

Proposed waiver request: ITAs for ISY

The Commonwealth of Pennsylvania is requesting from Employment and Training Administration (ETA) a waiver of 20 CFR 681.550 to allow eligible in-school youth (ISY), ages 16 to 21, the opportunity to employ an individual training account (ITA). The commonwealth provides ETA with supporting information using the waiver request template found at: <https://www.doleta.gov/wioa/Docs/847112-Waiver%20Request%20Tool.pdf>

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

§ 681.550 Are Individual Training Accounts permitted for youth participants?

Yes. In order to enhance individual participant choice in their education and training plans and provide flexibility to service providers, the Department allows WIOA Individual Training Accounts (ITAs) for OSY, ages 16 to 24 using WIOA youth funds when appropriate.

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

Pennsylvania's WIOA Combined State Plan articulates a vision of identifying, promoting, and helping to initiate worthy programs, activities, practices and other innovative initiatives that will benefit Pennsylvania citizens. In support of this vision the Pennsylvania Workforce Development Board and the commonwealth's multitude of state-wide and local area workforce development stakeholders have continued to identify, research, discuss and act to address barriers that would prevent the commonwealth from reaching this vision. This work is reflected in both the broad and the strategic goals identified in Pennsylvania's WIOA Combined State Plan.

The broad goals include:

- Goal 1: Establish career pathways as the primary model for skill, credential, and degree attainment and provide all Pennsylvanians, with an emphasis on Pennsylvanians with barriers to employment, an opportunity to obtain a job that pays.
- Goal 2: Expand public-private investment in the state's pipeline of workers and in incumbent workers for targeted industry sectors from entry-level skills to middle skills through Next Generation Sector Partnerships, the Workforce and Economic Development Network of Pennsylvania (WEDnet PA), and other innovative strategies.
- Goal 3: Increase opportunities for all youth to participate in work-based learning through summer employment, pre-apprenticeship, apprenticeship, internships, and other experiences in the workplace.

Specific state strategic goals were developed to overcome the barriers. Strategic goals that speak to this waiver request include (as identified in the state plan):

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- Goal 1.4: The commonwealth will promote and support the creation of pre-apprenticeship and Registered Apprenticeship (RA) programs, particularly in non-traditional occupations and for non-traditional populations, as part of relevant career pathway models. The commonwealth will add apprenticeship opportunities to the JobGateway® and Commonwealth Workforce Development Systems (CWDS), and will promote them as career options to job seekers.
- Goal 2.5: The commonwealth will expand access to online education and training programs that result in industry-recognized credentials.
- Goal 2.7: The commonwealth will use state grant funds to promote the development of Registered Apprenticeship programs and utilization of pre-apprenticeship standards, with a focus on non-traditional industries and occupations. The grant will also support efforts of existing Registered Apprenticeship programs to recruit female and minority apprentices. The state Apprenticeship and Training Office (ATO) will provide technical assistance to grantees and will promote the creation and growth of apprenticeship programs beyond the grantees.
- Goal 3.10: The commonwealth will use the ATO to promote pre-apprenticeship and Registered Apprenticeship opportunities to youth, including establishing new partnerships with secondary and postsecondary education institutions.

In terms of Pennsylvania's youth, activities and initiatives supporting strategic goals are reaping rewards. The commonwealth and its workforce development stakeholders are focused on expanding career pathway and opportunities for career readiness and certificate attainment. New work-based training programs have been introduced throughout the commonwealth and its local workforce development areas (LWDA); a focus on STEM and apprenticeship training opportunities is evident. Many of Pennsylvania's workforce development stakeholders recognize the strong demand to introduce high school age youth (whether attending secondary school or not) to activities and training that will lead to a post-secondary certificate.

Some of the activities and initiatives supporting the commonwealth's strategic goals include:

- *PASmart* is a proposed workforce development initiative that helps connect Pennsylvanians with resources for working and training in the commonwealth. The *PASmart* initiative supports the governor's goal to increase the number of workers with postsecondary training from 47 percent today to 60 percent by 2025. The *PASmart* initiative will improve coordination across commonwealth agencies. Targeted investments: 1) \$7 million in apprenticeships with the goal of doubling the number of registered apprentices by 2025; 2) \$25 million in STEM and computer science education; 3) \$10 million for innovative approaches to help students and workers get skills training for STEM and other in-demand careers; 4) \$5 million to employers and educators to partner and develop training and educational programs that prepare students for high demand jobs that local employers need; 5) \$3 million to support Industry Partnerships.
- The PA Department of Labor & Industry (L&I), in February 2016, created a new workforce development bureau to promote and establish programs; it is known as the "Apprenticeship Training Office (ATO)". ATO has made strong strides helping to achieve the commonwealth's

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vision, as evidenced by the 81 new registered apprenticeship occupations statewide created since its inception. ATO has also increased the number of RA programs to 758 and RA participants to 15,636. And finally, responding to the market demand to increase the pipeline of potential RA participants and to ensure program integrity, ATO began a designation process for qualified pre-apprenticeship programs to be certified as a Pennsylvania registered pre-apprenticeship program. One key criteria applied is that the pre-apprenticeship program must have a direct relationship with at least one RA.

- L&I awarded apprenticeship grants through the local boards across the commonwealth. The grants provide funding for pre-apprenticeship and registered apprenticeship programs, and help sponsoring organizations build capacity to improve and expand their programs. L&I awarded 28 grants totaling \$2 million to support pre-apprenticeship programs that are actively working with registered apprenticeship programs, or apprenticeship programs that are already registered in Pennsylvania. L&I awarded \$1.5 million to support 33 capacity building grants. These grants are designed to support businesses, industry associations, chambers of commerce, training providers, career and technical centers, and intermediaries interested in sponsoring registered apprenticeship programs.
- The commonwealth created a new pre-apprenticeship and apprenticeship program through the Department of Community and Economic Development (DCED) that will enable more Pennsylvania employers to develop the specialized training their workers need to close skills gaps in the workplace, while also providing rewarding career pathways for students and adults. DCED is accepting grant proposals from apprenticeship sponsors such as single employers, employer consortiums, workforce development boards, economic development organizations, labor organization, career tech schools, Pennsylvania community colleges, and community organizations. Eligible apprenticeships must be registered with the ATO. Grants can be used to complement hourly salaries of in-house instructors for training that supports on-the-job training, costs of books and training materials, contracted professional services directly related to academic competency, and other expenses deemed eligible by DCED. The new apprenticeship program is funded through money that has been “clawed back” from businesses and organizations that have received state support and failed to meet the state requirements of the contract, whether it be based on job numbers, capital investment figures, or additional requirements outlined in the program guidelines.
- Pennsylvania was among the first states to extend training and career-building efforts beyond individual companies to networks of companies in specific industries. Industry Partnerships foster industry collaboration on incumbent worker training, school-to-career and other workforce pipeline initiatives, career pathways, recruitment and retention, and other human resource challenges. The commonwealth will encourage local workforce development boards (LWDB) to assist with Next Generation Sector Partnerships and other multi-employer workforce partnerships, where relevant, on industry-specific career awareness, school-to-work, and other pipeline activities for youth.

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The commonwealth establishes and maintains workforce development policy and guidance that addresses the requirement for program flexibility and accountability in how the local areas support the goals of the WIOA Combined State Plan. Pennsylvania's workforce development stakeholders have responded positively to the state plan goals. Local boards and other local stakeholders are engaging with employers, educational entities and training providers to develop and offer new programs and activities of worth that will address the needs of youth.

The WIOA Title I Youth program embodies program elements that are supported with the use of an ITA. WIOA's vision for an emphasis on serving out-of-school youth (OSY) has had multiple impacts to the state's strategies and local area's youth programs. Many of the programs and activities local areas are focusing their efforts on are in-alignment with the commonwealth's strategic goals of creating and/or supporting career pathways, partnering with local education entities to expand opportunities for degree attainment, establishing pre-apprenticeships and registered apprenticeships, increasing the number and quality of work-based training options, selecting training providers able to offer recognized industry certificates and employing activities such as online training.

The commonwealth reached out to local boards to gauge the interest and viability of allowing ISY to use an ITA. Many LWDBs were in strong support of this waiver and there were no negative responses. The following provide a sample of the local board comments received:

- LWDB 1 – As high school graduates may become eligible for OSY status and use ITAs to participate in certificate programs at community colleges or pre-apprenticeship programs it is logical to provide the same opportunity to ISY students who have already met the income requirement for WIOA to immediately access ITA funded training opportunities upon graduation.
- LWDB 2 – ITAs for in-school youth would be a great option to provide in the WIOA youth program. High schools are trying to utilize more certifications within the districts, but often do not have the funds to pay for the students. Also, LWDA businesses have established nurse aide training and manufacturing pre-apprenticeship that can be done while the youth is in high school; an ITA could be utilized for this purpose. Finally, situations arise when an older ISY is enrolled in a training program and funds are needed to continue; an ITA would allow the ISY to finish the training.
- LWDB 3 – The ISY ITA waiver would help in serving youth who were in-school at the time of initial enrollment and then graduated and are looking for an ITA to attend post-secondary education.
- LWDB 4 – In addition to the possible considerations around pre-apprenticeships, this could allow our youth program to work more closely with school districts to help increase Career Readiness Indicators as relates to at-risk youth in school. In addition, it would better poise us to work around some of the existing stigma associated with CTEs.
- LWDB 5 - We have a few programs at our local community college and at an on-line training provider which offer curriculums that do not require completion during the school day. These

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options would be achievable after school hours and each have proven to provide a career pathway for any client who completes the training.

That said, *the WIOA emphasis on out-of-school youth has created a local area funding barrier for programs designed for in-school youth.* To help offset the funding barrier, local areas are employing innovative ways to braid WIOA funds and other funding streams to serve the ISY population; however, the funding barrier continues to hinder the effectiveness of serving ISY participants.

The commonwealth, after collaboration with key stakeholders, has determined the use of ITAs for in-school youth a strategy consistent with the vision of WIOA and the Pennsylvania WIOA Combined State Plan.

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

Approval of this waiver request will allow the commonwealth's local areas the option to offer eligible in-school youth (ISY) the use of individual training accounts (ITA). The employment of ITAs leads to multiple characteristics that are desired by the commonwealth and its local areas and beneficial to youth. WIOA permits the use of ITAs for the out-of-school youth (OSY) and the commonwealth has seen positive movement in many areas because of this use of ITAs. For example:

- Individual training accounts increase the effectiveness and viability of Career Pathways, expand training opportunities, increase program flexibility, enhance customer choice and reduce paperwork for the youth participant.
- ITAs will encourage youth participants to consider and evaluate career pathways and in-demand occupations in a different light. Further, it empowers youth participants to make valued career decisions leading to occupational training, attainment of post-secondary industry recognized certificates, and ultimately, employment.
- Employers benefit as the pipeline of qualified applicants increases.
- Local areas can leverage youth program activities and funding on behalf of participants to increase the effectiveness of youth program activities leading to more positive outcomes.
- Local areas will be able to increase efficiencies and realize cost savings when they are able to employ the Eligible Training Provide List (ETPL) on behalf of ISY.
- The use of ITAs will help support the growth of youth career training programs and factor into their sustainability.

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- Using an ITA for ISY frees up alternative funding (e.g. WIOA Adult and Dislocated Worker).

The OSY population has this set of characteristics, advantages and benefits; and it is these same attributes the commonwealth has in mind when it requests a waiver to allow eligible ISY to use an ITA.

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

The movement of WIOA eligible youth being able to attain work-place skills, credentials, industry-recognized certificates and post-secondary degrees is gaining strength across the commonwealth. The promotion of career pathway related activities and programs will cause higher levels of eligible ISY to be attracted to programs such as pre-apprenticeship, RAs and other occupational training. Through the implementation of this waiver it is expected that ISY participants will opt for many of these training opportunities that will lead most participants to earn family sustaining livelihoods. This trend bodes well for Pennsylvania's employers too as ISY participants will help fill the pipeline of applicants drawn to many of the in-demand occupations available now and into the future.

5. Individuals, groups or populations benefitting from the waiver;

Eligible in-school youth (ISY), ages 16 – 21 at time of program enrollment.

6. How the State plans to monitor waiver implementation, including collection of waiver outcome information;

Upon USDOL's approval of this waiver request, the Pennsylvania Workforce Development Board will communicate the waiver allowance to all its members and state-wide partners.

The L&I Bureau of Workforce Development Administration (BWDA) will revise applicable policy and ensure applicable operational guidance reflects the waiver allowance parameters. BWDA will widely communicate these changes by posting revised policy on its public website. Additionally, BWDA will communicate directly with all key stakeholders by way of email to announce the revised policy and other information important to convey regarding the waiver allowance. BWDA will also request that new cost categories reflecting training such as pre-apprenticeship, RA, and other occupational training attended by ISY will be programmed into the ISY section of the state's workforce development financial record system to be able to account eligible youth participant costs.

The L&I Bureau of Workforce Partnership and Operations (BWPO) will track and be able to report youth participant activities by way of the official system of record known as the Commonwealth Workforce Development System (CWDS). New data entry options will be added to the CWDS for local case workers

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to account for the number of occupational, pre-apprenticeship and apprenticeship trainings authorized; data collected will include participant eligibility status, demographic data including age, program start and end dates and reported outcomes.

The L&I Center of Workforce Information & Analysis (CWIA) will work with BWPO so that changes to CWDS will permit reporting of the entered activity and allow for the reporting of performance measures.

The L&I Apprenticeship Training Office (ATO) will develop a pre-apprenticeship/RA reporting tool that local area staff will complete. The tool will indicate the age of the participant, participant eligibility status, date enrolled into pre-apprenticeship/RA training, program end date, if an ITA was authorized and outcome status of participant.

BWPO and ATO will provide a combined annual report detailing the impact youth ITAs have on business needs.

Local boards will amend their local ITA policy to allow the use of ITAs for eligible ISY, ages 16 – 21 at time of program enrollment, as well as any other policies impacted by this waiver. Local board directors will contact all local lead agencies and/or youth program providers to communicate and coordinate activity impacted by the waiver. The local board will ensure local area policies pertaining to ITAs will be adhered to by all parties. Local case workers will be directed to document the use of ITAs in each eligible youth's individual service strategy, which contains the goals and objectives for the youth's participation in WIOA as well as the service plan selected for him or her.

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

The Commonwealth of PA assures USDOL that this waiver request will be posted for 30 days on the L&I public website, found at:

<http://www.dli.pa.gov/Businesses/Workforce-Development/Pages/Plans%20and%20Reports.aspx>

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WIOA/W-P Waiver Request Form
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