming months as many restaurants and retail stores will not bounce back. These types of jobs support college students and being able to assist them when employment opportunities dwindle will improve completion/graduation rates. Given that youth represent 42% and 21% of work in these occupation groups, the ability to use additional WIOA funds to serve this particular cohort presents a significant opportunity to keep eligible, low-income youth engaged in education and skill development. See https://nces.ed.gov/programs/coe/pdf/coe_ssa.pdf for more detail.

Wisconsin will also use this strategy to better engage with Youth in our most rural areas. Local areas report difficulty enrolling youth in rural areas, as opportunity youth typically move out of rural areas and into cities for ease of accessing employment and services such as public assistance and public transportation. Allowing increased expenditures for in-school help will help those local areas retain their local talent and will grow word-of-mouth support for WIOA programming in those communities that are further removed from an American Job Center.

Through implementing this waiver request Wisconsin will:

- Increase the number of WIOA youth program participants that utilize WIOA services and ultimately achieve an industry recognized and/or some other postsecondary credential by **twenty-five percent**, thereby increasing both credential attainment and measurable skill gain performance accountability measures;
- Increase WIOA youth program participants' access to innovative student retention strategies including dual college enrollment, occupational training, pre-apprenticeship and/or registered apprenticeship programs; to-date, since implementation of this waiver, Wisconsin has realized a **10% increase** in Youth participants receiving training services and anticipates another **7-10%** increase over the next two-year period;

- Reduce the dropout rate for in-school youth **by 5%**, particularly those with significant barriers to education and employment who are negatively impacted by virtual learning requirements enacted due to the COVID-19 pandemic;
- Increase efficiencies and realize cost savings by employing the use of Wisconsin's Eligible Training Provider List (ETPL) on behalf of in-school youth;
- Increase access to work experiences and other work-based learning opportunities for in-school youth, thereby helping the State and its local WDBs achieve the **requirement of spending 20% of their WIOA youth program funds** on work experience;
- Serve Wisconsin's business community by increasing the access to qualified workers at the earliest possible opportunity;
- Expand services in Wisconsin's non-metro counties by **at least 10%**. Currently 19% of all Youth participants reside in non-metro counties; and
- Better partner with individuals engaged in Wisconsin's Youth Apprenticeship programming, by allowing this in-school youth population to co-enroll with WIOA Title I for wraparound services and a more streamlined bridge to Registered Apprenticeship and postsecondary education opportunities. Though co-enrollment between Title I Youth and Youth Apprenticeship is not currently measured, DWD anticipates that over the next two-year period **15% of Youth Apprenticeship participants will be co-enrolled with Title I Youth programs**.

[1] Approximately 1/3rd of Wisconsin's K-12 students, mostly in large urban districts, started entirely online. (Majority of surveyed Wisconsin districts offering in-person school, Wisconsin State Journal, Sep 14, 2020)

[2] Wisconsin had 18,854 K-12 students identified as homeless and receiving services through the McKinney-Vento Act as of 3/18/2019, including 4917 in the target ISY age range of 14-18 (Wisconsin Department of Public Instruction, Homeless Student Enrollment by Public School District, 5/16/2019).

One of the primary strategies identified in Wisconsin's 2020-2023 State Plan is to Expand Opportunities for Work-Based Learning and Credential Attainment, stating:

Wisconsin will expand work-based learning opportunities for adults and youth. The state will focus on serving a diverse community of job seekers, including

veterans, returning citizens, low-income individuals, individuals with disabilities, and those seeking employment in non-traditional occupations. Wisconsin will focus on expanding its registered apprenticeship program and increase collaboration with Combined State Plan partners. Wisconsin will expand integrated work-readiness programs and work-based learning opportunities, such as On-the-Job Trainings. In addition to focusing on work-based learning programs, Wisconsin will promote training strategies that lead to credential attainment in demand-driven sectors.

The requested expenditure flexibility will allow the State to cement its partnerships more firmly with newly added combined State Plan partners and programs, including the Departments of Health Services, Children and Families, and Corrections by allowing WIOA providers to better serve in-school youth already enrolled in their programming.

The flexibility requested in this waiver will also allow the WIOA Title I Youth program to more fully support the state endorsed regional career pathways being developed under the JPMorgan Chase New Skills for Youth (NSFY) grant by allowing a greater number of co-enrollments for the in-school youth populations in the pilot regions. Co-enrollment with this grant supports the state Department of Public Instruction's Academic and Career Planning (ACP) initiative, as well as extending additional work-based learning experiences and industry-recognized credential attainment opportunities to targeted youth populations.

The flexibilities afforded by this waiver will allow Wisconsin to better serve its barriered in-school-youth population throughout the current and future, largely yet unknown, impacts of the COVID-19 pandemic, including:

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- Industries hardest hit by the pandemic include the hospitality, accommodations, retail, and food service. These industries tend to have the lowest entry requirements for education and experience, but also tend to have the youngest and most diverse workforce. What we experienced from the last recession was that these industries were also the fallback industries for many adults. This is magnifying the challenges for our youngest workers to gain their first and/or early work experiences, but also creates an opportunity to use these additional resources to engage the other industries into engaging youth in their workplaces as well as supporting work-based learning opportunities in our demand industries.
- <https://www.nytimes.com/2020/09/22/us/schools-covid-attendance.html> This article references and links to surveys that also highlight the challenges faced and lack of educational engagement during these challenging times. We feel this article reinforces what we are also experiencing on the ground as well as why this flexibility is needed, and the duration should also not be limited.

The State of Wisconsin has a robust data collection, data validation, and monitoring system in place that will be employed to collect necessary information and monitor the implementation of these waivers. Waiver-related information will be collected in the following ways:

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Both programmatic and financial information are monitored on a monthly basis to track expenditure rates, gauge progress toward achieving negotiated levels of performance, and ensure data integrity. Programmatic and financial information are monitored more thoroughly on an annual basis through on-site reviews at each for the 11 workforce development areas.

Local Workforce Development Boards and other system stakeholders were given opportunity to comment on this waiver request from October 7 through 16, 2020, November 5 through November 12, 2020, and December 1, 2021 through January 14, 2022.

For the time this waiver has been in place (January 1, 2021 - March 31, 2022), Wisconsin has exercised the flexibility to increase spending on in-school youth. Per monthly financial reports through February 2022, Wisconsin is currently spending 32% of its total Youth funding allocations on in-school youth expenditures. At the local WDB level, ISY expenditures range from 2% to 36%, with the highest amount of ISY spending occurring in our most rural areas.

Enrollment of ISY participants aligns closely with the expenditure rates, with 29% of Wisconsin's total youth participants being ISY. At the local level, ISY enrollments range from 5% to 61%, again with the highest ISY enrollment levels falling in our most rural areas.

The North Central Wisconsin Workforce Development Board, one of Wisconsin's more rural WDAs, provided this feedback:

"The waivers have helped at a local level as our schools, especially the smaller schools in rural areas, and our charter schools, typically lack the resources they need. When our WIOA Career Planners start working with ISY, versus waiting for students to graduate we can assist with helping students develop plans for after graduation, assist with students who may not be on track to graduate with additional resources, assisting with support services that the schools may not have to offer, and assist with paid work so those students who need income after graduation already have it. For years, our contacts at schools have been calling us asking if we can take ISY, and this year we were finally able to say yes. We have been getting a steady stream of referrals for ISY and it would be wonderful to be able to tell the schools for the following years that we can continue to assist their ISY."