

**U.S. Department of Labor**

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



June 7, 2022

The Honorable Tim Waltz  
Governor of Minnesota  
130 State Capitol  
75 Dr. Martin Luther King Jr. Blvd.  
St. Paul, MN 55155

Dear Governor Waltz:

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 March 15, 2022, as part of your recent WIOA State Plan modification. This letter provides the Employment and Training Administration's (ETA) official response to your request and memorializes that Minnesota will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by Minnesota and ETA. This action is taken under the Secretary'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 of 20 CFR 681.550 to allow WIOA individual training accounts (ITAs) for in-school youth (ISY).

ETA Response: ETA approves, for Program Year (PY) 2022 and 2023, the State's request to waive the requirement limiting ITAs to only out-of-school youth (OSY), ages 16–24. In addition to these OSY, the State may use ITAs for ISY, ages 16–21. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Minnesota to implement its plan to improve the workforce development system. Approval of this waiver should not impede the State's efforts to prioritize OSY, including outreach to the OSY population.

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 local formula youth funds on OSY.

ETA Response: ETA approves for PY 2022 and PY 2023, which includes the entire time period for which states are authorized to spend those funds, the State's request to waive the requirement that local areas expend 75 percent of local youth formula funds on OSY. Minnesota may lower the local youth funds expenditure requirement to 60 percent for OSY. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Minnesota to implement its plan to improve the workforce development system. As a result of this waiver, ETA expects that the number of ISY served will increase, and

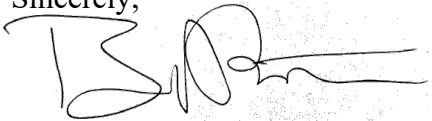
performance accountability outcomes for overall WIOA Youth (including both ISY and OSY) will remain steady or increase for the majority of the WIOA Youth performance indicators.

Requested Waiver: Waiver associated with the requirement at WIOA Section 129(a)(4)(A) and 20 CFR 681.410 that the State expend 75 percent of Governor's reserve youth funds OSY.

ETA Response: ETA approves for PY 2022 and PY 2023, which includes the entire time period for which states are authorized to spend those funds, the State's request to waive the requirement that the State expend 75 percent of Governor's reserve youth funds on OSY. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Minnesota to implement its plan to improve the workforce development system. Minnesota may lower the expenditure requirement of Governor's reserve funds to zero percent for OSY.

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



Brent Parton  
Acting Assistant Secretary

Enclosure

cc: Steve Grove, Commissioner, Minnesota Department of Employment and  
Economic Development  
Rosaura Zibert, Chicago Acting Regional Administrator, ETA  
Amy Hansmann, Federal Project Officer, ETA

## Minnesota Waiver Request

90-Day Response Date: June 10, 2022

### WIOA YOUTH WAIVER REQUEST: Use of Individual Training Accounts for In-School Youth. PROGRAM YEARS 2022 and 2023

STATE OF MINNESOTA

MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

1. **Identification of the statutory or regulatory requirements for which a waiver is being requested:**

*Minnesota is requesting a waiver to provide Minnesota WDAs with the flexibility to use Individual Training Accounts (ITAs) for in-school youth under WIOA Youth. The waiver impacts WIOA Regulation 20 CFR 681.550.*

According to current WIOA Regulations, ITAs were established to provide individual customer choice in their education and training plans and provide flexibility to service providers. At present, only out of school youth, ages 18-24 can use ITAs. In school youth, ages 18-21, deserve the same flexible opportunities for support as out of school youth. Without this waiver, in-school youth, ages 18-21, would have to be closed and enrolled as out of school youth.

1. **Goals that Minnesota and its Workforce Development Areas (WDAs) intend to achieve as a result of the waiver:**

The goal of this is to allow WIOA youth service providers the option to use ITAs for in-school youth, ages 18-21. Serving in school and out of school youth with the same ITA policy allows for continuity of services for all WIOA youth. All youth will be eligible to receive training services, connection to work-based learning and job search support. To better connect youth to work-based learning, both in school and out of school youth would be able to use the ETPL to find training programs that support individualized needs. The waiver would permit youth service providers to customize services to in school youth, ages 18-21, to match their interests and abilities.

## **1. Relationship of Goals to the Minnesota State Plan:**

Minnesota's State Plan describes how resources will be used to assist individuals who need assistance to become economic and socially self-sufficient. The populations targeted in Minnesota's plan are those for whom WIOA Youth Programs are critical. The PY 20-23 State plan pointed out that Minnesota needs to diversify its labor force in order to grow economically:

In sum, the data show that current population and aging trends will lead to a tight labor market over the next two decades – with some local areas already experiencing labor force declines. The challenges our state will face over the next 15 years are so great that we'll need to tackle them with a multi-pronged approach to attract and retain workers of all demographic characteristics. Retaining older workers beyond traditional retirement age, attracting and retaining young talent, removing barriers faced by workers of all abilities, welcoming immigrants from other countries, and educating and training the workers we do have are all necessary to overcome these challenges.

Because minority populations in Minnesota continue to grow faster than the white population, particularly in the younger working age populations, the labor force will continue to diversify rapidly. Recognizing that the rapidly increasing share of existing workers are people of color, it becomes obvious that we must address this problem of persistent racial disparities directly.

If these disparities continue unabated, disadvantaged groups won't be the only ones who suffer. Businesses and the economic well-being of every resident of our state also will be affected. So, working on solutions to close these racial gaps between our state's white population and its populations of color is not only the right thing to do, it's the necessary thing to do if we're to provide our economy and its employers with the workforce necessary for success.

If approved, this waiver will positively impact disadvantaged populations: both in-school youth, ages 18-21, and out of school youth will be able to receive all WIOA youth program services. The waiver supports continuity of services without disruption for WIOA Youth.

## **1. Actions the State has undertaken to remove State or local statutory or regulatory barriers:**

No State or local statutory or regulatory barriers exist that would prevent the implementation of this waiver.

## **1. Detailed Goals of the Waiver and the Expected Programmatic Outcomes if the Request is Granted:**

Goals of the waiver include:

- Supporting customer choice;
- Supporting employer engagement;
- Connecting education and training strategies;
- Supporting work-based learning; and
- Improving job and career results.

As Minnesota's ETPL grows, the choices available to in-school youth will grow as well. This waiver will allow the in-school student to participate in and benefit from the growth of the employment and training network.

- Specific numeric goals are hard to set, especially in light of the ongoing pandemic and its varying effects on participants and program operations. However, we are indicating the following: 75 percent of in-school undertaking occupational training will have ITAs;
- The number of training providers serving youth will increase by at least 5% in the next 12 months and will be registered on the ETPL; and
- All ITAs will use training providers on the ETPL.

### **Alignment with Department of Labor policy priorities**

This waiver is in alignment with Department of Labor priorities as follows:

#### *Connecting Education and Training Strategies*

This waiver allows WIOA youth service providers to offer in school youth the flexible option to use ITAs to access training programs on the ETPL. The waiver expands the education and training opportunities for in school youth.

#### *Improving Job and Career Results*

Allowing both in-school and out-of-school youth to use ITAs to find training opportunities that match their interest, support their learning styles and better prepare them for work-based learning and employment.

With the reduced administrative burden on youth service providers, there can be an increased effort on networking and partnering to assure that meet the

needs of both eligible in-school and out of school youth and improve shared outcomes.

## **1. Individuals Affected by the Waiver**

In-school students (secondary school attendees) who meet the age requirements (ages 18-21 at the time of enrollment) will be the individuals affected by the waiver, especially youth who are under-represented in the workforce. These youth often have multiple barriers to employment requiring additional resources to become self-sufficient. This waiver provides WIOA youth service providers with more flexibility to serve in-school youth who are most in need of services.

### **1. Monitoring/Local Comment**

#### *Monitoring*

DEED's youth program staff will be responsible to ensure that the process to implement the waiver is accomplished as well as monitoring the progress to meet the goals indicated above. As required, DEED will report to DOL progress in achieving the waiver as well as any changes needed. Additionally, DEED will report information on the waiver and its outcome in Minnesota's WIOA Annual Report.

#### *Local Comment*

DEED will ensure through direct communications and through its website that local comment (local Workforce Development Boards, local business and organized labor is obtained on this waiver. Additionally, DEED staff will meet with local WDA staff to obtain comments. DEED will inform the Department of Labor of any comments received.

**UPDATED: January 20, 2022**

**WIOA WAIVER REQUEST: Reduce OSY Expenditure Requirement From 75 Percent to 60 Percent**

STATE OF MINNESOTA

TITLE I YOUTH PROGRAM

PROGRAM YEARS 2022

**I. Identification of the statutory or regulatory requirements for which a waiver is being requested:**

The State of Minnesota is requesting renewal of a waiver for Program Year 2022 from the Workforce Innovation and Opportunity Act (WIOA) Section 129(a)(4)(A) and the corresponding regulation at 20 CFR 681.410 which requires that at least 75 percent of WIOA youth funds be spent on “out-of-school youth.” The State of Minnesota is requesting that Minnesota’s current waiver be extended to allow Workforce Development Areas (WDAs) to expend 60 percent of WIOA youth funds on out-of-school youth and 40 percent on in-school youth who meet the U.S. Department of Labor’s definition of homeless and/or foster youth.

A youth is considered a homeless if the individual:

Lacks a fixed, regular, and adequate nighttime residence; this includes an individual who:

- i. Is sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason;
- ii. Is living in a motel, hotel, trailer park or campground due to a lack of adequate alternative accommodations;
- iii. Is living in an emergency or transitional shelter;
- iv. Is abandoned in a hospital; or
- v. Is awaiting foster care placement.

Has a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, such as a car, park, abandoned building, bus or train station, airport, or camping ground;

Is a migratory child who in the preceding 36 months was required to move from one school district to another due to changes in the parent’s or parent’s spouse’s seasonal employment in agriculture, dairy, or fishing work; or

Is under 18 years of age and absents himself or herself from home or place of legal residence without the permission of his or her family (e.g. runaway youth).

Note: this definition does not include an individual imprisoned or detained under an Act of Congress or State Law. An individual who may be sleeping in a temporary accommodation while away from home should not, as a result of that alone, be recorded as homeless.

A youth is in foster care if the individual:

Is in foster care or has aged out of the foster care system, a child eligible for assistance under section 477 of the Social Security Act (42 USC 677), or in an out of home placement.

This waiver extension request is to continue the previous waiver granted to the State of Minnesota, allowing it to reduce its required out of school expenditure rate from 75 percent to 60 percent so that it could address a gubernatorial priority of serving homeless youth and foster youth before they drop out of school. If this request is approved and extended, this waiver would be made available again to all 16 Local Workforce Investment Boards as an option, beginning in PY 2022.

## **II. Goals that Minnesota and its Workforce Development Areas (WDAs) intend to achieve as a result of the waiver:**

The authors of WIOA recognized the special needs of out-of-school youth, especially those disconnected from school and/or work and who need extraordinary attention to get them on the path to economic and social self-sufficiency. DOL approved Minnesota's Homeless Youth/Foster Youth In-School Waiver request recognizing the special needs of these populations. Youth transitioning out of foster care have special needs and, unfortunately, many become homeless youth statistics.

Shalita O'Neale (**Foster Focus** magazine (Volume 5, Issue 3) indicated the following regarding foster youth in school:

"They (foster youth) move from home to home, foster family to foster family, and often from school system to school system, an average of twice a year. Often they are labeled with a behavioral disorder and prescribed medication upon the slightest of evidence that they may not be easily controlled due to their emotional reactions to being removed from their family. They are almost never allowed to feel and express the pain, frustration, and anger associated with being taken from the only 'normality' they have ever known. Often, child welfare professionals wait to start asking youth about 'life skills' until they've become teenagers with less than a few years to "age-out" when many have been in foster care multiple times since very young ages.

**Voices for Children**, a California advocacy group, provides national data:



- 75 percent of children in foster care are working below grade level in school
- 50 percent of children in foster care will never graduate from high school or obtain a GED
- Only 15 percent of children in foster care will attend college, and fewer than 3 percent will earn a college degree
- Over 33 percent of all foster teen males will be incarcerated before age 21
- 25 percent of foster children experience PTSD and tend to suffer high rates of debilitating depression and low self-esteem
- After “aging out,” over 25 percent of foster teens will become homeless

The Minnesota Department of Human Services (DHS) indicated in 2017, that over 16,500 Minnesota youth were in foster care (Minnesota Department of Human Services: “Minnesota’s Out-of-Home Care and Permanency Report, 2017.” November 2018) Specifically,

Youth between 12-14 Years of Age	Youth between 15-17 Years of Age	Youth at or above 18 Years of Age	Total Youth in Foster Care
2,291	2,865	529	16,593

DHS indicated that Native American children were 18.5 times more likely, African-American children 3.0 times, and those of two or more races were 4.8 times more likely than white children to experience foster care.

Many foster youths aging out of the system lack a source of income, access to housing, or healthy and reliable social supports. In examining the relationship between out of home placement and homelessness, the St. Paul based Wilder Foundation (Wilder Research: “Homelessness in Minnesota: Youth on their Own, Findings from the 2015 Minnesota Homeless Study,” April 2017) stated that 68 percent of homeless youth experience an “out of home placement,” either a social service or corrections placement. These movements were foster homes (most common), correctional facilities, and mental health institutions. Of those in a social service placement, 28 percent of the youth said they had run away from foster care, a group home, or other out of home placement, and 10 percent had to leave placement because they became too old to stay.

The goal of expanding the waiver request to include foster youth is to improve high school graduation rates and the entrance into post-secondary education for this at-risk population. WIOA Youth Service providers in each Minnesota County will identify foster youth in their jurisdictions and offer services to address unmet needs and prevent homelessness.

The United States Department of Education (June 27, 2016) indicated that a “positive PK-12 education experience has the potential to be a powerful counterweight to the abuse, neglect, separation, impermanence and other barriers faced by youth in foster care.” Attaining a postsecondary credential can enhance their well-being, help make successful transitions to adulthood, and increase the opportunity for personal fulfillment and economic self-sufficiency.

Reducing homelessness across Minnesota has been a priority dating back nearly 10 years. One of the areas of particular concern has been the number of elementary and secondary school students who are identified as homeless. Since WIOA youth eligibility often begins with eighth grade students, the Minnesota Department of Education has provided the number of homeless students statewide between the 8th and 12th grades:

**Number of 8<sup>th</sup>-12<sup>th</sup> Grade Students Identifying as Homeless in Minnesota**

DOL Program Year (7/1 to 6/30)	Number of Homeless 8 <sup>th</sup> -12 <sup>th</sup> Graders
PY 2018	6,597
PY 2019	6,274 (-4.9% from PY 2018)
PY 2020	5,066 (-19.3% from PY 2019)

WIOA youth service providers in Minnesota will continue coordinating with the various schools’ McKinney-Vento Program for the Homeless coordinators (see <http://education.state.mn.us/MDE/fam/home/> for information about the McKinney-Vento Program).

Approval of this waiver will allow Minnesota’s service providers to continue to develop services to address specific needs of homeless youth and foster youth at a time when they are at the greatest risk of becoming homeless.

**WIOA WAIVER REQUEST: Relationship of Goals to the Minnesota State Plan:**

One of the purposes of the State Plan is to describe how resources will be used to assist individuals who need assistance to become economic and socially self-sufficient. The populations cited in Minnesota’s State Plan are those most in need of WIOA youth services. Minnesota’s plan points out that the State needs to diversify its labor force in order to grow economically:

In sum, the data show that current population and aging trends will lead to a tight labor market over the next two decades – with some local areas already experiencing labor force declines. The challenges our state will face over the next 15 years are so great that we'll need to tackle them with a multi-pronged approach to attract and retain workers of all demographic characteristics. Retaining older workers beyond traditional retirement age, attracting and retaining young talent, removing barriers faced by workers of all abilities, welcoming immigrants from other countries, and educating and training the workers we do have are all necessary to overcome these challenges.

Because minority populations in Minnesota will continue to grow faster than the white population, particularly in the younger working age populations, the labor force will continue to diversify rapidly. Recognizing that the rapidly increasing share of existing workers are people of color, it becomes obvious that we must address this problem of persistent racial disparities directly.

If these disparities continue unabated, disadvantaged groups won't be the only ones who suffer. Businesses and the economic well-being of every resident of our state also will be affected. So, working on solutions to close these racial gaps between our state's white population and its populations of color is not only the right thing to do, it's the necessary thing to do if we're to provide our economy and its employers with the workforce necessary for success.

This waiver allows Minnesota to target WIOA Youth resources to a population that is at-risk of homelessness, a group that is experiencing an opportunity gap.

#### **IV. Actions that the State has undertaken to remove State or local statutory or regulatory barriers:**

No State or local statutory or regulatory barriers exist that would prevent the implementation of this waiver.

#### **V. Detailed Goals of the Waiver and the Expected Programmatic Outcomes if the Request is Granted:**

Anticipated outcomes for youth targeted by this waiver (homeless in-school youth and youth in foster care):

- Increased school attendance rates
- Increased number of youths earning academic credit for work-based learning
- Increased high school graduation rates
- Increased number of youths entering post-secondary training

- Increased number of youths attaining credentials
- Increased number of youth who participate in work experience or internships in an in-demand/high growth regional occupation

**Data on MN's Waiver to OSY Expenditure Requirement: From 75% to 60% for Minnesota WDAs Serving Foster or Homeless Youth**  
(PY19 and PY20 Actual; PY21 estimated – Updated 4/28/22)

Measure	PY19 Actual	PY20 Actual	PY21 (As of 4/28/22)
Total Number of Foster Youth Served (Served 7/1 to 6/30)	129 (39 ISY)	121 (32 ISY)	103 (38 ISY)
Total Number of Homeless Youth Served (Served 7/1 to 6/30)	524 (59 ISY)	484 (52 ISY)	307 (51 ISY)
Number of Foster Youth High School Diplomas/GEDs (Exited/served - 1/1 to 12/31)	17 (12 ISY)	13 (10 ISY)	11-(7 ISY)
Number of Homeless Youth High School Diplomas/GEDs (Exited/served - 1/1 to 12/31)	14 (8 ISY)	18 (8 ISY)	12 (10 ISY)
Increased Number of Homeless/Foster Youth Entering Post-Secondary Training (Exiters only - 1/1 to 12/31)	3 Youth	5 Youth	19 Youth
Increased Number of Homeless/Foster Youth Attaining Industry-Recognized Credentials (Exited/served – 1/1 to 12/31)	26 (1 ISY)	27 (2 ISY)	91 (10 ISY)
Increased Number of Homeless/Foster Youth Who Participated in Work Experience or Internship in an In-Demand/High-Growth Regional Occupation (Exited/served – 7/1 to 6/30)	55 (30 ISY)	59 (29 ISY)	44 (12 ISY)

Data Source: Workforce One Advanced Search Results, 4/28/2022. Appropriate date ranges used with corresponding performance reporting dates.

## Minnesota WIOA Youth Performance For Foster Youth: PY 2019 and PY 2020

WIOA Youth Performance Measure - PY 2019	PY 19 Negotiated MN Goal	All Exitters PY 2019 Actual	Percent	PY 2019 Foster Yth Exitters	Pct. Of PY19 MN Goal
Youth Education/Employment/ Training Rate Second Quarter After Exit	67.0%	79.4%	118.5%	67.4%	100.6%
Youth Education/Employment/ Training Rate Fourth Quarter After Exit	62.5%	79.6%	127.4%	84.6%	135.4%
Credential Attainment Rate	47.7%	65.9%	138.2%	60.9%	127.7%
Measurable Skills Gain	Baseline	50.9%		46.2%	
Median Earnings Second Quarter After Exit	Baseline	\$ 4,465		\$ 2,276	
Number of Exitters		918		43	4.7%

WIOA Youth Performance Measure - PY 2020	PY 20 Negotiated MN Goal	All Exitters PY 2020 Actual	Percent	PY 2020 Foster Yth Exitters	Pct. Of PY20 MN Goal
Youth Education/Employment/ Training Rate Second Quarter After Exit	75.0%	68.8%	91.7%	47.5%	63.3%
Youth Education/Employment/ Training Rate Fourth Quarter After Exit	73.0%	71.4%	97.8%	66.7%	91.4%
Credential Attainment Rate	62.0%	63.5%	102.4%	65.2%	105.2%
Measurable Skills Gain	49.0%	42.9%	87.6%	37.0%	75.5%
Median Earnings Second Quarter After Exit	\$ 3,700	\$ 4,542	122.8%	\$ 3,399	91.9%
Number of Exitters		989		56	5.7%

Data Source: ETA-9169 reports, respective years

## Minnesota WIOA Youth Performance For Homeless Youth: PY 2019 and PY 2020

<b>WIOA Youth Performance Measure - PY 2019</b>	<b>PY 19 Negotiated MN Goal</b>	<b>All Exitters PY 2019 Actual</b>	<b>Percent</b>	<b>PY 2019 Homeless Yth Exitters</b>	<b>Pct. Of PY19 MN Goal</b>
Youth Education/Employment/ Training Rate Second Quarter After Exit	67.0%	79.4%	118.5%	74.4%	111.0%
Youth Education/Employment/ Training Rate Fourth Quarter After Exit	62.5%	79.6%	127.4%	71.3%	114.1%
Credential Attainment Rate	47.7%	65.9%	138.2%	65.0%	136.3%
Measurable Skills Gain	Baseline	50.9%		33.3%	
Median Earnings Second Quarter After Exit	Baseline	\$ 4,465		\$ 3,673	
Number of Exitters		918		143	15.6%

<b>WIOA Youth Performance Measure - PY 2020</b>	<b>PY 20 Negotiated MN Goal</b>	<b>All Exitters PY 2020 Actual</b>	<b>Percent</b>	<b>PY 2020 Homeless Yth Exitters</b>	<b>Pct. Of PY20 MN Goal</b>
Youth Education/Employment/ Training Rate Second Quarter After Exit	75.0%	68.8%	91.7%	56.2%	74.9%
Youth Education/Employment/ Training Rate Fourth Quarter After Exit	73.0%	71.4%	97.8%	58.6%	80.3%
Credential Attainment Rate	62.0%	63.5%	102.4%	63.5%	102.4%
Measurable Skills Gain	49.0%	42.9%	87.6%	20.4%	41.6%
Median Earnings Second Quarter After Exit	\$ 3,700	\$ 4,542	122.8%	\$ 4,891	132.2%
Number of Exitters		989		258	26.1%

Data Source: ETA-9169 reports, respective years

WIOA youth service providers maintain regular contact with youth shelters, youth opportunity centers, county social service agencies to recruit foster

youth into WIOA. Minnesota’s employment and training service to its foster youth population is further illustrated by the link below:

<https://mn.gov/deed/programs-services/office-youth-development/special/shared-vision/>

In Program Year 2020, Minnesota’s WIOA Youth Program served 121 foster youth. However, only 32 of these individuals were classified as in-school youth. The new 60 percent out-of-school expenditure rate would permit Minnesota’s youth service providers to increase services to foster youth who are in-school but most at risk of homelessness. This effort will reduce the current dropout rate and homelessness rate among the foster youth population. It also comes at a time where many at-risk youth (especially homeless and/or foster youth) rely more on schools to provide food and support as the effects of the pandemic linger.

The expanded waiver will further Minnesota’s needed efforts, as identified in the State Plan, to diversify its workforce given that the “in-school” foster youth population is becoming much more diverse.

Specific Goals for the Waiver

Measure/Goal	PY 2022	PY 2023
Total Number of Foster Youth to be Served	135 (45 ISY)	140 (48 ISY)
Total Number of Homeless Youth to be Served	300 Homeless Youth	300 Homeless Youth
Increased School Attendance Rate for Homeless/Foster Youth	+10 Percent	+11 Percent
Increased Number of Foster Youth Earning Academic Credit for Work-Based Learning	+25 Foster Youth	+30 Foster Youth
Increased Number of Homeless Youth Earning Academic Credit for Work-Based Learning	+50 Homeless Youth	+60 Homeless Youth
Increased High School Graduation Rate for Homeless/Foster Youth	+10 Percent	+11 Percent
Increased Number of Homeless/Foster Youth Entering Post-Secondary Training	+15 Homeless/Foster Youth	+20 Homeless/Foster Youth
Increased Number of Homeless/Foster Youth Attaining Industry Recognized Credentials	+30 Homeless/Foster Youth	+40 Homeless/Foster Youth
Increased Number of Homeless/Foster Youth Who Participate in Work Experience or Internship in an In-Demand/High Growth Regional Occupation	+20 Homeless/Foster Youth	+22 Homeless/Foster Youth

## **Specific Services to be Given to Foster Students**

WIOA youth service provide a comprehensive sets of youth employment and training and community-based services through the Integrated Resource Team (IRT) methodology. The IRTs bring together school and social service resources enhancing the ability of in-school youth to be successful in school and on the job. The IRT approach permits Minnesota to build the capacity of youth service providers to introduce targeted youth to career pathways and high growth/in demand jobs in regional economies. The waiver will enhance coordination with the foster care coordinators in each county and result in shared outcomes for partners serving youth who are most in need of services and at risk of homelessness.

## **VI. Alignment with Department of Labor Policy Priorities**

This waiver is in alignment with Department of Labor priorities as follows:

### *Connecting Education and Training Strategies*

The intent of the waiver is to provide coordinated services to foster youth who are in-school and at risk of homelessness. Education and training services will be provided based on individual need. Integrated Resource Teams (IRTs) and the Guideposts for Success are integral parts of this effort.

### *Supporting Work-Based Learning*

The expanded waiver will increase the number of youth aging out of foster care who participate in work-based learning. Targeted youth have the opportunity to work in high growth/in-demand jobs in regional economies.

### *Improving Job and Career Results*

WIOA youth services to targeted youth will result in an increase in the number of youth who earn academic credit for work-based learning and the number of youth who attain industry-recognized credentials and enter post-secondary education.

## **VII. Individuals Affected by the Waiver**

Foster youth who are in-school but at risk of homelessness will be positively impacted by the expanded waiver. Youth from communities of color who are



under-represented in the workforce are priorities in Minnesota's State Plan and they will be impacted by this waiver.

### **VIII. Monitoring/Local Comment**

#### *Monitoring*

DEED's youth program staff will monitor the implementation of the waiver at the WDA level. As required, DEED will report to DOL progress in achieving the waiver as well as any changes needed. Additionally, DEED will report information on the waiver and its outcome in Minnesota's WIOA Annual Report.

#### *Local Comment*

DEED will ensure through direct communications and through its website that local comment (local Workforce Development Boards, Youth Committees, local business and organized labor) is obtained on this waiver. Additionally, DEED staff will meet with local WDA/LWDB staff to obtain comments. DEED will inform the Department of Labor of any comments received

**Updated April 28, 2022**

### **WIOA WAIVER REQUEST: Governor's Reserve Funds**

STATE OF MINNESOTA

TITLE I YOUTH PROGRAM

PROGRAM YEAR 2022

**I. Identification of the statutory or regulatory requirements for which a waiver is being requested:** The State of Minnesota is requesting renewal of a waiver for Program Year 2022 from the Workforce Investment and Opportunity Act (WIOA) Section 129(a)(4)(A) and its corresponding regulation at 20 CFR 681.410. There is a requirement that at least 75 percent of WIOA Governor's Reserve funds be expended on out-of-school youth. The State of Minnesota is requesting that the requirement be eliminated for projects providing direct services funded under the WIOA Youth Governor's Reserve Funds. Minnesota is asking for flexibility to increase services to under-represented youth, 16 to 24 years of age, who meet the following definitions:

- Qualify for the High School Graduation Incentives Program or are “economically disadvantaged”; and
- Are a high school dropout or, in the opinion of a school official, are in danger of dropping out of school.

The High School Graduation Incentive Program eligibility is found at [Minnesota Statutes 124D.68](#). As stated in the legislation:

The legislature finds that it is critical to provide options for children to succeed in school. Therefore, the purpose of this section is to provide incentives for and encourage all Minnesota students who have experienced or are experiencing difficulty in the traditional education system to enroll in alternative programs.

The waiver of the 75 percent requirement would allow the State to use Governor’s Reserve Funds to fund projects based on the Youthbuild program model but allow grantees the flexibility to determine the mix of out-of-school youth (dropouts) and in-school youth (potential dropouts). Service providers would place participants in an integrated work and learning setting with intensive wrap-around services ensuring the youth would attain a high school diploma/GED, industry recognized credentials, and placement in registered apprenticeship, employment, and/or post-secondary education. Older youth participants who complete the Youthbuild “pre-apprenticeship” project would be supported as they have the option to enter registered apprenticeship.

**II. Actions that the State of Minnesota has undertaken to remove State or local statutory or regulatory barriers:** No state or local statutory or regulatory barriers exist that would prevent the implementation of this waiver. Minnesota leverages federal WIOA funds by providing WDA’s with State youth employment funds through the Minnesota Youth Program (MYP). The waiver of the 75 percent expenditure requirement as indicated in WIOA Section 129(a)(4)(A) and the corresponding 20 CFR 681.410 for projects funded with Governor’s Reserve Funds would allow the State to further blend and braid state and federal funds.

**III. Relationship to State strategic goals:** Minnesota’s WIOA State Plan describes how resources will be used to support individuals who need assistance to become economically and socially self-sufficient. The youth population groups cited in the State Plan are targeted for services under the WIOA Youth Program. Minnesota’s WIOA State Plan continues to highlight the need to diversify its labor force to grow economically.

The data shows that the current population and aging trends will lead to a tight labor market over the next two decades – with some local areas already experiencing labor force declines. The challenges our State will face over the next 15 years are so great that we need to tackle them with a multi-pronged approach to attract and retain workers of all demographic characteristics. Retaining older workers beyond traditional retirement age, attracting and retaining young talent, removing barriers faced by workers of all abilities, welcoming immigrants from other countries, and educating and training the workers we do have are all necessary to overcome these challenges.

Minority populations in Minnesota will continue to grow faster than the white population, particularly in the younger working age populations, and the labor force will continue to diversify rapidly. Recognizing that the rapidly increasing share of existing workers are people of color, it becomes obvious that we must address this problem of persistent racial disparities directly.

If racial disparities continue unabated, businesses and the economic well-being of every resident of our state will be affected. So, working on solutions to close opportunity gaps between our state's white population and populations of color is not only the right thing to do, it's the necessary thing to do if we're to provide our economy and its employers with the workforce necessary for success.

If approved, this waiver will allow the State to continue to provide grantees with additional funding for direct services using WIOA Youth Governor's Reserve Funds to provide direct services to youth dropouts and youth who are at-risk of dropping out of school and who are experiencing a skills and opportunity gap.

#### **IV. Projected programmatic outcomes resulting from implementation of the waiver:**

The approval of this waiver will further enable Minnesota to provide higher levels of service to under-represented youth who are WIOA eligible, both in-school and out of school. The State strongly believes that the flexibility provided with this waiver will result in the following:

- Career pathways training in the construction trades integrated with basic skills instruction,
- Contextual academic learning and support leading to a high school diploma/GED,
- Integrated soft skills, work readiness, leadership, and life skills with a service-learning focus,
- High-quality mentoring by caring adults and peers,
- Counseling/case management, skills assessment, and support services

helping youth to succeed in the program,

- Career planning and exploration in the building trades and other high demand/high wage occupations and exposure to union apprenticeships,
- Industry-recognized certification and/or credentials in construction-related, high-demand/high-wage occupations that meet the needs of local employers and growing skill demands of Minnesota's economy;
- Placement services in career-specific apprenticeships, post-secondary education, and/or employment,
- 12 months of follow-up services, including counseling, and support to maintain employment.

These services will result in the following performance metrics:

- Increased school attendance and dropouts returning to school
- Increased number of youth earning academic credit for work-based training
- Increased high school graduation rates or received secondary diploma or equivalent
- Increased number of under-represented youth entering post-secondary training or registered apprenticeships
- Increased number of under-represented youth who participate in work experience or internships in high-growth, in-demand occupations
- Increased number of youth attaining credentials in high-growth/high-demand industries.

This waiver supports the goals described in Minnesota's WIOA State Plan and the overall objectives set by DOL for WIOA Youth. Since this is still a new approach to serving "opportunity youth," performance data is still limited due to many youth still enrolled in WIOA and working towards their individual goals, coupled with the impacts of the pandemic.

Using a Request For Proposal process, Goodwill/Easter Seals of Minnesota (GESM) and Southeast Minnesota Workforce Development, Inc. were selected to serve participants with grants of \$125,000 each. These grants follow the YouthBuild program model for preparing these young people for entry-level positions in the building trades, or related occupations.

To date, both grantees have served a combined 29 youth since the grant became effective on July 1, 2021. We can report that GESM has served a total of 18 youth to date, with 11 exiters. Nine continue to be served by GESM staff. Southeast Minnesota WDI is serving a total of 11 youth, with zero exiters as of 4/28/2022.

Even though there have been 11 exiters from GESM, they are too recent to be captured in any official performance metrics other than Measurable Skill Gain. The MSG outcome for these nine persons is a combined 33.3 percent. Based on case notes and reported outcomes in Minnesota's case management system (Workforce One), at least five of the 11 have been placed into unsubsidized employment, but have yet to be officially verified for the second quarter after exit quarter. Many of the 11 exiters report at least one credential; however, other credentials may be added during the follow-up process.

At present, these two grants are scheduled to end on 6/30/22; extending this waiver into PY22 will give both organizations a chance to succeed in helping these youth succeed in earning recognized credentials and moving into entry-level employment.

**V. Alignment with DOL policy priorities:** This waiver request aligns with the following DOL policy priorities as found in the DOL Fiscal Year 2018 - 2022 Strategic Plan and the WIOA law and federal regulations.

DOL focuses on programs that support work-based learning, skills development, and work readiness while promoting training strategies leading to credential attainment and skills gap closing. DOL has also prioritized the implementation of evidence-based programs and strategies. Additionally, WIOA places a strong emphasis on work experience for youth participants and requires 20 percent of WIOA youth formula funding to be spent on work experience. WIOA also encourages strong partnership to leverage resources to increase opportunities for youth.

**VI. Individuals, groups, and populations affected by the waiver:** The individuals affected by this waiver are out-of-school youth and in-school youth who are eligible to receive WIOA services. In addition, Minnesota is intentionally targeting youth who meet WIOA Youth eligibility criteria and who are under-represented in the workforce including: youth from communities of color, young women, youth with disabilities, and young veterans. Employers, parents, and educational institutions will also benefit from this waiver.

As previously stated, Minnesota allocated \$250,000 of WIOA Youth Governor's Reserve Funds during the summer of 2021. Recipients are expanding services and access to WIOA youth services, including work experience for eligible and targeted youth under-represented in Minnesota's workforce.

The waiver request is supported by evidence-based practices intended to eliminate the economic barriers faced by youth. For all youth, ages 16-24 in 2020, the Bureau of Labor Statistics reported a national unemployment rate of 14.9%. When broken by racial demographics, the unemployment rates for youth of color underscore the racial disparities in employment.

**VII. State plans for monitoring waiver implementation, including collection of waiver outcome information:** Programmatic reviews of service providers will include an evaluation of how this waiver is being used ensuring that programmatic goals and outcomes are being met. The State-level administration of the program will continually examine the waiver throughout the program year.

**VIII. Assurance of state posting of the request for public comment and notification to affected local Workforce Development Boards:** In accordance with WIOA Section 102(c)(3) and the corresponding regulation at 20 CFR 676.135, the Minnesota Department of Employment and Economic Development has posted this waiver request on its website for review and comment by required parties and the general public. A copy of this waiver request was provided to all local Workforce Development Boards, Youth Committees, and relevant associations.

**Updated April 28, 2022**

## **WIOA WAIVER REQUEST: Allow Use of Individual Training Accounts (ITAs) for In-School Youth**

STATE OF MINNESOTA

TITLE I YOUTH PROGRAM

PROGRAM YEAR 2022

### **I. Identification of the statutory or regulatory requirements for which a waiver is being requested:**

Minnesota is requesting renewal of a waiver to provide Minnesota WDAs with the flexibility to use Individual Training Accounts (ITAs) for in-school youth under WIOA Youth. The waiver impacts WIOA Regulation 20 CFR 681.550. According to current WIOA Regulations, ITAs were established to provide individual customer choice in their education and training plans and provide flexibility to service providers. At present, only out of school youth, ages 18-24 can use ITAs. In school youth, ages 18-21, deserve the same flexible

opportunities for support as out of school youth. Without this waiver, in-school youth, ages 18-21, would have to be closed and enrolled as out of school youth.

## **II. Goals that Minnesota and its Workforce Development Areas (WDAs) intend to achieve as a result of the waiver:**

The goal of this is to allow WIOA youth service providers the option to use ITAs for in-school youth, ages 18-21. Serving in school and out of school youth with the same ITA policy allows for continuity of services for all WIOA youth. All youth will be eligible to receive training services, connection to work-based learning and job search support. To better connect youth to work-based learning, both in school and out of school youth would be able to use the ETPL to find training programs that support individualized needs. The waiver would permit youth service providers to customize services to in school youth, ages 18-21, to match their interests and abilities.

## **III. Relationship of Goals to the Minnesota State Plan:**

Minnesota's State Plan describes how resources will be used to assist individuals who need assistance to become economic and socially self-sufficient. The populations targeted in Minnesota's plan are those for whom WIOA Youth Programs are critical. The Introduction to the modified State Plan for 2020-23 indicates that Minnesota needs to diversify its labor force in order to grow economically:

Goals: To build on this vision, live out our mission, and continue strengthening the workforce development system, the 2020-2023 WIOA State Plan goals for Minnesota are to:

1. Reduce educational, skills training and employment disparities based on race, disability, gender, or disconnected youth.
2. Build employer-led industry sector partnerships that expand the talent pipeline to be inclusive of race, disability, gender, and age to meet industry demands for a skilled workforce.

As our state faces the reality of a shrinking and diversifying labor force, and to ensure an economic and workforce recovery in light of the impacts of the COVID-19 pandemic, we must fully utilize the talents, skills, and experience of more people in the workforce. We need an "all hands on deck" approach that brings together more employers, community-based organizations, postsecondary institutions, other training providers, workforce boards, and industry organizations to develop strong statewide and regional approaches to

addressing our workforce challenges. Prior to the pandemic, disparities and equities existed in our state's workforce – especially impacting BIPOC populations, women, people with disabilities, and others who already faced barriers to education or employment – and those issues have been exacerbated by COVID-19 and related societal shifts. Through concentrated efforts that promote collaboration and partnership across sectors and systems, and leveraging our federal and state funds and infrastructure, the vision, mission, strategies, and goals laid out in this Plan can be actualized in a way that directly combats the inequity and disparities we see today in Minnesota.

Because minority populations in Minnesota continue to grow faster than the white population, particularly in the younger working age populations, the labor force will continue to diversify rapidly. Recognizing that the rapidly increasing share of existing workers are people of color, it becomes obvious that we must address this problem of persistent racial disparities directly.

If these disparities continue unabated, disadvantaged groups won't be the only ones who suffer. Businesses and the economic well-being of every resident of our state also will be affected. So, working on solutions to close these racial gaps between our state's white population and its populations of color is not only the right thing to do, it's the necessary thing to do if we're to provide our economy and its employers with the workforce necessary for success.

If approved, this waiver will positively impact disadvantaged populations: both in-school youth, ages 18-21, and out of school youth will be able to receive all WIOA youth program services. The waiver supports continuity of services without disruption for WIOA Youth.

#### **IV. Actions the State has undertaken to remove State or local statutory or regulatory barriers:**

No State or local statutory or regulatory barriers exist that would prevent the implementation of this waiver.

#### **V. Detailed Goals of the Waiver and the Expected Programmatic Outcomes if the Request is Granted:**

Goals of the waiver include:

- Supporting customer choice;
- Supporting employer engagement;



- Connecting education and training strategies;
- Supporting work-based learning; and
- Improving job and career results.

As Minnesota’s ETPL grows, the choices available to in-school youth will grow as well. This waiver will allow the in-school student to participate in and benefit from the growth of the employment and training network.

We are indicating the following:

- 75 percent of in-school youth, ages 18-21, undertaking occupational training will have ITAs; and,
- The number of training providers serving youth will increase by at least 5% in the next 12 months and will be registered on the ETPL; and
- As required by federal policy, all ITAs will use training providers on the ETPL.

Since this waiver was previously granted to Minnesota, we can report preliminary PY 2021 outcomes (through 4/15/2022).

**Preliminary Analysis of ISY ITA Waiver on Minnesota PY 21 WIOA Youth Performance**  
(ISYs w/HS Equivalent and w/1+ years of Post-Secondary at Enrollment)

WIOA Youth Performance Measure	PY 21	All Exiters	Percent	PY 2021	Pct. Of
	Negotiated MN Goal	PY 2021 4/15 Prelim		4/15 ISY w/ITA	
Youth Education/Employment/ Training Rate Second Quarter After Exit (7/1/20 to 6/30/21)	76.0%	64.9%	85.4%	68.2%	89.7%
Youth Education/Employment/ Training Rate Fourth Quarter After Exit (1/1/20 to 12/31/20)	74.0%	68.2%	92.2%	81.5%	110.1%
Credential Attainment Rate (1/1/2020 to 12/31/20)	62.5%	53.9%	86.2%	81.5%	130.4%
Measurable Skills Gain (7/1/21 to 6/30/22)	49.0%	24.4%	49.8%	36.5%	74.5%
Median Earnings Second Quarter After Exit (7/1/20 to 6/30/21)	\$3,700	\$4,619	124.8%	N/A	N/A

PY21 ISY/ITA Youth Served YTD (7/1/21 to 4/15/22)	104
PY 21 ISY/ITA Youth Enrolled YTD (7/1/21 to 4/15/22)	38
PY 21 ISY/ITA Youth Exited YTD (7/1/21 to 4/15/22)	48

Source: Internal DEED Data via FutureWorks, as of 4/15/22

<b>Minnesota WDAs Using ITAs: PY 21 (as of 4/15/22)</b>		
<b>LWDA</b>	<b>In Program</b>	<b>Exited</b>
2-Rural CEP	4	1
3-Northeast	3	0
4-Duluth	1	0
5-CMJTS	10	3
6-Southwest	7	13
7-South Central	4	1
8 Southeast	10	1
9-Hennepin/Carver	1	0
10-Minneapolis	9	6
12-Anoka County	1	0
15-Ramsey County	6	23
<b>State Total</b>	<b>56</b>	<b>48</b>

Source: FutureWorks data (as of 4/15/22)

Based on the data gleaned from our online FutureWorks WIOA data as of April 15, 2022, we have determined that all 56 ISYs who are in Occupational Skills Training and have an ITA are all using a provider that is on the Minnesota Eligible Training Provider List. The 48 who exited from WIOA Youth from July 1, 2022 through April 15, 2022 were also using providers from the ETPL.

## **VI. Alignment with Department of Labor Policy Priorities**

This waiver is in alignment with Department of Labor priorities as follows:

*Connecting Education and Training Strategies*

This waiver allows WIOA youth service providers to offer in school youth the flexible option to use ITAs to access training programs on the ETPL. The waiver expands the education and training opportunities for in school youth.

### *Improving Job and Career Results*

Allowing both in-school and out-of-school youth to use ITAs to find training opportunities that match their interest, support their learning styles and better prepare them for work-based learning and employment.

With the reduced administrative burden on youth service providers, there can be an increased effort on networking and partnering to assure that meet the needs of both eligible in-school and out of school youth and improve shared outcomes.

## **VII. Individuals Affected by the Waiver**

In-school students (secondary school attendees) who meet the age requirements (ages 18-21 at the time of enrollment) will be the individuals affected by the waiver, especially youth who are under-represented in the workforce. These youth often have multiple barriers to employment requiring additional resources to become self-sufficient. This waiver provides WIOA youth service providers with more flexibility to serve in-school youth who are most in need of services.

## **VIII. Monitoring/Local Comment**

### *Monitoring*

DEED's youth program staff will be responsible to ensure that the process to implement the waiver is accomplished as well as monitoring the progress to meet the goals indicated above. As required, DEED will report to DOL progress in achieving the waiver as well as any changes needed. Additionally, DEED will report information on the waiver and its outcome in Minnesota's WIOA Annual Report.

### *Local Comment*

DEED will ensure through direct communications and through its website that local comment (local Workforce Development Boards, local business and organized labor) is obtained on this waiver. Additionally, DEED staff will meet

with local WDA staff to obtain comments. DEED will inform the Department of Labor of any comments received.

**UPDATED: April 27, 2022**

## Comments

**Amy Hansmann** Apr. 1, 2022, 2:08 pm

- Acceptable

### Acceptable

- [Reply](#)

**Sean Fox** Apr. 10, 2022, 8:23 pm

- Compliance issue

### Compliance issue

Comment

The State must update its waiver requests to include the following information.

#### Youth ITAs

- The State must indicate for which program years it is requesting the waiver.
- The State must provide projected outcomes that are discrete and measurable. As written the State indicates that:
  - *Specific numeric goals are hard to set, especially in light of the ongoing pandemic and its varying effects on participants and program operations. However, we are indicating the following: 75 percent of in-school undertaking occupational training will have ITAs*
  - *The number of training providers serving youth will increase by at least 5% in the next 12 months and will be registered on the ETPL; and*
  - *All ITAs will use training providers on the ETPL.*

The Department assumes the State will only make use of the ETP list when awarding ITAs. It is unclear why the number of training providers will increase based on this waiver. We strongly encourage the State to establish reasonable projected outcomes, with an understanding that the COVID-19 pandemic will continue to have an impact on performance in Minnesota, and all states.

- The State must indicate how local boards were notified or otherwise involved in the development of the waiver request.

- The State must provide information regarding if the waiver has helped the state achieve the goals stated in its initial request, as this is a renewal. If data is not available, ETA requests that the State develop a plan for making such data available.

#### 75 Percent OSY Expenditure (Local Only, 60 Percent)

- The State must indicate for which program years it is requesting the waiver.
- The State must provide projected outcomes that are discrete and measurable. While measurable, ETA requests that the State estimate the impact of the waiver on the following items put forth in the waiver request and how the State intends to track this information:
  - Increased school attendance rates
  - Increased number of youths earning academic credit for work-based learning
  - Increased high school graduation rates
  - Increased number of youths entering post-secondary training
  - Increased number of youths attaining credentials
  - Increased number of youth who participate in work experience or internships in an in-demand/high growth regional occupation
- As a waiver renewal, the State must provide information regarding outcomes since its initial waiver application and approval.

#### 75 Percent OSY Expenditure (Statewide)

- The State must indicate for which program years it is requesting the waiver.
- The State's projected outcomes are measurable, but we strongly encourage the State to estimate how the waiver will have a discrete impact on the following (provide numbers, even if estimated):
  - *Increased school attendance and dropouts returning to school*
  - *Increased number of youth earning academic credit for work-based training*
  - *Increased high school graduation rates or received secondary diploma or equivalent*
  - *Increased number of under-represented youth entering post-secondary training or registered apprenticeships*
  - *Increased number of under-represented youth who participate in work experience or internships in high-growth, in-demand occupations*
  - *Increased number of youth attaining credentials in high-growth/high-demand industries.*
- As a waiver renewal, the State must provide information regarding outcomes since its initial waiver application and approval.