U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210

June 3, 2026

The Honorable Mike Braun
Governor of Indiana
200 W. Washington Street, Room 206
Indianapolis, IN 46204

Dear Governor Braun:

Thank you for your waiver request submission to the U.S. Department of Labor (Department) regarding certain statutory and regulatory provisions of the Workforce Innovation and Opportunity Act (WIOA) and the accompanying plan to improve the statewide workforce development system (enclosed). The waiver requests were received on March 30, 2026, as part of your recent WIOA State Plan modification submission. 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 of Labor's authority to waive certain requirements of WIOA Title I, Subtitles A, B, and E, and Sections 8–10 of the Wagner-Peyser Act in WIOA Section 189(i).

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

ETA Response: ETA approves, for Program Years (PY) 2026 and 2027, which includes the entire time period for which states are authorized to spend each of those PY fund allotments, 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. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of the State to implement its plan to improve the workforce development system.

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

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

The 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,

Henry Mack

Henry Mack, Ed.D.
Assistant Secretary

Enclosures

cc: Josh Richardson, Commissioner, Indiana Department of Workforce Development
Pam Gerassimides, ETA Regional Administrator
Julie Baker, ETA Federal Project Officer

INDIANA ALL WAIVERS

IN WAIVER #1: 75% for OSY

State of Indiana WIOA Youth Waiver Request

Out of School Youth (OSY) Expenditure Requirement

Program Years 2026 and 2027

Identification of Statutory and/or Regulatory Requirements to Be Waived

The State of Indiana requests renewal of a previously approved waiver of Section 129(a)(4)(A) of the Workforce Innovation and Opportunity Act (WIOA) and its implementing regulation at 20 CFR 681.410. These provisions require that not less than 75 percent of WIOA Youth funds allotted under Section 127(b)(1)(c) and distributed to local workforce development areas (LWDAs) under Section 128 be expended on out-of-school youth (OSY).

Indiana seeks authority to reduce the minimum OSY expenditure requirement from 75 percent to 50 percent statewide; to align local area targets with the same 50 percent benchmark; and to apply the 50 percent OSY requirement to statewide youth activities funding for Program Years (PY) 2026 and 2027.

Absent renewal, LWDAs would be required to reduce ISY programming in order to meet the statutory threshold. This would limit early intervention strategies and weaken long-term workforce pipeline development. OSY services remain a priority and continue to receive substantial investment; however, maintaining a 75 percent threshold would significantly restrict local flexibility to sustain and modernize in-school youth (ISY) programming aligned with graduation support, career exploration, and early workforce attachment.

Approval of this waiver will ensure service continuity during PY 2026 and PY 2027 while strengthening performance-driven, career-focused youth models statewide within a fully WIOA-aligned framework as the State transitions from prior state-supported youth engagement models, including Jobs for America's Graduates (JAG).

Actions Undertaken to Remove State or Local Barriers to Waiver Implementation

Indiana has not identified statutory barriers that prevent implementation of the waiver.

As the State evolves its youth service delivery approach, this waiver will continue to provide local areas with the flexibility to design and deploy new school-based engagement strategies that are responsive to community-specific needs while remaining fully compliant with all federal WIOA program requirements.

State guidance will reinforce expenditure tacking requirements, documentation standards and performance accountability expectations to ensure responsible use of federal funds.

Description of the State's Strategic Goals

Indiana's youth strategy aligns with the State's core workforce development pillars established in the 2024-2027 WIOA State Plan: removing barriers for workers, preparing future skilled workers, and helping employers find and develop skilled talent. This strategy addresses both immediate workforce demands and long-term talent development by aligning youth programming with regional labor market demand, high-growth sectors, and the State's commitment to high-quality credential attainment as the primary driver of broad-based upward mobility.

The cancellation of Jobs for America's Graduates (JAG) funding represents both a transition point and an opportunity for strategic evolution aligned with federal workforce priorities. Indiana previously utilized JAG as its primary dropout prevention strategy for in-school youth. A key priority is the continued stabilization and strengthening of ISY services as the State shifts to a more fully integrated, WIOA-centered service model.

The 50 percent OSY expenditure waiver is essential to achieving Indiana's goals because it provides the fiscal flexibility necessary to recalibrate and maintain school-based youth services, within a fully compliant WIOA framework, without compromising OSY priority and performance. This approach allows Indiana to intervene early with eligible youth facing barriers before disconnection occurs, directly supporting the State's goal of building continuous talent pipelines from secondary education through post-secondary training and employment.

Flexibility at the local level remains critical to adapting services in response to shifting funding contexts and local needs. Programs for both ISY and OSY are aligned with Indiana's priority sectors and emphasize connecting young adults to high-wage, high-demand employment opportunities through work-based learning models. LWDAs may align WIOA Youth services with structured career coaching initiatives or similar school-based engagement approaches where these models exist locally. In such cases, WIOA Youth funds support eligible participants through documented case management, Individual Service Strategy (ISS) development, employer coordination, and performance tracking within a compatible framework, preserving early engagement and dropout prevention while strengthening accountability through the 14 WIOA Youth Program Elements.

The waiver preserves fiscal capacity for LWDAs to expand structured work-based learning opportunities tied to in-demand industry sectors through employer partnerships, to provide individualized barrier mitigation supports measured against WIOA performance indicators, and to maintain intensive ISY outreach, enrollment, and re-engagement services. Without this flexibility, the 75 percent OSY expenditure requirement would force LWDAs to significantly reduce or eliminate structured school-based interventions for eligible ISY, even when those interventions directly support WIOA performance outcomes and prevent future disconnection.

The waiver renewal also directly supports U.S. DOL's priorities under WIOA and aligns with the five pillars of America's Talent Strategy as follows:

Industry-Driven Strategies: The waiver advances industry-driven talent development by enabling expanded employer-connected work-based learning models within both secondary schools and OSY programming. This builds reliable talent pipelines that respond to employer-defined skill requirements and prepares youth for immediate entry into high-wage, in-demand occupations upon training completion and credential attainment.

Worker Mobility: Indiana's balanced OSY/ISY investment strategy enhances worker mobility by removing barriers to education and employment before they become entrenched. For ISY, the waiver enables early intervention that prevents disconnection, supports credential attainment, and ensures seamless transitions into postsecondary education, training, or employment. For OSY, the waiver preserves intensive case management and barrier mitigation services that bring disconnected youth back into the labor force and connect them with career pathways aligned with labor market demand. Indiana's focus on portable, industry-recognized credentials and competency-based assessments within both ISY and OSY services supports mobility across industries and advancement within career pathways.

Integrated Systems: The waiver supports system integration by enabling Indiana to unify school-based youth services under the WIOA accountability framework rather than maintaining parallel service structures. Indiana coordinates WIOA Youth services with Title II Adult Education programs, Title IV Vocational Rehabilitation, and local education agencies to ensure seamless access to resources and wraparound services. The State's approach aligns with federal emphasis on coordinated service delivery where WIOA core programs work together with employers to arrange work-based learning opportunities. The waiver provides the flexibility necessary to sustain these partnerships and embed workforce development services within educational settings without fragmenting service delivery or creating duplicative administrative structures.

Accountability: Indiana's waiver implementation reinforces performance accountability through multiple mechanisms. To operate in full WIOA compliance, school-based ISY services must adhere to federal and state standards for intake, service delivery, and outcome reporting. This accountability framework ensures that waiver flexibility translates into measurable results for participants and taxpayers rather than simply expanding services without outcome focus.

Flexibility and Innovation: The waiver itself represents the flexibility and innovation emphasized in America's Talent Strategy. Indiana is piloting performance-driven models, such as the Indiana Commission for Higher Education (CHE) Career Coaching Grants, that integrate workforce development into education settings while maintaining rigorous accountability standards, consistent with federal innovation guidance (TEGL 05-25) encouraging states to test new approaches that can adapt quickly to labor market changes.

Indiana does not anticipate a reduction in OSY enrollment or performance as a result of this waiver. Rather, the State expects that earlier, structured ISY engagement for eligible youth will strengthen long-term credential and employment outcomes, reinforce the overall youth workforce pipeline, and prevent future disconnection. The waiver supports innovation and local responsiveness while maintaining accountability, ensuring that Indiana's youth workforce system is positioned to meet the demands of a rapidly changing economy and to deliver measurable results for participants, employers, and communities across the state.

Indiana's balanced investment model ensures that both ISY and OSY participants remain connected to education, training, and employment pathways aligned with regional labor market demand. By preserving flexibility for school-based engagement within a WIOA-centered structure with this waiver, the State can expand early intervention strategies, strengthen employer partnerships, and increase access to structured work experiences that build sector-based skills.

Quantifiable Projected Programmatic Outcomes

Indiana anticipates that renewal of this waiver will support performance stability while preserving service capacity across youth populations. Under the approved 50 percent OSY threshold currently in place, the State has maintained balanced service delivery while meeting or exceeding federal performance indicators for median earnings, credential rate and MSG as noted below:

State of Indiana	WIOA Youth PY 2024 Performance Outcomes	
	Negotiated	**Actual**
Employment 2Q	80.00%	78.50%
Employment 4Q	82.10%	80.10%
Median Earnings	$4,300.00	$4,980.00
Credential Rate	68.00%	69.20%
MSG	69.00%	77.30%

Through renewal of this waiver, Indiana anticipates maintaining strong performance across all primary WIOA Youth indicators while strengthening service alignment in the post-JAG funding environment.

Based on current performance trends and projected service stabilization, the State anticipates the following measurable outcomes over the waiver period:

Credential Attainment: Maintain performance at or above 68.0 percent, with a targeted improvement range of 1–3 percentage points as credential pathway alignment and documentation practices are strengthened.

Measurable Skill Gains (MSG): Sustain performance above negotiated levels, maintaining at or above 69.0 percent, recognizing current performance of 77.3 percent and the State's commitment to consistent milestone tracking.

Work Experience Participation (ISY): Increase ISY participation in paid and unpaid work-based learning activities by approximately 5–10 percentage points as funding flexibility allows for expanded structured placements aligned with regional demand sectors.

Employment 2nd Quarter After Exit: Return to and maintain performance at or above the 80.0 percent negotiated level through continued emphasis on work-based learning and industry alignment.

Employment 4th Quarter After Exit: Return to and maintain performance at or above 82.1 percent, consistent with negotiated expectations.

Median Earnings: Sustain earnings outcomes at or above current PY24 actual levels ($4,980), reflecting continued alignment with in-demand industry sectors.

ISY Enrollment Expansion

Indiana projects ISY enrollments among youth with barriers to education and employment to remain stable or to moderately increase by 1-5 percent over the waiver period. Target populations include youth in rural communities, youth with disabilities, youth in or aged out of foster care, youth experiencing homelessness, English language learners, and justice-involved youth.

Current PY 2024 ISY enrollment baseline: 1,550 participants

Projected ISY enrollment by end of waiver period: 1,565 – 1,628 participants

The waiver provides fiscal flexibility for LWDAs to invest in outreach, eligibility determination, and service delivery infrastructure within schools where these youth are already engaged. Indiana anticipates steady enrollment growth as LWDAs stabilize post-JAG service models and formalize partnerships with school counselors, special education coordinators, and community-based organizations serving youth with barriers.

OSY Enrollment Stability

Indiana assures that waiver renewal will not reduce OSY enrollment, service quality, or performance outcomes. The State will maintain or modestly increase OSY enrollment from current baseline levels.

Current PY 2024 OSY enrollment baseline: 1,608 participants

Projected OSY enrollment: Maintain at 1608 or achieve modest growth.

The State will maintain OSY expenditures at or above the 50 percent threshold in all LWDAs and preserve intensive case management and barrier mitigation services for disconnected youth.

Summary

By enabling earlier ISY intervention, the waiver supports a prevention-focused approach that complements rather than competes with OSY services, strengthening the overall youth workforce pipeline while maintaining robust services for currently disconnected youth. These projections reflect modest, incremental improvement and performance stabilization rather than significant performance expansion.

The State's intent is to preserve strong OSY services while strengthening ISY pathway alignment, ensuring that funding flexibility translates into measurable but sustainable performance gains. By preserving flexibility in youth formula funding distribution, LWDAs will be positioned to:

Stabilize ISY service delivery in school-based settings,

Expand structured work experiences aligned with career pathways,

Maintain strong OSY engagement and compliance with federal priorities, and

Sustain accountability across all WIOA Youth primary indicators.

Collectively, these quantifiable targets represent responsible stewardship of federal resources while reinforcing Indiana's commitment to balanced youth service delivery, performance integrity, and long-term workforce pipeline development.

Without waiver renewal, Indiana would face significant disruption to ISY services, reduction in work-based learning capacity, loss of school partnerships built over multiple program years, decreased ability to serve youth with barriers, and potential performance declines as youth services become fragmented rather than unified under WIOA accountability.

Individuals, Groups, or Populations Benefiting or Impacted

The primary beneficiaries of this waiver are eligible ISY, particularly those meeting one or more WIOA-defined barriers to employment, including low-income status, basic skills deficiency, homelessness, foster care involvement, justice system involvement, disability, or other documented barriers.

Opportunity youth vulnerable to academic disengagement will benefit from structured work-based learning that reinforces classroom instruction through applied occupational exposure. These experiences promote career exploration, occupational skill development, and increased attachment to both school and the labor market.

Secondary beneficiaries include employers, educational institutions, community-based organizations and families who will benefit from stronger talent development pipelines and steady or improved youth outcomes.

Monitoring and Oversight Plan, Including Collection of Measurable Waiver Outcome Information

Indiana will continue fiscal and programmatic monitoring to ensure:

Compliance with the 50 percent OSY expenditure threshold through quarterly expenditure reviews and annual reconciliation;

Adherence to WIOA eligibility, documentation, and reporting requirements for all participants;

Balanced investment across OSY and ISY populations with particular attention to preventing displacement of OSY services;

Continuous performance improvement aligned with negotiated federal targets and state strategic goals.

Indiana Career Connect (ICC), Indiana's integrated case management system is configured to support the full integration of programs, eligibility determination, service recording, and performance tracking for WIOA, TAA, Wagner-Peyser, Veterans Employment and Training Programs, Registered Apprenticeships, and Reemployment Programs. The system has been designed to record service delivery information on every client service while providing transaction records necessary to document program performance, enabling real-time monitoring and cross-program data validation.

Performance outcomes will be reviewed regularly through LWDA monitoring visits, data validation processes, and quarterly performance reporting. The State will use these reviews to assess impact, provide targeted technical assistance, and inform future service design adjustments.

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.

Public Comment and Notification Process

Indiana ensured transparency and stakeholder engagement in the development and submission of this waiver renewal.

The draft waiver renewal request was posted on the Indiana Department of Workforce Development (DWD) website as part of Indiana's Draft Unified State Plan and available for a 30 day public comment period from February 18, 2026, through March 20, 2026. A copy was also maintained at DWD's central office for inspection upon request.

Stakeholders could submit written comments through multiple channels including email and U.S. postal mail. Indiana's LWDAs were notified of the state's intent to request renewal of this waiver and invited to share up-front input via email. Local areas had access to the draft waiver and guidance on submitting feedback during the public comment period.

Although no comments were submitted, had there been any comments, all would have been reviewed and considered prior to final submission.