

U.S. Department of Labor

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



June 7, 2021

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

Dear Governor Walz:

Thank you for your waiver requests 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 April 16, 2021. This letter provides the Employment and Training Administration's (ETA) official response to your requests 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 associated with the requirement at Workforce Innovation and Opportunity Act (WIOA) Section 129(a)(4)(A) and 20 CFR 681.410 that the state expend 75 percent of Governor's reserve youth funds on out-of-school youth (OSY).

ETA Response: ETA approves for Program Year (PY) 2020 and PY 2021, 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.

Requested Waiver: Waiver associated with the requirement at WIOA Section 129(a)(4)(A) and 20 CFR 681.410 that local areas expend 75 percent of local formula youth funds on OSY.

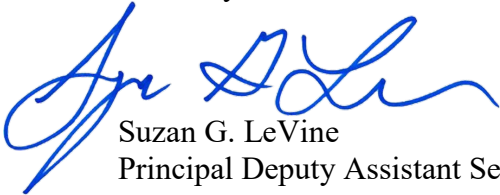
ETA Response: ETA approves for PY 2020 and PY 2021, which includes the entire time period for which states are authorized to spend PY those funds, the State's request to waive the requirement that local areas expend 75 percent of local youth formula funds on OSY. Minnesota may lower the local youth funds expenditure requirement to 60 percent for OSY. As a result of this waiver, ETA expects that the number of in-school youth (ISY) served will increase and that 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 of 20 CFR 681.550 to allow WIOA individual training accounts (ITA) for ISY.

ETA Response: ETA approves, through June 30, 2022, the State's request to waive the requirement limiting ITAs to only OSY, ages 16–24. In addition to these OSY, the State may use ITAs for ISY, ages 18–21. 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.

The State 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,



Suzan G. LeVine
Principal Deputy Assistant Secretary

Enclosure

cc: Steve Grove, Commissioner, Minnesota Department of Employment and Economic Development
Rose Zibert, Acting Chicago Regional Administrator, Employment and Training Administration
Pamela Jones, Federal Project Officer, Employment and Training Administration

April 16, 2021

Rose Zibert, Acting Regional Administrator
U.S. Department of Labor
Employment and Training Administration
230 South Dearborn Street; Sixth Floor
Chicago, Illinois 60604

Dear Ms. Zibert,

Attached please find three requests from the State of Minnesota asking the U.S. Department of Labor (DOL) to waive specific requirements of the Workforce Innovation and Opportunity Act (WIOA). The following waivers will give the state the flexibility to better serve “at-risk” youth under the WIOA provisions. All three waivers have been discussed with Minnesota’s Federal Project Officer and with the Region V Youth Lead.

Waiver #1: Governor’s Reserve Funds (New)

The State of Minnesota is requesting a waiver for Program Years 2021 and 2022 from WIOA Section 129(a)(4)(A) and its corresponding regulation at 20 CFR 681.410. The state is requesting that the 75% Out-of-School (OSY) expenditure requirement be waived for projects providing direct services using Governor’s Reserve Funds. The approval of this waiver will allow youth service providers in Minnesota to determine the mix of in-school youth and out-of-school youth served in projects providing direct services using Governor’s Reserve Funds. The waiver will increase services for under-represented youth, 16-24 years of age who meet eligibility requirements as outlined in the attached waiver.

Waiver #2: 75% OSY Expenditure Requirement Dropped to 60% for WIOA Youth Formula Grant (Previously Approved by DOL)

The State of Minnesota is requesting the renewal of a waiver for Program Years 2021 and 2022 from WIOA Section 129 (a)(4)(A) and its corresponding regulation at 20 CFR 681.410, where there is a requirement that 75% of WIOA Youth Formula Grant funds be spent on out-of-school youth. The state is requesting that the requirement be lowered to 60% for Workforce Delivery Areas (WDAs) who serve in-school youth who meet DOL’s definition homeless youth and foster care youth. This waiver was previously approved in Program Year 2020, is included in Minnesota’s WIOA State Plan, and has been posted on DEED’s website for local review and comment.

Rose Zibert
April 15, 2021
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Waiver #3: Use Individual Training Accounts (ITAs) for In-school Youth (Previously Approved by DOL)

The State of Minnesota is requesting the renewal of a waiver for Program Years 2021 and 2020 from WIOA Regulations 20 CFR 681.550, where Individual Training Accounts are only permitted for Out-of-School Youth. The state is requesting renewal of the waiver permitting Workforce Development Areas (WDAs) the option to use Individual Training Accounts (ITAs) for In-School Youth. The state did not implement this waiver in Program Year 2020, due to the Covid-19 emergency. This waiver was previously approved by DOL, included in Minnesota's WIOA State Plan and posted for local review and comment.

The approval/renewal of these waivers will give Minnesota the necessary flexibility to serve youth "opportunity youth" more effectively. All three waivers have been discussed with Minnesota's Federal Project Officer (Pamela A. Jones) and with the Region V Youth Contact (Lisa Dieterle).

We appreciate the assistance of the Region V Team in providing their feedback and support of the three WIOA Youth-specific waivers. If you have questions, please contact Kay.Tracy@state.mn.us.

Sincerely,



Steve Grove
Commissioner

Cc: Pamela Jones, Federal Project Officer
Malissa Dieterle, Federal Project Officer

STATE OF MINNESOTA
WIOA WAIVER REQUEST: Governor’s Reserve Funds
TITLE I YOUTH PROGRAM
PROGRAM YEARS 2021-2022

- I. Identification of the statutory or regulatory requirements for which a waiver is being requested: The State of Minnesota is requesting a waiver for Program Years 2021 and 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 definition:
- Qualify for the High School Graduation Incentives Program or be “economically disadvantaged”; and
 - Be 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.

Funds would be awarded through open competition: a copy of the Request for Proposals is attached to this waiver request. This waiver request will allow the State maximum flexibility to increase services to under-represented youth.

- 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 highlights 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.

This waiver allows the State to provide grantees with 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: On

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 a new approach to serving "opportunity youth" we do not have performance data to share.

The following chart provides performance data for MN's waiver to the 75% OSY requirement. WDAs drop the OSY expenditure requirement to 60%, if they serve In-School Youth who meet DOL's definition of homeless youth and youth in (or previously in) foster care.

Data on MN’s Waiver to OSY Expenditure Requirement: from 75% to 60% for Minnesota WDAs Serving ISY Meeting DOL Definition of Homeless/Foster Youth

(PY19 Actual; PY20 and PY21 estimated)

Measure	PY19 Actual	PY20 (As of 3/30/21)	PY21 (As of 3/30/21)
Total Number of Homeless/Foster Youth Served (Served 7/1 to 6/30)	627 (98 ISY) F: 129 (39 ISY) H: 498 (59 ISY)	551 (74 ISY) F: 110 (26 ISY) H: 441 (48 ISY) Goal-135 (45 ISY)	N/A Goal-140 (48 ISY)
Increased High School Graduation Rate For Homeless/Foster Youth (Exited/served - 1/1 to 12/31)	16 (12 ISY) F: 8 (7 ISY) H: 8 (5 ISY)	23 (14 ISY) F: 11 (8 ISY) H: 12 (6 ISY) Goal +10 Percent	42 (24 ISY) F: 18 (10 ISY) H: 24 (20 ISY) Goal +11 Percent
Increased Number of Homeless/Foster Youth Entering Post-Secondary Training (Exiters only - 1/1 to 12/31)	9 Youth F: 3 Youth H: 6 Youth	9 Youth F: 4 Youth H: 5 Youth Goal +15 Youth	13 Youth F: 5 Youth H: 8 Youth Goal +20 Youth
Increased Number of Homeless/Foster Youth Attaining Industry-Recognized Credentials (Exited/served – 1/1 to 12/31)	154 (8 ISY) F: 26 (1 ISY) H: 128 (7 ISY)	63 (12 ISY) F: 22 (2 ISY) H: 41 (10 ISY) Goal +20 Youth	70 (7 ISY) F: 12 (1 ISY) H: 58 (6 ISY) Goal +22 Youth
Increased Number of Homeless/Foster Youth Who Participate in Work Experience or Internship in an In-Demand/High-Growth Regional Occupation (Exited/served – 7/1 to 6/30)	190 (55 ISY) F: 55 (30 ISY) H: 135 (25 ISY)	211 (57 ISY) F: 58 (28 ISY) H: 153 (29 ISY) Goal +20 Youth	151 (36 ISY) F: 42 (19 ISY) H: 109 (17 ISY) Goal +22 Youth

Data Source: Workforce One Advanced Search Results, 3/30/21. Date ranges used with appropriate performance reporting dates.

“F” = Foster Youth; “H” = Homeless

- 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.

Minnesota will make \$250,000 of PY2018 WIOA Youth Governor's Reserve Funds available through the attached Request for Proposal (RFP). These funds will expand the services that are already provided by WIOA Youth formula funds. The reserve funds will support efforts to access WIOA youth services, including work experience for eligible and targeted youth under-represented in Minnesota's workforce.

Agencies eligible to apply for funding through the RFP process include public agencies and non-profit organizations that can demonstrate the ability to implement an employment and training program for low-income, at-risk youth. Examples of eligible applicants include: community-based organizations, local Workforce Development Boards, community action agencies, state or local housing development agencies, municipal and county governments, and tribal governments.

Special consideration will be given to programs that demonstrate strong partnerships with registered apprenticeship programs in the building trades and/or affiliated union construction employers. Programs that partner with mobile trade labs and/or offer innovative training service delivery and/or offer a strong construction training component in the safest (i.e. outdoor) setting will also be considered for funding.

If a program is NOT operated by a local unit of government or a local Workforce Development Board, the RFP applicant must coordinate the program with the local Workforce Development Board. Eligible organizations may leverage non-state or private sector funds.

The waiver request and Minnesota's RFP process are 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 underscores 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.

WIOA YOUTH WAIVER REQUEST

STATE OF MINNESOTA

MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

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

The State of Minnesota is again requesting a waiver for Program Year 2021 from the Workforce Innovation and Opportunity Act (WIOA) Section 129(a)(4)(A) and the corresponding regulation at 20CFR 681.410 in which there is a requirement 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 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 either 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 request is to continue previous waiver granted to the State of Minnesota, in which the State was allowed 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.

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.

WIOA youth service providers in Minnesota will continue to coordinate 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 this waiver allows Minnesota's service providers 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.

III. 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

Minnesota made a commitment to eliminate youth homelessness by the year 2020. Minnesota's commitment to serving foster youth is supported by the following data.

Program Year 2017: Serving Foster Youth

Minnesota: 6.5% of in-school youth participants; 4.4% of out of school youth participants
United States: 3.9% of youth participants

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 2017, Minnesota's WIOA Youth Program served 112 foster youth. However, only 40 of these individuals were classified as in-school. 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.

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.

Data on MN’s Waiver to OSY Expenditure Requirement: from 75% to 60% for Minnesota WDAs Serving ISY Meeting DOL Definition of Homeless/Foster Youth (PY19 Actual; PY20 and PY21 estimated)

Measure	PY19 Actual	PY20 (As of 3/30/21)	PY21 (As of 3/30/21)
Total Number of Homeless/Foster Youth Served (Served 7/1 to 6/30)	627 (98 ISY) F: 129 (39 ISY) H: 498 (59 ISY)	551 (74 ISY) F: 110 (26 ISY) H: 441 (48 ISY) Goal-135 (45 ISY)	N/A Goal-140 (48 ISY)
Increased High School Graduation Rate For Homeless/Foster Youth (Exited/served - 1/1 to 12/31)	16 (12 ISY) F: 8 (7 ISY) H: 8 (5 ISY)	23 (14 ISY) F: 11 (8 ISY) H: 12 (6 ISY) Goal +10 Percent	42 (24 ISY) F: 18 (10 ISY) H: 24 (20 ISY) Goal +11 Percent
Increased Number of Homeless/Foster Youth Entering Post-Secondary Training (Exiters only - 1/1 to 12/31)	9 Youth F: 3 Youth H: 6 Youth	9 Youth F: 4 Youth H: 5 Youth Goal +15 Youth	13 Youth F: 5 Youth H: 8 Youth Goal +20 Youth
Increased Number of Homeless/Foster Youth Attaining Industry-Recognized Credentials (Exited/served – 1/1 to 12/31)	154 (8 ISY) F: 26 (1 ISY) H: 128 (7 ISY)	63 (12 ISY) F: 22 (2 ISY) H: 41 (10 ISY) Goal +20 Youth	70 (7 ISY) F: 12 (1 ISY) H: 58 (6 ISY) Goal +22 Youth
Increased Number of Homeless/Foster Youth Who Participate in Work Experience or Internship in an In-Demand/High-Growth Regional Occupation (Exited/served – 7/1 to 6/30)	190 (55 ISY) F: 55 (30 ISY) H: 135 (25 ISY)	211 (57 ISY) F: 58 (28 ISY) H: 153 (29 ISY) Goal +20 Youth	151 (36 ISY) F: 42 (19 ISY) H: 109 (17 ISY) Goal +22 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 13, 2021

WIOA YOUTH WAIVER REQUEST

STATE OF MINNESOTA

MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

I. **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.

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 State plan points 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.

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.

Specific numeric goals are hard to set. However, we are indicating the following:

- 75 percent of in-school youth, ages 18-21, undertaking occupational training will have ITAs. Due to the COVID pandemic and impacts on staffing levels at youth-serving agencies as well as education service providers, all activities were affected. We anticipate local service providers that choose to take advantage of this waiver can begin to do ITAs for in-school youth as early as PY21.
- In PY19, Minnesota reported 87 eligible training providers with over 2,700 programs. For PY20, the state currently has 99 eligible providers with just under 3,300 programs. We anticipate the number of registered eligible training providers serving youth will continue to increase by at least 5% in the next 12 months; and
- All ITAs will use training providers on the ETPL.
- The ongoing pandemic has affected outcomes from mid-2020 to present. Despite progress made to date, the virus continues to impact opening of educational facilities, staff and students. While some aspects of classroom training can be done virtually, others cannot. This could include labs for students in a health care pathway, hands-on skills required to repair vehicles, etc.

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) will be the individuals affected by the waiver, especially youth who are under-represented in the workforce. These youth have multiple barriers to employment requiring

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.

April 14, 2021