



August 13, 2020

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 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 April 15, 2020. This letter provides the Employment and Training Administration's (ETA) official response to your request. 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 the requirements outlined in WIOA Section 121(d)(2)(A) and 20 CFR Part 678.605, which require selection of a one-stop operator (OSO) through a competitive process every four years.

ETA Response: ETA does not approve the State's request. ETA views competition as an important WIOA reform to ensure effective and efficient use of resources. ETA encourages the State to continue to collect information regarding the impact of OSO competitive selection to inform future decisions regarding the value of the requirement as it relates to customer outcomes.

The ETA Chicago Regional Office will provide technical assistance regarding cost-effective approaches local areas may use to conduct competitive selection of an OSO. In addition, some local areas may benefit from recent changes to the dollar thresholds impacting procurements using the micro-purchase and simplified acquisition methods, as outlined in the June 20, 2018, Office of Management and Budget (OMB), Memorandum (M-18-18).¹ Grant recipients and awardees of federal financial assistance from ETA may apply these new thresholds to any procurement action initiated on or after October 1, 2018.

¹ The OMB memorandum increases the threshold for micro-purchases under federal financial assistance awards from \$3,500 to \$10,000, and the threshold for simplified acquisitions under federal financial assistance awards from \$100,000 to \$250,000. Accessible at https://www.dol.gov/sites/dolgov/files/ETA/grants/pdfs/Grantee_Letter-Micropurchase_and_Simplified_Acquisition.pdf.

ETA is available to provide technical assistance to you in support of your goals. The Department proposed additional flexibility in its budgets for Fiscal Years 2018 through 2021 to give governors more decision-making authority to meet the workforce needs of their states.

If you have questions, feel free to contact my office at (202) 693-2772.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Pallasch".

John Pallasch
Assistant Secretary for Employment and Training

Enclosure

cc: Steve Grove, Commissioner, Minnesota Department of Employment and Economic Development
Rose Zibert, Chicago Deputy Regional Administrator, ETA
Pamela A. Jones, Federal Project Officer, ETA

April 14, 2020

The Honorable Eugene Scalia
Secretary, U.S. Department of Labor
200 Constitution Ave NW
Washington, D.C. 20210

Secretary Scalia,

Minnesota requests a waiver of the requirement that One Stop Operators (OSOs) are to be competitively selected through a Request for Proposal process (RFP). Minnesota serves as a national leader of the One-Stop “consortia model” where Title I-IV partners deliver high quality services to their communities under the leadership of Local Workforce Development Boards (LWDB). The State, LWDBs, and the existing OSOs view the OSO RFP process as burdensome, unnecessary, and expensive. The 20-day public comment period for this waiver ended on March 30, 2020. The comment received is attached.

All local areas in Minnesota have either standing local board committees or formal partnership meetings that address the intent of OSO duties outlined in the Workforce Innovation and Opportunity Act of 2014 (WIOA). Should this waiver be granted, the intent of the law will continue to be met in Minnesota by monitoring performed by the State through existing staff capacity at no cost to our system. To best ensure a quality One Stop System with clear oversight of the Local Workforce Development Boards, Minnesota requests a waiver to this requirement.

Questions on this waiver can be addressed to Lorrie Janatopoulos, (Lorrie.Janatopoulos@state.mn.us), 651-259-7572, or Sean Bibus, (sean.bibus@state.mn.us), 651-259-7576. We are submitting the proposed WIOA waiver in accordance with the format set forth by the U.S. Department of Labor. We would sincerely appreciate prompt action on our request.

Sincerely,



Steve Grove
Commissioner

cc: Pamela Jones, Federal Project Officer, ETA
Steven Scott, ETA

Required elements of DOL waiver requests:

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

Section 121(d)(2)(A) of Workforce Innovation and Opportunity Act (WIOA) requires one stop operators to be designated or certified through a competitive process and that competition provides the best method of ensuring that LWDBs examine operator effectiveness on a periodic basis. Minnesota seeks a waiver for the requirement of a competitive OSO selection process.

2. Actions the State has undertaken to remove state or local statutory or regulatory barriers:

There are no state or local statutory or regulatory barriers that conflict with this waiver request. The State determined this through an extensive conversation both internally and externally with our workforce system providers.

Regardless of our best efforts, during Minnesota’s last OSO RFP process the number of responses is detailed below per area. All responses were from consortia of Titles I-IV in each area.

LWDA 1 –Northwest Private Industry Council	1
LWDA 2 – Rural Minnesota Concentrated Employment Program	1
LWDA 3 – Northeast Minnesota Office of Job Training	1
LWDA 4 – City of Duluth, Duluth Workforce Development	1
LWDA 5 – Central Minnesota Jobs & Training Services	1
LWDA 6 – Southwest Minnesota Private Industry Council	1
LWDA 7 – South Central Workforce Council	1
LWDA 8 – Southeastern Minnesota, Workforce Development, Inc.	1
LWDA 9 – Hennepin/Carver, Workforce Services	1
LWDA 10 – City of Minneapolis, Minneapolis Employment & Training	1
LWDA 12 – Anoka County Job Training Center	1
LWDA 14 – Dakota/Scott, Dakota – Scott Workforce Services	1
LWDA 15 – Ramsey County, Workforce Solutions	1
LWDA 16 – Washington County, Workforce & Veteran Services	1
LWDA 17 – Stearns/Benton, Career Solutions	1
LWDA 18 – Winona County Workforce Council	1

3. State strategic goal(s):

This waiver furthers MN's goal to develop its workforce investment system while continuing a demand-driven focus. The granting of this waiver will assist Minnesota to meet the outcomes and implement the measures identified in its State Plan to ensure accountability agreed to by Minnesota and the Department of Labor's Employment and Training Administration, (ETA), and also to better meet Minnesota's goal of reducing disparities in its workforce as identified in our State Plan.

Currently all local areas in Minnesota have either standing local board committees or formal partnership meetings that address the intent of the OSO in WIOA. The requirement of competitive selection has unfortunately degraded the quality of the current OSO as this administrative process adds additional and unnecessary requirements to the One Stop Partner Consortia and LWDBs. These requirements include but are not limited to the following: develop Request for Proposals (RFP); post the RFP for 30-day public comment; review applications; interview applicants; develop an agreement/contract between the board and applicant; other associated activities.

In Minnesota, the requirement for competitive selection has not achieved the effectiveness envisioned while the disadvantages of the process have burdened the system.

4. Projected programmatic outcomes resulting from implementation of the waiver:

The process has proven to take valuable time away from the focus on the businesses and jobseekers we serve. Less time spent on administrative processes such as facilitating this RFP process enables more dedicated time towards high-level collaboration and innovation to improve our system's design to better meet our priorities and goals.

We estimate the administrative cost of facilitating this requirement as easily exceeding \$200,000 statewide and note that funds needing to be dedicated to this process prevents dedicating these funds for programmatic expansion, innovation, and employer engagement. This requirement also impedes the ability of Minnesota to implement its plan to improve our workforce development system.

This management model allows better service to our job seekers. A continuation of existing competitive selection may actually harm our system. Because Title I-IV providers have existing OSO groups in each LWDA with area-specific knowledge the possibility of an outside entity being designated as the OSO could potentially damage the positive working relationships in place around our State and may end up making things more complicated.

The tangible benefit to Minnesota's jobseekers from this waiver will be improved coordination of system compliance and coordination activities resulting in measurable gains in timeliness and administrative efficiency with respect to the required OSO duties identified in 20 CFR § 678.620. The greater alignment of required one-stop partner programs will also have less tangible qualitative improvements such as more positive and productive relationships between the programs.

5. How this waiver aligns with the Department of Labor’s policy priorities:

This proposed waiver supports the Department of Labor’s FY18-2022 Strategic Plan where ETA has prioritized improving the effectiveness and efficiency of workforce development system. Also, the Department of Labor’s priorities such as improving job and career results, supporting work-based learning, connecting education and training strategies, and supporting employer engagement as well as the State of Minnesota’s goals of reducing employment disparities and improving employer engagement will be furthered by granting this waiver request.

The Department’s policy priorities such as improving job and career results, supporting work-based learning, connecting education and training strategies, and supporting employer engagement will be enhanced by granting this waiver request. Further, the goal of enhancing the performance of Minnesota’s one-stop system will be aided by allowing for greater flexibility in the use of our systems leadership’s time.

6. Individuals, groups, or populations affected by the waiver:

Local boards, units of government, and partners would benefit by removing this administrative burden and free up leadership time and attention for programmatic purposes. Our State’s population utilizing the workforce system’s services, including both persons with barriers to employment and businesses, will benefit from this allowance of greater attention of our leadership to our programs.

7. State plans to monitor waiver implementation, including collection of waiver outcome information:

The State would implement a monitoring component specific to the roles of the OSO as defined in Section 121(d)(2)(A) of WIOA to ensure a transparent process and compliance with the intent of the OSO.

Existing workforce system coordination staff in the State’s CareerForce Division will be utilized to review select LWDB board meeting minutes pertaining to the duties of the OSO as described specifically in 20 CFR § 678.620, attend one board meeting a year, provide ongoing guidance to the LWDBs and OSOs on necessary OSO duties, and produce a subsequent monitoring report annually. Any issues will be addressed with a corrective action plan between the State and the LWDB. A new OSO policy will be produced by the State to reflect this work.

Waiver outcome information will include metrics supporting the positive and successful completion of OSO duties in each area included in our State’s Annual Report.

8. Assurance of State posting of the request for public comment and notification to affected local workforce development boards:

This waiver request was developed in partnership with the local workforce development boards and will be posted for a 20-day public comment period.

Comment received from Minnesota Local Workforce Development Area 2, Rural Minnesota CEP-

“I fully support this waiver request and especially point to number 4, 5 and 6. Continuity and quality of services is paramount within Minnesota’s CareerForce System. This continuity and quality of services is already being provided by the current OSO partners, each of whom are subject matter experts in their field. Coordination among these partners is long established.”