

**STATE OF CALIFORNIA  
WORKFORCE INNOVATION AND OPPORTUNITY ACT  
COVID-19 WAIVER REQUESTS**

On Friday, March 13, 2020, President Trump declared a national emergency regarding COVID-19. On March 19, Governor Newsom issued a statewide shelter-in-place order requiring Californians to stay home in an effort to slow the spread of COVID-19. This has led to a rapid increase in both temporary and permanent layoffs as businesses experience supply chain disruptions, plummeting demand for goods and services, and pending closures.

The California Workforce Development Board (CWDB) and the Employment Development Department (EDD) request the following waivers of the *Workforce Innovation and Opportunity Act* (WIOA) to provide Local Workforce Development Boards (Local Board) with additional flexibility in assisting those affected by this crisis.

**1. Waiver to allow up to 30 percent of Adult and Dislocated Worker funds be spent on transitional jobs for participants.**

Subsidized employment is a proven tool for encouraging employers to hire new employees, especially individuals with barriers to employment, to meet new and changing economic demands. When used properly, transitional jobs can be mutually beneficial for job seekers and employers. Individuals with barriers to employment, who are chronically unemployed or have an inconsistent work history, gain work experience and possible long-term jobs while employers receive short-term subsidies to cover the cost of labor.

This waiver would increase Local Boards' ability to attach participants to the labor market, get wages back into people's pockets, and stimulate local economies. Furthermore, it would increase Local Boards' ability to support employers as they try to stabilize their businesses in response to COVID-19.

***Statutory Citation***

WIOA Section 134(d)(5)

***Actions to Remove State or Local Barriers***

There are no state or local statutory or regulatory barriers to implementing the proposed waiver.

***State Strategic Goals Supported By Waiver***

This waiver aligns with the following strategic goals outlined in the California Unified Strategic Workforce Development Plan:

- Fostering demand-driven skills attainment
- Enabling upward mobility for all Californians
- Aligning, coordinating, and integrating programs and services

### ***Projected Programmatic Outcomes Resulting from Waiver Implementation***

The State of California anticipates the implementation of this waiver to have the following programmatic outcomes:

- Provide participants who are chronically unemployed or have an inconsistent work history with work experience and reattachment to the labor market.
- Provide participants with wages that will assist in covering critical living expenses and provide stimulus to local economies.
- Provide a source of subsidized labor to employers who are attempting to avert layoffs and stabilize their businesses in response to COVID-19.

While current utilization of transitional jobs can vary from area to area, depending on the needs of the community, and with California facing an unprecedentedly high unemployment rate, the need for rapid market reattachment is greater than ever before.

### ***Individuals Impacted by the Waiver***

The waiver is intended to assist both job seekers and employers. In particular, this waiver is meant to impact the following:

- Job seekers with significant barriers to employment, who are either:
  - Chronically unemployed
  - Have an inconsistent work history
- Employers attempting to stabilize their businesses in response to COVID-19

### ***Monitoring Progress and Implementation***

The CWDB and the EDD will establish an application process for Local Boards who want to access this waiver. This will allow the state to approve and track each Local Board that utilizes the waiver in order to more efficiently track its effectiveness.

### ***Notice to Local Boards and Public Comment***

The State of California will issue an Information Notice to the workforce community announcing the potential waiver, and request comments for a period of 5 days.

## **2. Waiver to allow a reimbursement of up to 90 percent of on-the-job (OJT) training costs for businesses with 50 or fewer employees.**

According to California's 2020 Small Business Profile produced by the US Small Business Administration, 99.8% of California businesses are small businesses and 48.5% of California employees are employed by small businesses.

Small businesses are experiencing unprecedented challenges and are struggling to maintain regular business operations, address staffing needs, and respond to changing consumer demand. Some have shifted their business model dramatically to pivot to production of critical personal protective equipment and supplies to tackle the shortage confronting healthcare and other frontline workers. Other employers have had to quickly modify service-delivery methods, adapt processes to ensure contactless interactions between employees and customers, and maintain or increase stock of goods and services that are in high-demand.

This waiver would allow Local Boards to provide additional relief to small businesses who may be more risk-averse when it comes to hiring and training new employees during this time of economic instability, by reimbursing a greater portion of their on-the-job training costs. This waiver would also maximize a Local Boards' ability to support small businesses who are seeking to maintain and retrain their workforce to adapt to the rapidly changing economic landscape.

***Statutory Citation***

WIOA 134(c)(3)(H)(i)

***Actions to Remove State or Local Barriers***

There are no state or local statutory or regulatory barriers to implementing the proposed waiver.

***State Strategic Goals Supported By Waiver***

This waiver aligns with the following strategic goals outlined in the California Unified Strategic Workforce Development Plan:

- Fostering demand-driven skills attainment
- Enabling upward mobility for all Californians
- Aligning, coordinating, and integrating programs and services

***Projected Programmatic Outcomes Resulting from Waiver Implementation***

The State of California anticipates the implementation of this waiver to have the following programmatic outcomes:

- Provide small businesses with additional reimbursement of the OJT costs associated with training employees to meet existing or new business needs resulting from the COVID-19 pandemic.
- Provide job seekers, with barriers to employment, subsidized training opportunities to improve the prospect of obtaining and retaining employment.

***Individuals Impacted by the Waiver***

The waiver is intended to provide assistance to both job seekers and employers. In particular, this waiver is meant to impact the following:

- Employers with fewer than 50 employees, especially those who are experiencing altered operations, service delivery, or other changes due to COVID-19.
- Job seekers with barriers to employment, especially those whose employment status has been recently effected due to COVID-19.

***Monitoring Progress and Implementation***

The CWDB and the EDD will establish an application process for Local Boards who want to access this waiver. This will allow the state to approve and track each Local Board that utilizes the waiver in order to more efficiently track its effectiveness.

### ***Notice to Local Boards and Public Comment***

The State of California will issue an Information Notice to the workforce community announcing the potential waiver, and request comments for a period of 5 days.

### **3. Waiver to allow supportive services to be included amongst the list of follow up services which can be provided to adult and dislocated worker participants for up to 12 months after they are placed in unsubsidized employment.**

As a result of COVID-19, workers are experiencing a range of unanticipated challenges. Some employees have had to refocus wages to make up for losses in safety-net resources, adjust schedules due to an employer's modified hours of operations, or are required to obtain new equipment or work-related tools as a result of changes in daily tasks or business priorities. Availability of child or dependent care, transportation, or other community supports that an individual may have relied upon for employment stability prior to the onset of this pandemic, may have been substantially reduced. Timely and expedient access to resources that can help people make ends meet or reduce the impact of unexpected barriers is an effective strategy for avoiding job loss.

This waiver would allow Local Boards to assist adult and dislocated workers who were placed in subsidized employment, and who face unforeseen hardships due to COVID-19, by allowing them to access supportive services during their 12-month follow up period in order ensure they retain employment. The waiver is not meant to circumvent or extend performance accountability, rather the intent is to allow Local Boards flexibility to provide the most appropriate services during these unprecedented times, without requiring participant re-enrollment. This real-time intervention to facilitate sustained employment will assist in stabilizing and stimulating the local economy by preventing additional layoffs.

### ***Statutory Citation***

WIOA Section 134(d)(2)

### ***Actions to Remove State or Local Barriers***

There are no state or local statutory or regulatory barriers to implementing the proposed waiver.

### ***State Strategic Goals Supported By Waiver***

This waiver aligns with the following strategic goals outlined in the California Unified Strategic Workforce Development Plan:

- Fostering demand-driven skills attainment
- Enabling upward mobility for all Californians
- Aligning, coordinating, and integrating programs and services

### ***Projected Programmatic Outcomes Resulting from Waiver Implementation***

The State of California anticipates the implementation of this waiver to have the following programmatic outcomes:

- Provide real-time interventions and supports to adults and dislocated workers impacted by COVID-19, in order to assist them with job retention and layoff aversion.
- Provide Local Boards with maximum flexibility to deliver services that best meet the needs of current and previous participants who are attempting to retain employment during the COVID-19 pandemic.

### ***Individuals Impacted by the Waiver***

The waiver is intended to impact adult and dislocated workers who are placed in subsidized employment, and who face unforeseen hardships due to COVID-19, and help them to access supportive services during their 12-month follow up period in order ensure they retain employment.

### ***Monitoring Progress and Implementation***

The CWDB and the EDD will establish an application process for Local Boards who want to access this waiver. This will allow the state to approve and track each Local Board that utilizes the waiver in order to more efficiently track its effectiveness.

### ***Notice to Local Workforce Development Boards and Public Comment***

The State of California will issue an Information Notice to the workforce community announcing the potential waiver, and request comments for a period of 5 days.

### **4. Waiver to allow funds be utilized for business capitalization.**

Many employers are struggling to respond to changes in consumer demand and business operations, and maintain current staffing levels in response to COVID-19. Supporting employers as they adapt to the new reality of working during this crisis can prevent or greatly minimize the duration of unemployment for workers during this time of significant economic uncertainty.

This waiver would allow Local Boards to use funds for innovative layoff aversion strategies, such as helping companies to transition their employees to telework through purchase of the software or equipment needed to work from home.

### ***Statutory Citation***

WIOA Section 181(e)

### ***Actions to Remove State or Local Barriers***

There are no state or local statutory or regulatory barriers to implementing the proposed waiver.

### ***State Strategic Goals Supported By Waiver***

This waiver aligns with the following strategic goals outlined in the California Unified Strategic Workforce Development Plan:

- Fostering demand-driven skills attainment
- Enabling upward mobility for all Californians
- Aligning, coordinating, and integrating programs and services

### ***Projected Programmatic Outcomes Resulting from Waiver Implementation***

The State of California anticipates the implementation of this waiver to have the following programmatic outcomes:

- Provide businesses with the support needed to maintain current operations and adapt to the transformation of work, in response to COVID-19.
- Avert layoffs and retain employment for current employees.

### ***Individuals Impacted by the Waiver***

The waiver is intended to impact employers and their employees who need support in keeping businesses operating and averting layoffs during the COVID-19 pandemic.

### ***Monitoring Progress and Implementation***

The CWDB and the EDD will establish an application process for Local Boards who want to access this waiver. This will allow the state to approve and track each Local Board that utilizes the waiver in order to more efficiently track its effectiveness.

### ***Notice to Local Workforce Development Boards and Public Comment***

The State of California will issue an Information Notice to the workforce community announcing the potential waiver, and request comments for a period of 5 days.