

**U.S. Department of Labor**

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



November 24, 2021

The Honorable Eric J. Holcomb  
Governor of Indiana  
Office of the Governor  
State House  
Room 206  
Indianapolis, IN 46204

Dear Governor Holcomb:

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 request was received on September 24, 2021. This letter provides the Employment and Training Administration's (ETA) official response to your request and memorializes that Indiana will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by Indiana 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).

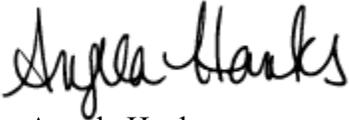
Requested Waiver: Waiver associated with the requirement at WIOA Section 129(a)(4)(A) and 20 CFR 681.410 that the state and local areas expend 75 percent of Governor's reserve youth funds and local formula youth funds on out-of-school youth (OSY).

ETA Response: ETA approves for Program Year (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. The State may lower the expenditure requirement of Governor's reserve to 50 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 Indiana to implement its plan to improve the workforce development system.

In addition, ETA approves for PY 2021, which includes the entire time period for which states are authorized to spend PY 2021 funds, the State's request to waive the requirement that local areas expend 75 percent of local youth formula funds on OSY. Indiana may lower the local youth funds expenditure requirement to 50 percent for OSY. As a result of this waiver, ETA expects that the number of in-school youth served will increase, and performance accountability outcomes for overall WIOA Youth (including both in-school and out-of-school youth) will remain steady or increase for the majority of the WIOA Youth performance indicators.

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,

A handwritten signature in black ink that reads "Angela Hanks". The signature is written in a cursive, flowing style.

Angela Hanks  
Acting Assistant Secretary

Enclosure

cc: Frederick D. Payne, Commissioner, Indiana Department of Workforce Development  
Rose Zibert, Chicago Acting Regional Administrator, Employment and  
Training Administration  
Julie Baker, Federal Project Officer, Employment and Training Administration



## WAIVER REQUEST 2 STATE OF INDIANA

### Waiver of Governor's Reserve and Local Formula Youth Funds on OSY

1. The statutory and/or regulatory requirements the State would like to waive:

The State of Indiana is requesting a waiver from Section 129(a)(4)(A) and 20 CFR 681.410, which require not less than 75 percent of funds allotted to states under Section 127(b)(l)(c), reserved under Section 128(a), and available for statewide activities under subsection (b), and not less than 75 percent of funds available to local areas under subsection (c), shall be used to provide youth workforce investment activities for OSY.

Indiana is requesting an extension of the following waiver to this statutory and regulatory provision: A waiver of the requirement to expend 75 percent of funding on the OSY population. Indiana is requesting that this percentage be lowered to 50 percent.

A waiver of the requirement that local funding meet the 75 percent minimum expenditure requirement. Indiana requests that this percentage be lowered to 50 percent to align with the statewide target (see 1 above).

A waiver of the requirement to expend 75 percent of Statewide Activities funding on the OSY population. It is requested to reduce this percentage to 50 percent to allow flexibility of funding special projects that meet the vision and mission of the state.

### Goals and Expected Programmatic Outcomes of Waiver

Because JAG Indiana serves students with significant barriers to graduation, approval of this waiver will allow Indiana to continue to invest in at-risk youth before they drop out of high school. When entering the program, approximately 40% of JAG Indiana students have low academic performance or are basic skills deficient.

JAG Indiana serves more than 5,000 in-school youth who are at risk for dropping out of high school in 125 school-based programs. JAG Indiana has proven outcomes with students graduating at a rate of over 96%, which remains higher than the 2020 state graduation rate of 87.6% for all students and 85% of those who receive Free/Reduced price meals. JAG Indiana and WIOA performance goals are aligned to achieve positive outcomes with a focus on attainment of a credential and placement in higher education or training, employment, or military service.

School administrators and counselors refer students to the JAG Indiana programs because of the successful model and associated outcomes. This vulnerable population receives daily counseling and support by "Specialists" while delivering competency-based curriculum. Central to the JAG model is a focus on serving the most disadvantaged youth in communities most in need across Indiana. There is an inherent focus on diversity, equity, and inclusion in our programming both in JAG and WIOA youth services, as enrollments across in-school and out-of-school youth lean into minority populations across multiple intersectionalities, including, but not limited to gender, race, sexual orientation, and disability status. Access to high quality programming, like JAG, for these students is of the utmost importance to

their sense of belonging and identity which fuels their success in school, as showcased in overall programmatic outcomes on page 3.

JAG Indiana has been long supported by a multitude of funding streams, including WIA (now WIOA) and a state dropout prevention funding line item in the state's biennium budget. However, due to COVID-19, funding support for state programs was decreased by 15% just prior to the start of the 2020-21 school year. Local Workforce Development Boards who operate JAG Indiana programs in their communities (over 90 different communities across the state) faced challenges in sustaining their long-successful programs which provide support to students most in need.

Due to the budget constraints, nearly 600 students across the state were due to be impacted by potential program closures. As they do, local WDB's and the Department of Workforce Development looked for myriad ways to continue to provide services to our most at-risk youth through streamlining service delivery in partnership with other state agencies and community partners and an increase in the use of our prior WIOA waiver related to the 25% in-school limitation, with more regional partners taking advantage of the 50/50 split granted through our 2020-23 state plan waiver request. At the onset of the 2020 program year and similar to prior program years, numerous WDB's were on track to expend over 25% of their funds on the JAG Indiana in-school youth program, with the aide of the WIOA waiver; however, due to the impact of COVID-19 in schools these same WDB's face continued funding challenges with increased demand for in-school related services for the 2021 program year. As the 2020-21 school year began, Indiana, like most other states, was still in "lock-down" status with varying restrictions and re-opening plans in our school partners. These restrictions created issues such as:

- Virtual or hybrid students having no access to high school elective courses, such as JAG, which lead to low enrollments; Indiana saw an overall 15% decrease in enrollments during the 2020-21 school year; and
- Virtual and hybrid students were disengaged in classes, which can be seen in the decreased attendance in JAG classes; Indiana saw an overall decrease in student contact hours from prior average of 120 to 85 average hours during the 2020-21 school year.

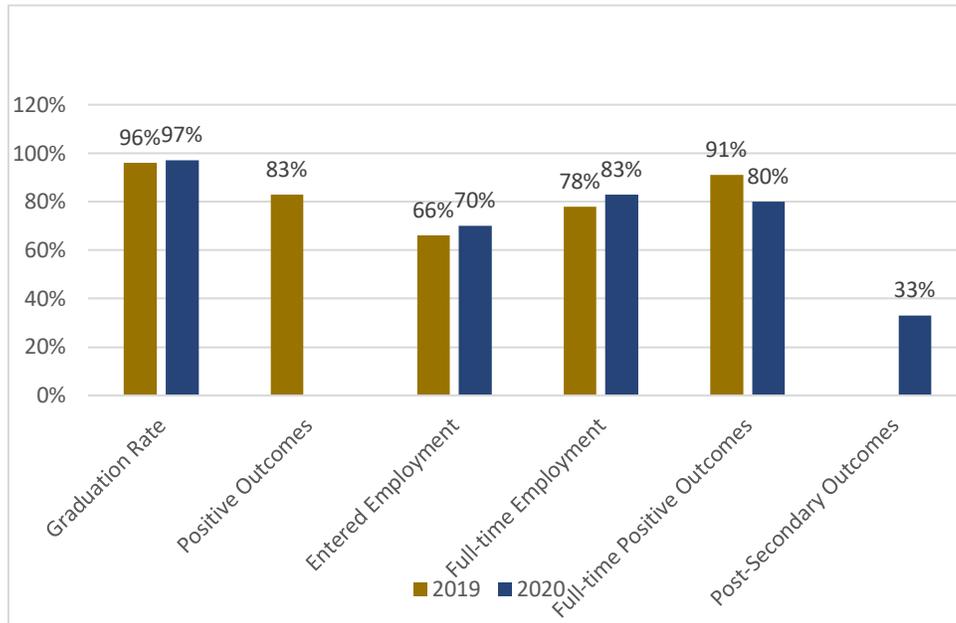
Specific goals of this 2021 waiver request are to:

- Increase flexibility of WIOA Statewide Activities and formula funding to support:
  - The implementation of evidence-based programs and strategies;
  - Progress toward closing the economic inequity gap;
  - Placing more Hoosier youth on the path to high-wage skills; and
  - Increase college readiness.

**All four of the above strategies can be met by continuing to serve and/or increase the number of high school youth served through the JAG Indiana dropout prevention program.** This allows us to be proactive about addressing the out-of-school youth problem, while simultaneously increasing the number of youth who enter the workforce and/or post-secondary education with the skills to succeed in either goal.

Of the over 4,000 in-school JAG Indiana youth who were served last year, history shows that we could have expected 16% of them to drop out. With a graduation rate of 86% for low-income youth, the number of in school youth who were saved from out-of-school status is estimated at 640 youth through

the implementation of the JAG Indiana program. Despite challenges due to COVID-19, which forced students to stay home and learn remotely and/or caused temporary and sometimes permanent job loss among Hoosier youth, in nearly every category, students enrolled in the JAG Indiana program achieved results matching or exceeding its past outstanding outcomes for youth with barriers to success. Outcomes include:



\* For the Class of 2020, a new metric, Post-Secondary Outcomes were added, and Positive Outcomes were eliminated.

Although not all JAG Indiana students are co-enrolled into WIOA youth programming, nearly all in-school WIOA youth enrollments are JAG Indiana students. Blended funding is vital to the success of co-enrolled students, opening up a bevy of supportive services, training funds and more that supports the long-term success of these co-enrolled WIOA in-school youth students, which has been historically documented in Indiana’s successful attainment of WIOA performance measures, including employment, education or training placements, credential attainment, median earnings and measurable skills gains.

As of the writing of this waiver request, quarterly youth performance ending March 31, 2020, demonstrates Indiana’s track record for success, although during this reporting period, we had only just entered COVID-19 statewide restrictions:

Performance Items Youth	Received Services other than Occupational Skills Training	Received Occupational Skills Training	Total Current Period	Total Previous Period
<b>D. Core Indicators of Performance</b>				
1. <b>Employment, Education, or Training Placement Rate (Q2)</b> (Cohort Period:1/1/2020-3/31/2020)	71.8%	89.1%	74.6%	75.4%
2. <b>Employment, Education or Training placement Rate (Q4)</b> (Cohort Period:7/1/2019-9/30/2019)	78.4%	87.1%	79.8%	77.1%
3. <b>Median Earnings</b> (Cohort Period:1/1/2020-3/31/2020)	\$3,478	\$5,229	\$3,557	\$3,671
4. <b>Credential Rate</b> (Cohort Period:7/1/2019-9/30/2019)	70.5%	70.6%	70.5%	70.4%
5. <b>Measurable Skill Gains</b> (Cohort Period:1/1/2021-3/31/2021)	49.9%	22.8%	46.7%	17.0%

**Alignment with U.S. Department of Labor (USDOL) Policy Priorities**

This waiver request aligns with the following USDOL policy priorities, as found in the USDOL Fiscal Year 2018 – 2022 Strategic Plan and the WIOA law and federal regulations:

- The USDOL Employment and Training Administration (ETA) has a strategic objective to create customer-focused workforce solutions for American workers, including development of a strong youth pipeline;
- The ETA has prioritized improvement of the effectiveness and efficiency of workforce development programs, including supporting state and local flexibilities to enable these entities to effectively tailor their workforce strategies to meet their needs;
- The ETA focuses on programs that support work-based learning, skills development, and work readiness while promoting training strategies that lead to credential attainment and closing the skills gap;
- The ETA has prioritized implementation of evidence-based programs and strategies, including adoption of proven programs and strategies;
- The WIOA places a strong emphasis on work experience for youth participants, requiring that 20 percent of WIOA Youth funding be expended on this element;
- The WIOA promotes strong partnerships to leverage resources and increase opportunities for youth; and
- The WIOA prioritizes participant success, as measured by skill gains, entry into and retention of employment

**Quantifiable Projected Programmatic Outcomes Resulting from Implementation of the Waiver**

As previously noted, Indiana’s high school graduation rate has stagnated at less than 90% for years. While Indiana school counselors are over-burdened with increasing caseloads of students, averaging 532:1 (more than twice the recommended caseload), and growing administrative responsibilities, the State of Indiana is requesting increased flexibility of WIOA Statewide Activities funding to implement a statewide program focused on providing a comprehensive set of services designed to keep In-School Youth (ISY) attached to the education system to improve their rate of success in achieving educational and career goals. The DWD has identified the Jobs for America’s Graduates program to be this solution in schools where it is most needed, given its previously described history of success and linkages to employers and community resources that will best benefit the students it serves.

Following the JAG National performance outcome requirements, DWD and the JAG Indiana program, pledge to strive to meet the following requirements:

<b>JAG National Follow-Up Outcomes</b>	<b>Multi-Year (Juniors and Seniors)</b>	<b>Alternative Education Setting</b>
<b>Standard 2.2a</b> - Graduation or GED/HSE Equivalency	90%	75%
<b>Standard 2.2b</b> - Employment	60%	50%
<b>Standard 2.2c</b> - Full-Time Employment (30-hours/week)	60%	50%
<b>Standard 2.2d</b> - Total Full-Time Positive Outcomes (All but PTN)	75%	60%

<b>Standard 2.2e</b> - Further Education Rate: All Post-Secondary, Credential/Certificate, Apprenticeship – (Enrolled or Completed)  *Baseline for Class of 2020	35%*	30%*
<b>Standard 2.3</b> - Unable to contact rate	<5%	<5%

Additionally, in the classroom, the following outcomes serve as guideposts to student success while they are active in the program:

Non-Senior Performance Outcomes	MY	AE
<b>Standard 2.4a</b> - High School Transition/Matriculation to Next Grade	90%	75%
<b>Standard 2.4b</b> - Improvement in Attendance Rate	70%	50%
<b>Standard 2.4c</b> - Academic Improvements	90%	75%
<b>Standard 2.4d</b> - Reduction of Discipline Referrals	60%	60%
<b>Standard 2.4e</b> - Reduction in One or More Indicators/Barriers at the end of the program year	90%	90%
<b>Standard 2.5 -Program Goals for Model Applications</b>	<b>MY</b>	<b>AE</b>
<b>2.5a Improvement in Attendance Rate</b> Participants who had 10 or more absences the previous school year will increase attendance during the current academic year.	70%	50%
<b>2.5b – Academic Improvements (Measurable Skills Gains)</b> Participants improve academic progress in reaching any of the goals towards high school completion (as defined by documented outcomes below):  <ul style="list-style-type: none"> <li>• Increased GPA</li> <li>• Increase in credit attainment</li> <li>• State Standardized Test(s)</li> </ul> *Baseline Numbers for 2022	90%	75%
<b>2.5c- Participation in Career Association/Professional Association</b> On average participants will complete a minimum number of hours in CA/PA meetings and activities.	10	7.5
<b>2.5d- Completion of Service-Learning Projects</b> On average participants will complete a minimum number of service-learning hours.	10	7.5
<b>2.5e- Participation in Assessment</b> Participants’ interests and/or abilities will be assessed, and an individual development plan will be constructed and documented.	90%	90%

<b>2.5f- Reduction of Discipline Referrals</b> Participants who have been identified with the A.8 barrier will avoid additional discipline referrals during the school year (documented in- or out-of-school suspensions, expulsions).	60%	60%
<b>2.5g - Average Number of Selection Criteria/Barriers</b>	6.0	6.0
<b>2.5h - Reduction in One or More Indicators/Barriers at the Completion of JAG Services</b> Participants have a reduction of at least one indicator/barrier by the end of the program year.	90%	90%
<b>2.5i - Contact Hours Per Participant</b> Each participant should meet the average number of contact hours for their model application per full program year.  *Recommended 40 hours per participant in the OOS model.	130	80
<b>2.5j - Average Number of JAG Competencies Attained</b> *= over a 2-year period	up to 87*	20/37

### Individuals Impacted by Waiver

Currently, JAG Indiana utilizes a limited amount of WIOA funds to operate its in-school model. If Indiana is limited to 25% of WIOA youth funding to serve only in-school youth, DWD would be forced to close over 15 JAG Indiana programs across the state, potentially removing over 600 students from the dropout prevention program and negatively impacting local communities statewide. As previously noted, due to COVID-19, the need for programming and services designed to assist students in graduating high school is more critical than ever. This waiver will ultimately impact Indiana’s at-risk young adult population. American Job Center and subcontracted service provider staff, workforce development partners, employers, parents, and school counselors will also benefit from the waiver.

### Plans for Monitoring Implementation and Collecting Waiver Outcome Information

WIOA programmatic reviews will include an evaluation of how local waivers are being utilized to ensure programmatic goals and outcomes are being met. The regional Youth Directors and state staff dedicated to the administration of the WIOA Youth program will continually examine the effectiveness of waivers throughout the PY, including bi-annual desk reviews. This strategy ensures that the objectives described above, as well as those outlined in the existing state and local WIOA plans, are consistent with established objectives of the WIOA, and federal and state regulations.

Since 2006, the State has utilized an electronic case management system for all federal and state eligibility-based workforce investment programs. This system, Indiana Career Connect, is configured to support the full integration of programs, eligibility determination, service recording and tracking, and performance tracking for WIOA, TAA, Wagner-Peyser, Veterans Employment and Training Programs, and Reemployment Programs, as well as for local programs throughout the State, regardless of funding source. Indiana Career Connect has been designed to record service delivery information on every client service while providing transaction records necessary to document program performance. This

crossmatch of data allows DWD and Workforce Development Boards to effectively determine such outcomes as credential attainment, employment status and participant earnings in a more rapid timeframe than other mechanisms. DWD will monitor the progress of the waiver implementation through analysis of local performance results as well as through ongoing oversight and exchanges with local area management and staff.

**Notice to Local Boards and Public Comment**

This waiver request will be available for public comment prior to submission to USDOL/ETA for consideration. The waiver request will be shared with each of Indiana's twelve local workforce development areas, posted on DWD's website, and a copy maintained at DWD's central office for inspection upon request.