

ESTADO LIBRE ASOCIADO DE PUERTO RICO
JUNTA LOCAL DE DESARROLLO
LABORAL DEL SUROESTE, INC.

POLITICA PÚBLICA PARA LA ACTIVIDAD DE ADIESTRAMIENTO EN EL EMPLEO,
BASADA EN LA DISPENSA APROBADA PARA AUMENTAR EL REEMBOLSO DE
LOS OJT HASTA UN 90%

Vigencia: 1 de julio de 2026 al 30 de junio de 2027

Sección 1. La Junta Local de Desarrollo Laboral del Suroeste, Inc., basado en la Ley Pública 113-128, Ley de Oportunidades y de Innovación para la Fuerza Laboral, (WIOA, por sus siglas en inglés), crea la Política Pública para la Actividad de Adiestramiento en el Empleo, basada en la dispensa aprobada para aumentar el reembolso de los OJT hasta un 90%.

Sección 2. Adiestramiento en el Empleo (OJT) es definido en la Sección 3(44) de la Ley WIOA. El Adiestramiento en el Empleo se ofrece bajo un contrato en el sector privado (con o sin fines de lucro) y en el sector público. A través del contrato de OJT el adiestramiento ocupacional es provisto por el participante de WIOA y el empleador a cambio recibirá un reembolso típicamente hasta un 50% del salario de un participante por los costos extraordinarios en proveer el adiestramiento. En circunstancias limitadas el reembolso puede ser hasta un 75% según lo establece las Secciones 134(c)(3)(H)(i) y 680.730.

Sección 3. En la dispensa aprobada por el Programa de Conexión Laboral emitida el 4 de septiembre de 2026 se autoriza a las Juntas Locales a implementar la dispensa para aumentar el reembolso de los OJT hasta un 90%.

Sección 4. Contratos de Adiestramiento en el Empleo no serán otorgados a los patronos, ya sea que en WIA o WIOA, hayan demostrado un patrón de incumplimiento con los participantes de retenerlos en el empleo a largo plazo, no les haya provisto de los mismos beneficios y condiciones que otros empleados que hacen la misma función y tienen el mismo periodo de tiempo.

El contrato debe estar limitado a un periodo de tiempo requerido para que el participante llegue a ser eficiente en la ocupación para la cual se adiestra. En la determinación del periodo de tiempo del contrato se tomarán en consideración los requisitos de la ocupación, nivel académico, nivel de destrezas ocupacionales, experiencia previa y el plan individual de empleo (WIOA, Sección 3(44)(c)).

Sección 5. Requisitos para contratar bajo la Actividad de OJT

Los contratos pueden ser emitidos para emplear empleados elegibles cuando:

1. El empleado no está generando un salario que lo haga autosuficiente, según lo determinado por la Junta Local.
2. Que cumpla con los requisitos establecidos en la Sección 680.700 del "Federal Register".
3. El OJT se relaciona con la introducción de nueva tecnología, introducción a nueva producción y procedimiento de servicios, mejoramiento hacia nuevos empleos, que requieren destrezas adicionales, literacia en el lugar de trabajo u otro propósito apropiado identificado por la Junta Local.

Sección 6. Pago a los Patronos bajo el Actividad de OJT

Condiciones que rigen los pagos a los patronos bajo la Actividad de OJT:

1. El pago a los patronos se considera como una compensación por los costos extraordinarios asociados al adiestramiento a los participantes y por la baja productividad de estos mientras se están adiestrando en la actividad de OJT.

2. Los patronos pueden ser reembolsados hasta un 50% del salario de un participante bajo la actividad y hasta un 75% usando el criterio en la Sección 680.730 por los costos extraordinarios de proveerle el adiestramiento y supervisión adicional relacionada a la actividad de OJT (Secciones WIOA 3(44) y 134 (c)(3)(H)(i)).
3. La Junta Local basándose en la dispensa aumentará la tasa de reembolso para los contratos de OJT descritos en la Sección 680.700 hasta un 90%.
4. A los patronos no se les requiere documentar tales costos extraordinarios.

Sección 7. Reembolso a los Patronos.

Se presenta la escala que utilizará la Junta Local en reembolso a los patronos basado en dicho incremento:

- Para patronos con 50 empleados o menos — hasta un 90% de reembolso;
- Para patronos de 51-250 empleados — hasta un 75% de reembolso;
- Para patronos con más de 250 empleados — el reembolso estatutario del 50%.

La Junta Local establece un incremento en el reembolso a los patronos, teniendo en cuenta los siguientes factores:

1. Las características de los participantes (por ejemplo, longitud del desempleo, nivel de habilidad actual y las barreras para el empleo (WIOA Sección 3(24));
2. El tamaño del patrono (por ejemplo, pequeñas y medianas empresas a menudo tienen más obstáculos para la participación con tasas de reembolso bajas);
3. La calidad de oportunidades de adiestramiento que ofrece el patrono y oportunidades de promoción;
4. Otros factores que el Estado o las Juntas Locales determinen apropiado (por ejemplo, el número de empleados que participan en los niveles de adiestramiento, salarios y beneficios de los empleados (beneficios pre y post de la participación) y relación del adiestramiento para la competitividad del participante);
5. Compromiso de colocación y retención;
6. Cumplir con todos los requerimientos de las Leyes Estatales y Federales y con todos los documentos solicitados para la viabilidad y aprobación del proyecto;

Será Política Pública de esta Junta Local dar prioridad a las microempresas, pequeñas y medianas empresas de la Región, de manera tal que podamos aumentar su participación en la Actividad de Adiestramiento en el Empleo. Para los efectos de esta política, y de conformidad con la Ley Núm. 62 de 11 de junio de 2014 conocida como la Ley de Apoyo a la Microempresa y al Pequeño y Mediano Comerciante, se definen las empresas y comercios de la siguiente forma:

- Microempresa: Negocio o empresa que genera un ingreso bruto menor de \$500,000 cada año, y posee 7 empleados o menos;
- Pequeños Comerciantes: Negocio o empresa que genera un ingreso bruto menor de \$3,000,000 cada año, y que posee 25 empleados o menos;
- Medianos Comerciantes: Negocio o empresa que genera un ingreso bruto menor de \$10,000,000 cada año, y que posee 50 empleados o menos.

Por definición de términos en la Sección 7ma, Inciso #5 las Microempresas, Pequeños Comerciantes y Medianos Comerciantes que son patronos con 50 empleados o menos se le reembolsará hasta un 90% del salario del participante. Cuando una empresa tiene de 51 hasta 250 empleados en su organización se le reembolsará hasta un 75% del salario del participante. Cuando una empresa tiene más de 250 empleados tiene el reembolso estatutario del 50% del salario del participante.

Cuando una empresa o comerciante de más de 250 empleados y con un ingreso bruto mayor a los tiene el reembolso estatutario del 50% del salario del participante. La Junta Local deberá considerar la cantidad de participantes que el patrono estará acogiendo como parte de la actividad, el salario y beneficios que les están otorgando, el grado de dificultad del adiestramiento, y el patrono deberá demostrar que el participar de la actividad de adiestramiento en el empleo con un reembolso del 50% hace onerosa su operación. Habiendo considerado estos factores, la Junta Local podrá, caso a caso, otorgar a modo de excepción un reembolso mayor de 50%.

Sección 8. Disposiciones Generales

A los patronos, que contraten personas con discapacidades aptas para trabajar y personas con expediente criminal, se les reembolsará el 90% del salario al participante, que cumpla con estos criterios. El reembolso de los restantes participantes de la propuesta se efectuará a base del tamaño de la empresa, según expuesto

Sección 9. Cláusula de Salvedad

Si cualquier inciso o sección de esta Política Pública es declarada inconstitucional o nulo por un Tribunal, tal declaración no afectará, menoscabará o invalidará las restantes disposiciones y parte de esta Política Pública.

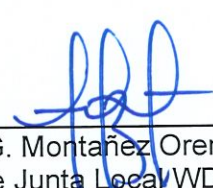
Su efecto se limitará al inciso, artículo, sección o aspecto declarado inconstitucional o nulo.

Sección 10. Conexión Laboral - Área Local Suroeste tiene que presentar informes trimestrales sobre el uso de esta dispensa a la Junta Local y al Programa de Conexión Laboral.

Sección 11. Esta política pública comenzará a regir del **1 de julio de 2026 hasta el 30 de junio de 2027**.

Anejo I. Documento de Referencia: Dispensas Aprobadas WIOA Años Programáticos 2026 y 2027 del Programa de Conexión Laboral del 4 de septiembre de 2026.

En San Germán, Puerto Rico, hoy 4 de septiembre de 2026.



Dr. José G. Montañez Orengo
Presidente Junta Local WDB

Anejo I

POR CORREO ELECTRÓNICO

4 de septiembre de 2026

Miembros de Juntas de Alcaldes, Presidentes de Juntas Locales, Directores Ejecutivos de las Áreas Locales de Desarrollo Laboral

Lcda. Mariamela Sueiro Álvarez
Secretaria Auxiliar Interina de Programas Federales y
Directora Ejecutiva Interina del Programa de Desarrollo Laboral
Departamento de Desarrollo Económico y Comercio

DISPENSAS APROBADAS WIOA AÑOS PROGRAMÁTICOS 2026 Y 2027

Reciban un cordial saludo de parte del equipo del Programa de Desarrollo Laboral (PDL, también conocido como Conexión Laboral), del Departamento de Desarrollo Económico y Comercio (DDEC).

La Administración de Empleo y Adiestramiento del Departamento del Trabajo de los Estados Unidos (DOLETA, por sus siglas en inglés) mediante comunicación con fecha del 21 de agosto de 2026, aprobó las dispensas solicitadas por el Gobierno de Puerto Rico. Estas permiten flexibilizar la prestación de servicios bajo los Programas de Título I de la Ley de Oportunidades y de Innovación de la Fuerza Laboral (WIOA, por sus siglas en inglés). A continuación, se detallan las dispensas aprobadas y el impacto esperado ante su implementación:

1. **Dispensa sobre la inversión de fondos para Jóvenes Fuera de la Escuela (OSY, por sus siglas en inglés)**
 - **Requisito aplicable:** La Sección 129(a)(4)(A) de la Ley WIOA y el 20 CFR 681.410 requieren que el setenta y cinco por ciento (75%) de fondos del Programa de Jóvenes asignados mediante fórmula a las Áreas Locales, así como los del Programa de Jóvenes asignados bajo la Reserva de la Gobernadora, se inviertan para actividades dirigidas a Jóvenes Fuera de la Escuela (OSY, por sus siglas en inglés).
 - **Dispensa Aprobada:** Para los Años Programáticos (AP) 2026 y 2027, se autorizó a Puerto Rico a reducir de 75% a 50% el requisito mínimo de inversión para Jóvenes Fuera de la Escuela (OSY). Esta flexibilidad aplica, tanto a los fondos de fórmula asignados a las Áreas Locales, como a los fondos del Programa de Jóvenes asignados bajo la Reserva de la Gobernadora, durante el periodo completo autorizado para la utilización de las asignaciones correspondientes a cada uno de dichos años programáticos. Por lo que, la dispensa correspondiente al AP 2026 estará vigente

hasta el 30 de junio de 2028, mientras que la correspondiente al AP 2027 estará vigente hasta el 30 de junio de 2029.

- **Impacto:** La dispensa permite una distribución más flexible de los fondos del Programa de Jóvenes entre OSY y Jóvenes en la Escuela (ISY, por sus siglas en inglés), manteniendo un mínimo de 50% de los fondos aplicables para atender a OSY. Esta flexibilidad permitirá ampliar las oportunidades de servicio para ISY a la vez que se continúa atendiendo las necesidades de los OSY.

2. Dispensa para aumentar el reembolso de OJT hasta 90%

- **Requisito Aplicable:** La Sección 134(c)(3)(H)(I) de la Ley WIOA y el 20 CFR 680.720(b) establecen los requisitos aplicables al porcentaje de reembolso de los costos salariales a los patronos que participan en actividades de adiestramiento en el empleo, *On The Job Training* (OJT, por sus siglas en inglés).
- **Dispensa Aprobada:** Se autorizó a Puerto Rico a reembolsar hasta el **90% de los costos salariales de los participantes en adiestramiento en el empleo (OJT)** a patronos con **50 empleados o menos**. La dispensa aplica a los fondos de fórmula de los programas de Adultos, Trabajadores Desplazados y Jóvenes, y estará vigente hasta el **30 de junio de 2027**. Esta dispensa aplica al segundo año de disponibilidad de fondos correspondientes al AP 2025, que culmina el 30 de junio de 2027 así como el primer año de disponibilidad de los fondos correspondientes al AP 2026.
- **Impacto:** Esta flexibilidad procura fomentar una mayor utilización del OJT como estrategia de adiestramiento y empleo, particularmente entre los patronos pequeños, al reducir la aportación que estos deben asumir durante el período de adiestramiento.

Las Áreas Locales deberán implementar estas flexibilidades de conformidad con las disposiciones de la Ley WIOA, su reglamentación, las políticas estatales vigentes y demás requisitos federales y estatales aplicables. **Las Áreas Locales que interesen acogerse a alguna de las dispensas autorizadas deberán presentar una solicitud formal por escrito ante el PDL, identificando la dispensa que interesa implementar y justificando su necesidad, previo a su aplicación.** La continuidad de estas estará sujeta al cumplimiento de los requisitos de monitoreo, seguimiento y presentación de informes, así como a los resultados favorables obtenidos mediante su implementación. Además, las Áreas Locales deberán mantener la documentación necesaria para sustentar el uso de las dispensas autorizadas y evidenciar el cumplimiento con los requisitos establecidos por el PDL.

El PDL emitirá, según resulte necesario, orientación adicional sobre la implementación de estas dispensas y su aplicación a las actividades correspondientes. Agradecemos la colaboración de las Áreas Locales para asegurar su adecuada implementación y el cumplimiento de los requisitos aplicables para mejorar los servicios que se proveen a los participantes bajo el Título I de la Ley WIOA.

Anejo

c: Sra. Marta M. Collazo Seguinot, Coordinadora Interagencial a/c OPEVE

U.S. Department of Labor

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



August 21, 2026

The Honorable Jenniffer González-Colón
Governor of Puerto Rico
P.O. Box 9020082
San Juan, PR 00902

Dear Governor González-Colón:

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 on June 16, 2026, outside the WIOA State Plan modification period. This letter provides the Employment and Training Administration's (ETA) official response to your requests and memorializes that the Commonwealth of Puerto Rico will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by the Commonwealth and ETA. This action is taken under the Secretary of Labor'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 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 out-of-school youth (OSY).

ETA Response: ETA approves, for Program Years (PYs) 2026 and PY 2027, which includes the entire time period for which states are authorized to spend each of those PY fund allotments, the Commonwealth's request to waive the requirement that the Commonwealth expend 75 percent of Governor's reserve youth funds on OSY. ETA reviewed the Commonwealth's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Commonwealth to implement its plan to improve the workforce development system. The Commonwealth may lower the expenditure requirement of Governor's reserve funds to 50 percent for OSY.

In addition, ETA approves, for PYs 2026 and 2027, which includes the entire time period for which states are authorized to spend each of those PY fund allotments, the Commonwealth's request to waive the requirement that local areas expend 75 percent of local youth formula funds on OSY. The Commonwealth may lower the local youth funds expenditure requirement to 50 percent for OSY.

Requested Waiver: The Commonwealth is requesting a waiver of WIOA Section 134(c)(3)(H)(i) and 20 CFR 680.720(b) in order to increase on-the-job training (OJT) employer reimbursement up to 90 percent for businesses with 50 or fewer employees.

ETA Response: ETA approves the Commonwealth's waiver request through June 30, 2027, for the WIOA Title I Adult, Dislocated Worker, and Youth formula funds. ETA reviewed the Commonwealth's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Commonwealth to implement its plan to improve the workforce development system. Existing statutory authority permits the Commonwealth and its local workforce areas to increase the reimbursement rate for OJT contracts up to 75 percent. The Commonwealth may also reimburse up to 90 percent for OJT for businesses with 50 or fewer employees. ETA expects the utilization of OJT to increase in the Commonwealth as a result of this waiver.

The Commonwealth is reminded that WIOA Title I waivers may not be used for any discriminatory purposes. All activities and waiver plan provisions must comply with Section 188 of WIOA, the implementing regulations at 29 CFR Part 38, and all applicable federal nondiscrimination laws.

The Commonwealth must report its waiver outcomes and implementation of the approved waivers 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,



Marek Laco,
Acting Assistant Secretary

Enclosure

cc: Mariamelia Sueiro-Alvarez, Director, Department of Economic Development and Commerce
Danielle-Worthen Ramos, Regional Administrator, ETA
Marisol Lopez, Federal Project Officer, ETA

RE-NEWED Waiver Submissions

WAIVER FOR 50% FUNDING FOR OSY

1. Statutory/Regulatory Requirements to be Waived

The Commonwealth of Puerto Rico is seeking a waiver of the requirement under WIOA 129(a)(4), and consistent with 20 CFR 681.410, that states and local areas must expend a minimum of 75 percent of their Youth formula funds on youth workforce activities for out-of-school youth (OSY).

Serving OSY is widely considered the most difficult mandate in the WIOA portfolio. Since these youth are not in the school system and are not connected to employment, they are notoriously difficult to find and enroll. To compound this issue, WIOA measures success based on specific indicators that are often at odds with the reality of an OSY's life. OSY is required to obtain a recognized postsecondary credential. However, for a young person who hasn't finished high school, the path to a recognized credential is long.

Our local boards often struggle to hit their performance threshold because OSY participants are more likely to have neutral or negative exits due to life crises. In addition, WIOA requires tracking employment and earnings for up to a year after the youth leave the program. OSY are a highly mobile population, making it difficult for case managers to find them 12 months later to record a success. By reducing the percentage to 50 percent, this can allow for more robust ISY programming and can create a more predictable and high-quality talent pipeline for the island's high-stakes industrial reshoring efforts.

2. Removal of State or Local Barriers

There are no known state-level, local statutory, or regulatory barriers in Puerto Rico related to implementing the requested waiver.

3. Puerto Rico's Strategic Goals

This waiver request supports Puerto Rico's five strategic pillars:

- A. Build a Talent-Ready Puerto Rico: Aligning workforce development with long-term economic growth and reshoring opportunities.

Serving ISY allows for earlier specialization. In Puerto Rico's competitive landscape, talent readiness requires more than just a diploma; it requires technical literacy. By integrating WIOA services into high schools, PR can align

11th and 12th-grade curricula with the exact skills needed for reshoring. This ensures that upon graduation, these students are ready for the workforce rather than needing months of remedial training.

- B. Establish a Workforce Reshoring Model: PRDEDC launched the Puerto Rico Workforce Reshoring Fund initiative, designed to assess workforce readiness and strengthen talent pipelines for priority industries such as pharmaceutical manufacturing, advanced manufacturing, medical devices, biotechnology, IT and aerospace.

Priority industries like Pharmaceuticals, Biotechnology, and Aerospace have strict compliance and safety standards. ISY programs can act as a pre-screening and vetting tool for the Workforce Reshoring Fund. By utilizing ISY resources to provide certifications (like OSHA-30 or basic Lean Six Sigma) while students are still in school, we can create a verified talent pool. This reduces the risk for local companies like Amgen or Eli Lilly when they decide to expand their local footprint.

- C. Leverage Funding: Braiding WIOA resources, particularly state reserve funds—with new workforce initiatives to scale training programs that demonstrate strong employment outcomes.

ISY programs are uniquely positioned for braiding because they already have a base funding source (the Department of Education). We can use WIOA Youth Funds to pay for specialized equipment or industry-certified instructors that the standard school budget doesn't cover. Because the school provides the facilities and core staff, our WIOA dollars will go significantly further, allowing us to scale the Reshoring Workforce Fund initiatives across more municipalities.

- D. Expanding Apprenticeships & Work-Based Learning: Scaling Apprenticeship and other work-based learning models across priority industries.

Increasing ISY services allows for Youth Pre-Apprenticeship models. We are exploring models that let students spend their mornings in class and their afternoons at a medical device plant. This early immersion will create a seamless bridge into adult Registered Apprenticeships, securing the long-term pipeline for aerospace and IT firms that require deep technical expertise.

- E. Create Sustainable Workforce Financing: Exploring innovative financing models, including a revolving workforce development fund, to ensure long-

term sustainability and allow successful training initiatives to be reinvested and expanded.

A revolving workforce development fund relies on successful outcomes and employer buy-in to stay funded. As ISY graduates enter high-paying reshoring jobs, the return on investment (in terms of tax base and reduced social service costs) provides the data needed to justify and expand the revolving fund model for the next generation.

4. Quantifiable Programmatic Outcomes

The data from the annual narrative report presents the data of the youth served by the local boards who requested the use of this waiver. Based on the quarterly report data gathered by the WDP, a simple linear projection was made for the PY 2026 and 2027.

The following table shows a forecast of the youth expected to be served under this waiver. The expected outcomes are more than four thousand youth delivery of service under the waiver in the two program years, in an average of 13 local areas that will request the use of it.

						Projected	Projected
	2021	2022	2023	2024	2025	2026	2027
ISY	1,148	2,124	2,777	3,041	3,899	2,024	2,024
OSY	926	1,145	2,425	1,726	1,938	2,024	2,024
Total	2,074	3,269	5,202	4,767	5,837	4,047	4,049
					Until 3Qrt		

5. Benefiting individuals and groups

The waiver will benefit all Youth within the 15 local workforce development areas. It will also benefit businesses seeking a talented workforce.

6. Monitoring of Waiver Implementation

Several entities within Puerto Rico's Department of Economic Development & Commerce (DEDC) will monitor the waiver implementation in Puerto Rico:

- DEDC's Monitoring and Compliance Unit will monitor Local Areas to ensure compliance with the new waiver requirements; and,

- DEDC's performance unit will stay abreast of waiver impact, and all Youth outcomes will be included in the WIOA Annual Report.

7. Assurance of Posting for Public Comment

DEDC will be posting this waiver for public comments in conjunction with the WIOA State Plan Modification

8. The most recent data available regarding the results and outcomes observed through implementation of the existing waiver, in cases where the State seeks renewal of a previously approved waiver

This waiver was aproved in May 30, 2024 and is [effective until June 30, 2026](#). The chart below, details the use of the same by the participating LWDA's. Puerto Rico continues its efforts to provide employment and education services for out-of-school youth (OSY). Given the economic rising that the island is experiencing, it is necessary to promote the holistic development of youth to foster their economic self-sufficiency to the extent that barriers to employment and access to education to OSY and ISY population.

During PY 2024, Puerto Rico operated under a waiver that allowed the reduction of the Out-of-School Youth (OSY) expenditure requirement to 50% for both the Governor's Reserve Youth Funds and Local Youth Funds.

Local Area	In School	Total Spending IN	Out School	Total Spending OUT
Bayamón/Comerio	166	\$231,478	236	\$241,397
Caguas/Guayama	124	\$108,594	98	\$171,165
Carolina	286	\$108,958	515	\$327,069
Guaynabo/Toa Baja	106	\$199,853	207	\$136,818
La Montaña	133	\$27,860	94	\$94,687
Mayagüez	168	\$160,307	141	\$268,632
North Central	467	\$641,959	416	\$525,015
Northeast	630	\$137,229	248	\$57,316
Northwest	328	\$369,479	98	\$206,302
Ponce	323	\$303,491	295	\$494,980
San Juan	416	\$135,615	181	\$204,854
South Central	624	\$331,115	252	\$230,768
Southeast	342	\$361,475	156	\$92,176
Southwest	443	\$438,377	302	\$515,388
Total	4,556	\$3,555,790	3,239	\$3,566,567

The waiver has had a notable impact on increasing youth program participation across the island. In PY 2024, thirteen (13) Local Workforce Development Areas utilized the waiver, collectively reporting expenditures totaling \$7,122,356.90. The expenditure on funds was balanced with 50.07% to OSY and 49.93% to (ISY).

Puerto Rico remains committed to delivering comprehensive employment and education services to in and out-of-school youth. Recognizing that new generations face evolving challenges, the Commonwealth is focused on promoting economic self-sufficiency through innovative and holistic approaches. These efforts aim to equip young people with the skills needed to overcome barriers to employment and ensure equitable access to education and workforce opportunities for both in-school and out-of-school youth.

WAIVER TO INCREASE OJT REIMBURSEMENT UP TO 90%

1. Statutory/Regulatory Requirements to be Waived

The Commonwealth of Puerto Rico is seeking a waiver of WIOA Section 134(c)(3)(H)(i) and 20 CFR 680.720(b) to increase on-the-job training (OJT) employer reimbursement up to 90 percent for businesses with 50 or fewer employees.

2. Removal of State or Local Barriers

There are no known state-level, local statutory, or regulatory barriers in Puerto Rico related to implementing the requested waiver.

3. Puerto Rico's Strategic Goals

Businesses with 50 or fewer employees represent approximately 96 percent of all employers in Puerto Rico. These employers often lack dedicated human resources or training departments. This makes On-the-Job Training (OJT) and Work-Based Learning even more vital, as these small firms cannot afford to train new talent entirely on their own.

This waiver request supports Puerto Rico's five strategic pillars:

- A. Build a Talent-Ready Puerto Rico: Aligning workforce development with long-term economic growth and reshoring opportunities.

Small employers often have the most specialized needs but the smallest budgets for training. This waiver would allow small shops to hire for potential rather than just existing experience. By lowering the cost of new hire wages to only 10% during the training period, we enable small businesses to align their local hiring with long-term growth sectors. It turns every small machine shop or IT firm into a "mini-academy" for the island's talent.

- B. Establish a Workforce Reshoring Model: PRDEDC launched the Puerto Rico Workforce Reshoring Fund initiative, designed to assess workforce readiness and strengthen talent pipelines for priority industries such as pharmaceutical manufacturing, advanced manufacturing, medical devices, biotechnology, IT and aerospace.

Reshoring industries (Pharma, Aerospace, BioTech) require high-level certifications that are expensive to teach on the job. The increased OJT reimbursement rate acts as a bridge for the supply chain. While a large pharmaceutical company may only need a 50-rate reimbursement, the small local suppliers they rely on (specialized labs, component manufacturers) need the 90 percent rate to afford the extraordinary costs of training workers to meet global manufacturing standards. It strengthens the entire ecosystem, not just the large anchors.

- C. Leverage Funding: Braiding WIOA resources, particularly state reserve funds—with new workforce initiatives to scale training programs that demonstrate strong employment outcomes.

By braiding WIOA funding with state level Workforce Reshoring funds, we can target the most vulnerable yet vital sector of the economy—small businesses that are the backbone of local employment.

- D. Expanding Apprenticeships & Work-Based Learning: Scaling Apprenticeship and other work-based learning models across priority industries.

This reimbursement makes it feasible to scale group Apprenticeships. A pharmaceutical association can recruit 20 small businesses, knowing that the 90% reimbursement makes the work-based learning model financially feasible even for a 5-person firm.

- E. Create Sustainable Workforce Financing: Exploring innovative financing models, including a revolving workforce development fund, to ensure long-

term sustainability and allow successful training initiatives to be reinvested and expanded.

High reimbursement rates lead to higher retention. When an employer only pays 10% of the training wage, they are more likely to invest in the *quality* of the training, leading to better-skilled workers who stay longer.

4. Quantifiable Programmatic Outcomes

State Law 62-2014, ***Ley de Apoyo a la Microempresa, al Pequeño y Mediano Comerciante***; defines microbusiness (PYMES by its Spanish acronym) as a business that generates a gross income of less than \$500,000 annually, with seven employees or less, and small merchant as someone who generates less than \$3 million gross per year and employs 25 people or less. Also defined are the medium-sized businesses that generate an annual gross revenue of less than \$10 million and employ fifty or fewer employees.

According to the Center for Economic Research of the Economic Development Bank for Puerto Rico (BDE), the five industries with the most private business operating with fewer than 50 employees are:

- retail trade, with 8,408 establishments;
- health and social assistance services, with 7,380;
- professional, scientific and technical services, with 5,142;
- accommodation and food services, with 4,671;
- other services with 3,349 businesses.
- and construction came in sixth place, with 2,233 establishments.

Puerto Rico is proposing a sliding scale of reimbursement to the employer based on its size and capability. Under this waiver, the following scale will be implemented:

- up to 90% reimbursement for employers with 50 or less employees.
- up to 75% reimbursement for employers with a workforce between 51 and 250 employees.
- For employers with 251 employees or more, the statutorily defined 50% limit will continue to apply.

The waiver is requested to be used with all WIOA formula funds: Adult, Dislocated Worker, Youth, National Dislocated Worker Grants, as well as other Discretionary grants, as appropriate. The state board developed the public policy **WIOA-PP-**

04-22, Requirements for Workbase Training Activities targeting that in On-the-Job Training activities, priority is given to training aimed at companies committed to the registered apprenticeship program (RAP).

The waiver allows Puerto Rico's businesses to rapidly adapt to technological and general marketplace changes by improving their capacity to expand and remain competitive with affordable OJT options uniquely designed to achieve their specific development goals. The reduced match requirement for employers, particularly new start-ups and small to medium-sized businesses, provide an attractive and cost-effective financial incentive, increasing the opportunity to utilize the OJT model for hiring and training new workers. From an economic development standpoint, increasing the number and quality of the labor force stimulates the competence and competitiveness of Puerto Rico's economy.

5. Benefiting individuals and groups

Expanding the OJT waiver to all 15 local areas ensures a positive economic impact, aligning regional workforce initiatives with the broader strategic goals of the island's reshoring economy.

6. Monitoring of Waiver Implementation

Several entities within Puerto Rico's Department of Economic Development & Commerce (DEDC) will monitor the waiver implementation in Puerto Rico:

- DEDC will provide guidance to the local areas on ensuring compliant OJT policies and evaluate the impact implementing the waiver has on Puerto Rico's performance goals;
- DEDC's Monitoring and Compliance Unit will monitor Local Areas to ensure compliance with the new waiver requirements; and,
- DEDC's performance unit will stay abreast of waiver impact, and all outcomes will be included in the WIOA Annual Report.

7. Assurance of Posting for Public Comment

DEDC will be posting this waiver for public comments in conjunction with the WIOA State Plan Modification

8. The most recent data available regarding the results and outcomes observed through implementation of the existing waiver, in cases where the State seeks renewal of a previously approved waiver

This waiver remains in effect through June 30, 2026, and has proven to be a valuable tool in supporting Local Workforce Development Boards in attracting new employers and expanding workforce opportunities.

Local Area	Adults	Dislocated Workers	Investment
Caguas/Guayama	33	121	\$531,625
Carolina	61	23	\$760,946
Guaynabo/Toa Baja	35	12	\$343,402
La Montaña	5	13	\$129,961
Manati/Dorado	98	87	\$1,037,856
Mayagüez	14	49	\$436,022
North Central	25	6	\$106,294
Northwest	34	54	\$550,395
Ponce	20	100	\$1,576,340
San Juan	7	94	\$2,302,292
South Central	22	18	\$223,723
Southeast	21	148	\$1,284,233
Southwest	3	194	\$582,766
Total	378	919	\$9,865,855

During Program Year (PY) 2024, thirteen (13) local boards utilized the waiver, resulting in services provided to 176 employers and 1,297 employees. Of the participants served, 29% were adults and 71% were dislocated workers. The total investment in workforce was \$9,865,855.

The waiver has significantly contributed to increased participation from both employers and employees, yielding highly satisfactory outcomes. To ensure compliance, the State Workforce Development Program implemented a public policy on Work-Based Training (WBT) activities, which prioritizes the Registered Apprenticeship Program (RAP) as a preferred training model.

This flexibility has enabled Puerto Rico's businesses to better adapt to technological advancements, and evolving market demands by offering affordable, customized on-the-job training (OJT) solutions aligned with their specific workforce development goals. The reduced employer match requirement, particularly beneficial for start-ups and small to mid-sized enterprises, served as a compelling financial incentive, encouraging broader adoption of the OJT model for hiring and training new talent.

From an economic development perspective, the waiver has played a key role in enhancing the quality and availability of the labor force, thereby strengthening the competitiveness of Puerto Rico's economy.

Given the positive outcomes observed, the waiver has also supported job creation, skills development, and business sustainability across multiple economic regions. As a result, for PY 2025, an increase is anticipated in:

- Employer participation
- Engagement of adults, dislocated workers, and youth
- Overall investment in workforce development funds