

WAIVER REQUEST

OJT Employer Reimbursement Expansion

State/Territory:

United States Virgin Islands

Statutory and/or Regulatory Provision to be Waived:

WIOA Section 134(c)(3)(H)(ii) and related regulations limiting On-the-Job Training (OJT) employer reimbursement rates.

I. REQUEST AND GOALS

The United States Virgin Islands requests approval to increase OJT employer reimbursement rates to:

- Up to 95% for small and mid-sized employers
- Up to 80% for larger employers

This request reflects the Territory's unique economic conditions, including small business dominance, geographic isolation, and high operating costs.

Goals of the Waiver

The United States Virgin Islands requests authority to increase OJT employer reimbursement up to 95 percent of wage costs for small and mid-sized employers and up to 80 percent for larger employers, with defined criteria.

This waiver will:

- Increase employer participation in OJT programs.
- Accelerate employment placement for WIOA participants.
- Expand access to apprenticeship and work-based learning.
- Strengthen employer-driven workforce development.
- Support small and mid-sized business sustainability.

Quantifiable Targets (First 12-24 Months):

- Increase OJT contracts from 85-100 to 120-150 annually
- Expand employer participation from 60 to 85 plus employers
- Achieve:
 - 75% placement within 30 days of completion
 - 70-80% retention at 6 months
 - 65-75% retention at 12 months
- Enroll 40-60 participants annually into apprenticeship pathways
- Increase placements in priority sectors by 35% or more

II. ECONOMIC RATIONALE

The Territory's economy is characterized by:

- A small, service-based island economy
- Heavy reliance on tourism and hospitality
- High cost of doing business due to import dependency and logistics constraints
- A limited labor pool with persistent skills gaps

Small and mid-sized businesses represent the majority of employers and often lack the financial capacity to absorb training costs.

Enhanced reimbursement will:

- Reduce employer risk in hiring and training
- Increase participation in high-demand sectors
- Support local workforce development over imported labor
- Strengthen economic resilience and diversification

Demand Criteria for Larger Employers (80% cap):

- Employer size (number of employees and revenue capacity)
- Demonstrated ability to absorb partial training costs
- Participation in priority sectors and high-demand occupations
- Commitment to retention and long-term employment outcomes

Baseline (Current state):

- Standard reimbursement capped at 75% under WIOA regulations
- Limited employer participation due to cost burden

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III. EMPLOYER SIZE DEFINITIONS

- Small Employers: 1-50 employees
- Mid-Sized Employers: 51-250 employees

- Large Employers: 251 plus employees

These thresholds reflect the scale and composition of the United States Virgin Islands economy.

IV. ELIGIBILITY AND CRITERIA

Small and Mid-Sized Employers (Up to 95%)

- Limited financial capacity
- High exposure to economic volatility
- Critical role in local job creation

Large Employers (Up to 80%)

Must meet the following:

- Demonstrate ability to absorb partial training costs
- Operate within priority economic sectors
- Align OJT positions with high-demand occupations
- Commit to retention benchmarks:
 - 65% at 6 months
 - 60% at 12 months

V. PRIORITY SECTORS

OJT investments will focus on:

- Tourism and Hospitality
- Healthcare and Allied Health
- Construction and Infrastructure
- Transportation and Logistics
- Renewable Energy and Maritime
- Agribusiness

These sectors align with the Territory's economic drivers and workforce needs.

VI. EXPECTED OUTCOMES

Historical Performance (Prior Flexibility)

- OJT contracts increased by 20-25%
- Employer participation expanded
- Retention rates:

- 68% at 6 months
- 62% at 12 months

Projected Outcomes

- 120-150 OJT contracts annually
- 30-40% increase in employer participation
- Improved retention:
 - 70-80% (6 months)
 - 65-75% (12 months)
- Increased placement in high-demand sectors
- Strengthened apprenticeship pipeline

VII. SAFEGUARDS

The Territory will:

- Apply a sliding scale reimbursement structure
- Limit enhanced reimbursement to priority sectors
- Require formal training plans
- Conduct quarterly fiscal and compliance reviews
- Track performance outcomes through VIEWS

All reimbursements will comply with reasonable wage standards.

VIII. MONITORING AND REPORTING

The Territory will track:

- **Data Tracking:**
 - OJT enrollments and completions
 - Employer participation rates
 - Retention at 6-12 months
 - Wage progression
- **Systems:**
Data will be tracked through VIEWS and analyzed by VIDOL's MIS Division
- **Reporting will include:**
 - Quarterly performance reviews
 - Annual WIOA reporting
 - Ongoing evaluation of waiver effectiveness
- **Oversight:**
 - Quarterly fiscal and compliance reviews
 - Monitoring of employer eligibility and training plans
 - Review of outcomes against established benchmarks

IX. Public Comment

The Virgin Islands Workforce Development Board (VIWDB), in collaboration with the Virgin Islands Department of Labor (VIDOL), will conduct a 30-day public comment period in accordance with WIOA waiver requirements. The 30-day public comment period will be conducted from May 1, 2026 to May 30, 2026.

The waiver will be posted on

- VIWDB website
- VIDOL website

Notice will be distributed through:

- Employer networks
- Workforce partners
- Community organizations

The public comment period will run for 30 consecutive days, with documentation of posting dates, locations, and any comments received maintained and submitted upon completion.

X. INDIVIDUALS IMPACTED

- Adult and Dislocated Worker participants
- Youth entering workforce pathways
- Employers across priority sectors

Priority of service requirements will remain in effect.