



DEC 13 2012

The Honorable Luis G. Fortuno
Governor of Puerto Rico
La Fortaleza
P.O. Box 9020082
San Juan, Puerto Rico 00902-0082

Dear Governor Fortuno:

This letter provides approval of Puerto Rico's State Integrated Workforce Plan for Title I of the Workforce Investment Act (WIA), the Wagner-Peyser Act (W-P), including W-P Agricultural Outreach Plan, plans for coordination with Trade Adjustment Assistance (TAA), and Title V of the Older Americans Act. The Employment and Training Administration (ETA) received the State Plan on September 17, 2012. This letter also responds to Puerto Rico's WIA waiver requests.

Training and Employment Guidance Letter (TEGL) No. 21-11, issued on March 27, 2012, and TEGL No. 21-11, Change 1 issued on August 8, 2012, provide guidance for states to submit their State Workforce Plans and waivers for Program Year (PY) 2012 and beyond. We appreciate Puerto Rico's responsiveness to this guidance.

Plan Review and Approval

ETA has reviewed the Puerto Rico State Integrated Workforce Plan in accordance with Title I of WIA, the Wagner-Peyser Act, the Trade Act (as amended), the corresponding regulations, the *State Integrated Workforce Plan Requirements for Workforce Investment Act Title I/Wagner-Peyser Act, and Department of Labor Workforce Programs* (<http://www.doleta.gov/usworkforce/wia-planning/docs/integrated-planning-guidance.pdf>), Title V of the Older Americans Act and corresponding regulations, TEGL No. 21-11, and the corresponding Change 1. Pursuant to 20 CFR 661.230(e), this letter constitutes a written determination under WIA Section 112 (29 USC 2822), and WIA section 501 (20 USC 9271) which pertains to State Unified Plans, that ETA is approving those portions of the Puerto Rico State Integrated Workforce Plan that relate to Title I of WIA, the Wagner-Peyser Act, and TAA for Program Years 2012-2016, July 1, 2012 through June 30, 2017. The annual W-P Agricultural Outreach Plan is approved for the period July 1, 2012 through June 30, 2013. The Senior Community Service Employment Program (SCSEP) State Plan has been reviewed by both ETA and the Administration on Aging, and is approved for Program Years 2012-2015, July 1, 2012 through June 30, 2016. Puerto Rico is eligible to receive WIA formula allotments for Adult, Dislocated Worker, and Youth programs, and W-P program allotments, effective July 1, 2012 through June 30, 2017.

Performance Levels

Each year, the Regional Administrator negotiates the Program Year's WIA and W-F performance goals with each state. As required by TEGL Nos. 21-11 and 38-11 dated June 18, 2012, negotiations must be completed by December 31, 2012 for PY 2012. We have attached Puerto Rico's final performance goals to this letter. ETA will incorporate Puerto Rico's final performance goals for PY 2012 into the Regional and National Office copies of the State Integrated Workforce Plan. Please include these final PY 2012 goals in Puerto Rico's official copy of the State Plan.

Waivers

As part of Puerto Rico's State Integrated Workforce Plan, the Commonwealth submitted waiver requests for waivers of statutory and regulatory requirements under WIA (copy enclosed). The Commonwealth's request for waivers is written in the format identified in WIA Section 189(i)(4)(B) and 20 CFR 661.420(c). The disposition of Puerto Rico's waiver requests is outlined below. This action is taken under the Secretary's authority at WIA Section 189(i) to waive certain requirements of WIA Title I, Subtitles B and E, and Sections 8-10 of the Wagner-Peyser Act.

Waiver of WIA Section 123 that requires that providers of Youth program elements be selected on a competitive basis.

Puerto Rico requested a waiver of the requirement for competitive procurement of service providers for three of the ten youth program elements: supportive services, follow-up services, and work experience. Puerto Rico is granted an approval of this waiver through June 30, 2017. Under this waiver, Puerto Rico is permitted to allow its One-Stop Career Centers or partner agencies to directly provide the above youth program elements. In utilizing this waiver, Puerto Rico and local areas must still meet Office of Management and Budget requirements (codified in 29 CFR 95.40-95.48 and 97.36) and all Puerto Rico and local procurement laws and policies.

Waiver of the required 50 percent employer contribution for customized training at WIA Section 101(8)(C).

Puerto Rico requested a waiver of the required 50 percent employer contribution for customized training to permit the use of a sliding scale for the employer contribution based on the size of the business. Puerto Rico is granted an approval of this waiver through June 30, 2017. Under the waiver, the following sliding scale is permitted: 1) no less than 10 percent match for employers with 50 or fewer employees, and 2) no less than 25 percent match for employers with 51-250 employees. For employers with more than 250 employees, the current statutory requirements (50 percent contribution) continue to apply. When determining the funding source for customized training, Puerto Rico must use the appropriate program funds for the appropriate WIA-eligible population. Puerto Rico and local areas may provide customized training to individuals 18 years of age or older with WIA Adult funds and must provide priority to low-income individuals when funds are limited; Puerto Rico and local areas may provide customized training to dislocated workers with WIA Dislocated Worker funds. Customized training provided with statewide funds must serve WIA eligible individuals.

Waiver of WIA Section 134(a) to permit local areas to use a portion of local funds for incumbent worker training.

Puerto Rico requested a waiver to permit local areas to conduct allowable statewide activities as defined under WIA Section 134(a)(3) with local WIA formula funding, specifically incumbent worker training. Puerto Rico is granted an approval of this waiver through June 30, 2017.

Under this waiver, Puerto Rico is permitted to allow local areas to use up to 10 percent of local Dislocated Worker funds and up to 10 percent of local Adult funds for incumbent worker training only as part of a layoff aversion strategy. Use of Adult funds must be restricted to serving lower income adults under this waiver. ETA believes limiting incumbent worker training to the specified level and requiring it to be a part of layoff aversion is the best use of funds in the current economic climate where serving unemployed workers is a paramount responsibility of the workforce system. All training delivered under this waiver is restricted to skill attainment activities. Local areas must continue to conduct the required local employment and training activities at WIA Section 134(d), and Puerto Rico is required to report performance outcomes for any individual served under this waiver in the Workforce Investment Act Standardized Record Data system (WIASRD), field 309. TEGL No. 26-09, Section 7A, "Workforce Investment Act (WIA) Waiver Policy and Waiver Decisions for PY 2009 and 2010" and TEGL No. 30-09, "Layoff Aversion Definition and the Appropriate Use of Incumbent Worker Training for Layoff Aversion Using a Waiver" provide policy guidance related to implementation of this waiver.

Waiver of WIA Section 134(a)(1)(A) to permit a portion of the funds reserved for rapid response activities to be used for incumbent worker training.

Puerto Rico requested a waiver to permit use of rapid response funds to conduct allowable statewide activities as defined under WIA Section 134(a)(3), specifically incumbent worker training. Puerto Rico is granted an approval of this waiver through June 30, 2017. Under this waiver, Puerto Rico is permitted to use up to 20 percent of rapid response funds for incumbent worker training only as part of a layoff aversion strategy. ETA believes limiting incumbent worker training to layoff aversion is the best use of funds in the current economic climate where serving unemployed workers is a paramount responsibility of the workforce system. All training delivered under this waiver is restricted to skill attainment activities. Puerto Rico is required to report performance outcomes for any incumbent workers served under this waiver in WIASRD, field 309. TEGL No. 26-09, Section 7A, "Workforce Investment Act (WIA) Waiver Policy and Waiver Decisions for PY 2009 and 2010" and TEGL No. 30-09, "Layoff Aversion Definition and the Appropriate Use of Incumbent Worker Training for Layoff Aversion Using a Waiver" provide policy guidance related to implementation of this waiver.

Waiver of the prohibition at 20 CFR 664.510 on the use of Individual Training Accounts for older and out-of-school youth.

Puerto Rico requested a waiver of the prohibition at 20 CFR 664.510 on the use of Individual Training Accounts (ITAs) for older youth and out-of-school youth program participants. Puerto Rico is granted an approval of this waiver through June 30, 2017. Under this waiver, Puerto Rico can use ITAs for older youth and out-of-school youth program participants. Puerto Rico must continue to make the 10 youth program elements available as described at WIA Section 129(c)(2).

Puerto Rico should ensure that funds used for ITAs are tracked and that the ITAs are reflected in the individual service strategies for these youth.

Waiver of the provision at 20 CFR 663.530 that prescribes a time limit on the period of initial eligibility for training providers.

Puerto Rico requested a waiver of the time limit on the period of initial eligibility of training providers provided at 20 CFR 663.530. Puerto Rico is granted an approval of this waiver through June 30, 2017. Under the waiver, Puerto Rico is allowed to postpone the determination of subsequent eligibility of training providers. The waiver also allows Puerto Rico to provide an opportunity for training providers to re-enroll and be considered enrolled as initially eligible providers.

Waiver of WIA Section 133(b)(4) to increase the allowable transfer amount between Adult and Dislocated Worker funding streams allocated to a local area.

Puerto Rico requested a waiver to permit an increase in the amount the Commonwealth is allowed to transfer between the Adult and Dislocated Worker funding streams. Puerto Rico is granted an approval of this waiver through June 30, 2017. Under the waiver, transfer authority is limited to 50 percent. This limitation provides states and territories flexibility while ensuring consistency with Congressional intent regarding the level of funding appropriated for the WIA Adult and Dislocated Worker programs.

Waiver of 20 CFR 666 and 667.300(a) to reduce the collection of participant data for incumbent workers.

Puerto Rico requested a waiver of the requirement to reduce the data collection burden for employers participating in WIA-funded incumbent worker training programs. The waiver permits Puerto Rico to discontinue the collection of the following WIASRD elements: single parent (117), unemployment compensation eligible status at participation (118), low income (119), TANF (120), other public assistance (121), homeless individual and/or runaway (125), and offender (126). Puerto Rico is granted an approval of this waiver through June 30, 2017.

Waiver of the WIA regulations at 20 CFR 666.100 to exempt Puerto Rico from including credential attainment outcomes for participants enrolled in on-the-job training in the credential performance measure calculations.

Puerto Rico requested a waiver to exempt the Commonwealth from including credential attainment outcomes in the credential performance measure calculations for participants enrolled in on-the-job training. Puerto Rico is granted an approval of this waiver through June 30, 2017. Puerto Rico must continue to report outcomes in WIASRD for participants enrolled in on-the-job-training.

Waiver of WIA Section 101(31)(B) to increase the employer reimbursement for on-the-job training.

Puerto Rico requested a waiver to permit an increase in employer reimbursement for on-the-job training through a sliding scale based on the size of the business. ETA is unable to make a determination with the information provided in the request. TEGL 26-09, Change 1, provides guidance on the required information for this waiver, and the ETA Regional Office is available to

answer questions regarding additional information.

Waiver of WIA Section 134(a)(2)(B)(ii) and 20 CFR 665.200(d) to exempt the Commonwealth from the requirement to conduct evaluations.

Puerto Rico requested a waiver of the requirement to conduct evaluations of workforce investment activities for adults, dislocated workers, and youth in order to establish and promote continuous improvement of the statewide workforce investment system. ETA is unable to make a determination with the information provided in the request. TEGL 26-09, Change 1, provides guidance on the required information for this waiver, and the ETA Regional Office is available to answer questions regarding additional information.

Waiver of 20 CFR 665.200(b)(3) to exempt the state from the requirement to disseminate training provider performance and cost information.

Puerto Rico requested a waiver of the requirement to disseminate training provider performance and cost information. ETA is unable to make a determination with the information provided in the request. TEGL 26-09, Change 1, provides guidance on the required information for this waiver, and the ETA Regional Office is available to answer questions regarding additional information.

Waiver of WIA Section 129(b)(2)(C) and 20 CFR 665.200(h) to exempt the state from the requirement to provide additional assistance to local areas that have a high concentration of eligible youth.

Puerto Rico requested a waiver of the requirement to provide additional assistance to local areas that have a high concentration of eligible youth. ETA is unable to make a determination with the information provided in the request. TEGL 26-09, Change 1, provides guidance on the required information for this waiver, and the ETA Regional Office is available to answer questions regarding additional information.

The approved waivers are incorporated by reference into Puerto Rico's WIA Grant Agreement, as provided for under paragraph 3 of the executed Agreement, and are incorporated into the State Integrated Workforce Plan. A copy of this letter should be filed with Puerto Rico's WIA Grant Agreement and the approved State Plan. In addition, as described in TEGL No. 29-11, Puerto Rico should address the impact these waivers have had on the Commonwealth's performance in the WIA annual performance report, due on October 1 of each year.

We look forward to working together as you implement your State Integrated Workforce Plan for PY 2012 and beyond. We understand that Puerto Rico's leadership is in transition after the recent elections and new leadership may want to review the Puerto Rico State Plan. Section 112(d) of WIA provides that states may submit modifications to State Plans at any time during the five-year period covered by the Plan.

Thank you for co-branding as a proud partner of American Job Center brand; we are available to provide technical assistance as needed. If you have any questions related to the issues discussed above, please contact Ms. Christina Eckenroth, the Federal Project Officer for Puerto Rico, at 617-788-0157 or Eckenroth.christina@dol.gov.

Sincerely,



Jane Oates
Assistant Secretary

Enclosure

cc: Holly O'Brien, Regional Administrator, ETA Boston Regional Office
Christina Eckenroth, Federal Project Officer for Puerto Rico

Puerto Rico
Workforce Investment Act (WIA) and Wagner-Peyser (W-P) Act
Performance Goals Summary
Program Year (PY) 2012

Performance Measures	Final Negotiated Goals
WIA Adults	
Entered Employment	63.0%
Retention	83.0%
Average Earnings	\$8,100
Credentials	55.0%
WIA Dislocated Workers	
Entered Employment	63.0 %
Retention	85.0%
Average Earnings	\$ 7,623
Credentials	57.0%
WIA Older Youth	
Entered Employment	55.0 %
Retention	83.0%
Earnings Change	\$ 1,800
Credentials	55.0%
WIA Younger Youth	
Goal Attainment	98.0 %
Diploma Attainment	63.0%
Retention	66.0 %
WIA Customer Satisfaction	
Participants	80.0%
Employers	86.0 %
W-P Labor Exchange (LEX)	
Entered Employment	23.0%
Retention	65.0 %
Average Earnings	\$ 7,000



GOVERNMENT OF PUERTO RICO

LUIS G. FORTUÑO
GOVERNOR

September 17, 2012

Division of WIA Adult-Services and Workforce Systems
Employment and Training Administration
U.S. Department of Labor
Frances Perkins Federal Building
Room S-4201
Washington, DC 20210

Attn: Ms. Heather Fleck

Re: Puerto Rico's 5-Year State Integrated Workforce Plan
for the Workforce Investment Act, Wagner-Peyser Act, and the
Senior Community Service Employment Program for the years 2012 - 2016

Dear Ms. Fleck:

Enclosed are the above referenced document, as per the requirements established by the U.S. Department of Labor in the Training and Employment Guidance Letter (TEGL) No. 21-11 dated March 27, 2012.

The Workforce Investment Act of 1998, requires the Governor of each State to submit a State Plan to the USDOL, outlining a five-year strategy for its workforce investment system in order to receive formula grant allotments.

In addition to the Workforce Investment Act's and Wagner Peyser Act's plans, the enclosed document also includes the Agricultural Outreach Plan and the plan for the Senior Community Service Employment Program (SCSEP), as also required in TEGL No. 21-11.

Puerto Rico looks forward to continue working with the US Department of Labor in all initiatives that may help improve our economy, provide greater learning opportunities to our citizens, and to promote and create jobs for our senior,

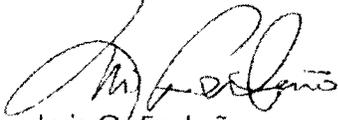
Ms. Heather Fleck
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adult, youth and special populations, which will enable these valuable members of society the opportunity to contribute and further develop our local workforce.

If there are any questions, or if any further information is necessary, please contact Elvira M Cancio, Acting Secretary of Labor at emcancio@trabajo.pr.gov or at (787) 754-2111.

We look forward to more promising results in the local labor market from the workers', as well as from the employers' point of view. Puerto Rico continues to join USDOL's efforts in bringing an end to the actual recession and improve our economy and Puerto Rico a better place to live and raise a family.

Cordially,



Luis G. Fortuño

Enclosure

c: Ms. Holly O'Brien, RO Administrator
Mr. Timothy J. Theberge, FPO

Commonwealth of Puerto Rico
Department of Labor and Human Resources
Labor Development Administration

Workforce Investment Act
Waiver Request

**Ten Program Elements for Youths to be Provided
Through a Competitive Procurement Process**

The Puerto Rico State Workforce Investment Board and the Labor Development Administration (ADL by its Spanish acronym) as the administrative entity of the Workforce Investment Act (WIA) in Puerto Rico herein submits this request to waive certain WIA regulations at **20 CFR 664.405** that require that the Ten Program Elements for Youths be provided through a competitive procurement process. Procedures for the aforementioned requirements are set forth in Section 117 (h) (4) (B) (i) of the Act.

The waiver was requested in order for WIA-funded Local Area staff to directly provide in-house servicing of the following three of the ten program elements.

- Support Services
- Follow-up Services
- Work Experience

Puerto Rico's WIA system has invested a significant amount of administrative and operational funds in training of Local Area staff, regarding services such as Case Management, Counseling and Orientation, Social Work, among others. This is so, in order to offer in-house, direct youth program delivery of services. In economic terms, in-house services represent a reduction in service costs, versus those of a hired service provider. With this system, youths have the advantage of being able to receive better services. Service providers also have hiring limitations, whereas in the local areas, services are always available at any time.

A. Statutory or Regulatory Requirements to be Waived

WIA regulations at 20 CFR 664.405 and WIA Section 117 (h) (4) (B) (I) require that the Ten Program Elements for Youths be provided through a competitive procurement process.

B. Goals of the Waiver and Expected Programmatic Outcomes

The in-house delivery of youth services in Puerto Rico has proven to be an effective strategy with which to serve this population. We want to extend this waiver in order to continue to improve the delivery of services in all One-Stop Service Centers.

C. State or Local Statutory or Regulatory Barriers

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

D. Description of the Individuals Impacted by the Waiver

Individuals benefiting from the waiver are younger and older youths that receive these three services through the One Stop Centers.

E. Opportunity for Public Comment and the Process for Monitoring Implementation of the Waiver

This waiver request is being submitted as part of the State's 5-Year Strategic Plan for PYs 2012-16. A public announcement was placed in a newspaper of major circulation for public comment.

The State Board, through the Monitoring Unit of the ADL, will monitor all incumbent worker training activities held at the State and Local Areas.

Commonwealth of Puerto Rico
Department of Labor and Human Resources
Labor Development Administration

Workforce Investment Act
Waiver Request

Prohibition on Use of Individual Training Accounts for Youth

The State Workforce Investment Board and the Labor Development Administration (ADL by its Spanish acronym) as the administrative entity of the Workforce Investment Act (WIA) in Puerto Rico submit this request to waive WIA regulations at 20 CFR 664.510 wherein the requirement to implement WIA Title I provisions for individuals age 18 and above require them to be: (1) eligible for training services under the Adult and Dislocated Worker Programs, and (2) to receive Individual Training Accounts (ITAs) through those programs. Requirements for concurrent participation requirement are set forth in §664.500. To the extent possible, in order to enhance youth participant choice, youth participants should be involved in the selection of educational and training activities.

A. Statutory or Regulatory Requirements to be Waived

The Puerto Rico State Investment Board is requesting a waiver of the regulatory prohibition of using Individual Training Accounts (ITA'S) for older and out-of school youths.

B. Goals of the Waiver and Expected Programmatic Outcomes

The goal is to waive WIA regulations at 20 CFR 664.510. These regulations implement WIA's Title I provisions for individuals age 18 and above, who are eligible for training services under the Adult and Dislocated Worker Programs, so they may receive Individual Training Accounts (ITAs) through those programs.

Local Areas sometimes receive youths with different economic and social barriers, so that they may achieve academic or employment goals. These youths present a need for youth programs services, such as counseling, peer coaching, among others. These participants also want to continue postsecondary training, graduation and/or achieve worthwhile, effective credentials. With this waiver, Local Areas may combine ITA' s with the ten Youth Elements in order to help some youths to achieve personal goals.

C. State or Local Statutory or Regulatory Barriers

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

D. Description of the Individuals Impacted by the Waiver

Individuals benefiting from the waiver are individual youths ages 18 and above, who are eligible for training services, and may receive Individual Training Accounts through those programs.

E. Opportunity for Public Comment and the Process for Monitoring Implementation of the Waiver

This waiver request is being submitted as part of the WIA 5-Year State Strategic Plan for PYs 2012-16. A public announcement was placed in a newspaper of major circulation for public comment.

The State Board through the Monitoring Unit of the ADL will monitor all incumbent worker training activities held.

Commonwealth of Puerto Rico
Department of Labor and Human Resources
Labor Development Administration

Workforce Investment Act
Waiver Request

Employer Match for Customized Training to a Sliding Scale

The State Workforce Investment Board and the Labor Development Administration (ADL by its Spanish acronym) as the administrative entity of the Workforce Investment Act (WIA) in Puerto Rico submits this waiver request to change the required 50 percent employer match for Customized Training specified in WIA 101(8)(c) to execute the employer match on a sliding scale, ranging from 10 to 50 percent, still in compliance with the guidelines set forth in WIA Section 189 (i) (4)(b) and 20 CFR 651.420(c). for this reason we herein present the following waiver request.

A. Statutory or Regulatory Requirements to be Waived

The Waiver being requested applies to the 50% employer match for Customized Training as stated in WIA Section 101(8)(c).

B. Goals of the Waiver and Expected Programmatic Outcomes

The purpose of the sliding scale will provide the Governor's Reserve Fund and the WIA Local Boards, with added flexibility with which to respond to changes in the local labor market, and help ensure that the allocated WIA funds are being used to maximize customer service and other demand-driven needs of the business community.

The removal of the 50 percent employer match requirement from training costs will allow the activities under the Governor's Reserve Fund and Local Areas to more effectively market customized training from the private sector, in support of stronger relations with employers in areas of high growth, high demand industries.

The proposed sliding scale for the employer match will create the necessary flexibility for employers to provide the required match at a level more reasonably suited to their size, with a better cost-benefit ratio for helping with their contributions toward receiving skilled employees. Allowing businesses to apply the sliding scale to determine a match amount will increase participation in the WIA Customize Training programs at the State

and Local Levels. Local Boards will increase their participation rates with skilled job seekers that have received training and found employment.

The expected outcomes from this waiver in the Local Areas are the following:

- Increase their flexibility to serve business and industry based in their specific needs.
- Help employees with their job retention and offer them relevant job training with transferable skills like ISO, Lean Manufacturing, among others, that lead to high-skill, high-wage occupations and industries.
- Improve the scope of Local Boards to work with the private sector and respond quickly to changes in their economic regions.
- Increase their flexibility for design and control of training programs.

C. State or Local Statutory or Regulatory Barriers

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

D. Description of the Individuals Impacted by the Waiver

Individuals benefiting from the waiver are employers with 100 or less employees due to the reduced match requirement and the ability to train a smaller number of individuals to their special needs. Participants receiving customized training and subsequent employment will also benefit with the waiver approval.

E. Opportunity for Public Comment and the Process for Monitoring Implementation of the Waiver

This waiver request is being submitted as part of the WIA 5-Year State Strategic Plan for PY 2012-16. A public announcement was placed in a newspaper of major circulation for public comment.

The State Board through the Monitoring Unit of the ADL will monitor all incumbent worker training activities.

**Commonwealth of Puerto Rico
Department of Labor and Human Resources
Labor Development Administration**

Workforce Investment Act
Waiver Request

Incumbent Worker Training at the Local Area Level

The State Workforce Investment Board and the **Labor Development Administration** as the administrative entity of the Workforce Investment Act (WIA) in Puerto Rico submit this waiver request of the restrictions on the use of local Workforce Investment Act (WIA) formula funds for Incumbent Worker Training at the Local Workforce Investment Area (Local Area) level. This waiver would allow Local Workforce Investment Boards (Local Boards), as per evaluation and reasonable justification, to use up to 10 percent of Local Area formula funds for adults and dislocated workers (WIA Section 133 (b) to provide statewide employment and training activities identified at WIA Section 134 and 20 CFR 667.130, specifically to carry out Incumbent Worker Training programs at the Local Area level. This waiver will apply to Program Year 2012 and subsequent years.

Following the guidelines set forth at WIA Section 189(i) (4)(b) and 20 CFR Part 661.420(c), PRDOL is submitting the following request for a waiver.

A. Statutory or Regulatory Requirements to be Waived

The Commonwealth of Puerto Rico requests a waiver from the provisions in WIA Sections 134 (Use of Funds for Employment and Training Activities), as well as waiver from the provisions of WIA regulation at 20 CFR 663.145 regarding the use of WIA Title I Adult and Dislocated Workers formula funds.

B. Goals of the Waiver and Expected Programmatic Outcomes if Waiver is Granted

The purpose for the use of 10 percent of the local formula allocated funds is to provide Local Boards with greater flexibility when responding to changes in their local labor markets, and to help ensure that the WIA funds allocated to each Local Area are used to maximize customer service and cover the demand-driven needs of the business community. With the approval for the use of these funds, Local Boards will be able to market WIA-funded Incumbent Worker Training in the private sector, at the very door of demand-growth industries.

The anticipated goals include the improved flexibility when designing and implementing WIA programs, and an improved ability for Local Boards to respond quickly and effectively to the needs of employers and incumbent workers. It is anticipated that there would be increased accountability at both the State and local Area Levels with the approval of this waiver. This waiver is a useful tool for the improvement of incumbent worker skills and job retention. It will be offered to incumbent workers that need to upgrade their skills and knowledge due to the introduction of new technology or new products.

C. State or Local Statutory or Regulatory Barriers

There is no State or local statutory or regulatory barrier in implementing the proposed waiver.

D. Description of Individuals Impacted by the Waiver

This waiver will affect the business community served under the Act by reducing the risk of layoffs or closures because workers have not kept current in their job skills or technology. It also generates lower level openings in positions vacated by incumbent workers who received skill upgrade training. The training provided to individuals will make them more valuable to current and future employers. This increases local flexibility with which to respond to the business community, yet meeting WIA's goals.

E. Opportunity for Public Comment and the Process for Monitoring Implementation of the Waiver

This waiver request is being submitted as part of the WIA 5-Year State Strategic Plan for PYs 2012-16. A public announcement was placed in a newspaper of major circulation for public comment.

The State Board through the Monitoring Unit of the ADL will monitor all incumbent workers training activities.

**Commonwealth of Puerto Rico
Department of Labor and Human Resources
Labor Development Administration**

Workforce Investment Act
Waiver Request

Incumbent Worker Training at the Local Area Level

The State Workforce Investment Board and the **Labor Development Administration** as the administrative entity of the Workforce Investment Act (WIA) in Puerto Rico submit this waiver request of statutory and regulatory requirements under the Workforce investment Act (WIA) regulations at 20 CFR 665.320(d)(2), for funds reserved for allowable state activities under WIA Sec. 133 (a) (2), allowing the use of up to 25% the state set-aside Rapid Response funds to the Governor's Reserve Funds. The transfer creates a single fund for the Incumbent Workers Training Program in agreement with the rules established under WIA Sec. 128 (a) (2). The transfer of funds is for allowable activities only. The transfer will not affect the activities developed by the state or local areas for dislocated workers or local formula allocations.

A. Statutory or Regulatory Requirements to be Waived

The Puerto Rico State Investment Board is requesting a waiver of the regulatory prohibition of Rapid Response funds for the Incumbent Workers Training Program

B. Goals of the Waiver and Expected Programmatic Outcomes if Waiver is Granted

The anticipated goals are the improved flexibility in designing and implementing WIA programs by State Boards, so that they may be able to respond quickly and effectively to the needs of employers and incumbent workers. It is anticipated that there would be increased accountability at both the State and local Area Levels with the approval of this waiver.

C. State or Local Statutory or Regulatory Barriers

There is no State or local statutory or regulatory barrier in implementing the proposed waiver.

D. Description of Individuals Impacted by the Waiver

This waiver will affect the business community served under the Act by reducing the risk of layoffs or closures because workers have not kept current with new job skills and technology. It also generates lower level openings in positions vacated by incumbent workers who receive skill upgrade training. The training provided to individuals will make them more valuable to current and future employers. This increases local flexibility with which to respond to the business community, while keeping up with the goals in WIA.

E. Opportunity for Public Comment and the Process for Monitoring Implementation of the Waiver

This waiver request is being submitted as part of the WIA 5-Year State Strategic Plan for PYs 2012-16. A public announcement was placed in a newspaper of major circulation for information and public comments.

The State Board through the Monitoring Unit of the ADL will monitor all incumbent workers training activities.