



**JUN 12 2018**

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

Dear Governor Dayton:

Thank you for your waiver request of certain statutory and regulatory provisions of the Workforce Innovation and Opportunity Act (WIOA) and the accompanying plan to improve the statewide workforce development system, submitted as part of your WIOA State Plan modification on April 3, 2018 (copy enclosed). This letter provides the Employment and Training Administration's (ETA) official response to the State's request, and memorializes that Minnesota will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by Minnesota and ETA. This action is taken under the Secretary's authority to waive certain requirements of WIOA Title I, Subtitles A, B, and E, and sections 8 – 10 of the Wagner-Peyser Act in WIOA section 189(i).

**Requested Waiver: Waiver associated with the requirement that local areas expend 75 percent of all formula WIOA youth funds on out-of-school youth (OSY) and 75 percent of any statewide youth funds on OSY required by WIOA Sec. 129(a)(4)(A) and 20 CFR 681.410.**

The State request to waive the requirement that state and local workforce areas spend a minimum of 75 percent of statewide and youth formula funds on youth workforce activities for OSY is approved. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Minnesota to implement its plan to improve the workforce development system. As requested, the State may lower to 60 percent the out-of-school youth expenditure rate. The State's plan indicates that this lower threshold would allow them to increase services to in-school-youth, who meet the Department's definition of homeless. Therefore, ETA approves this waiver for Program Years 2018 and 2019 (July 1, 2018 – June 30, 2020).

ETA is available for further discussion and to provide technical assistance to the State to support achieving its goals. Also, the Department proposed additional flexibility in its Fiscal Year 2019 Budget to give governors more flexibility to meet the workforce needs of their states. If you have questions or wish to explore additional flexibility, feel free to contact my office at (202) 693-2772.

Sincerely,



**Rosemary Labasky**  
Deputy Assistant Secretary

Enclosure

cc:

**Shawntera Hardy, Commissioner, Department of Employment and Economic Development**  
**Christine Quinn, Chicago Regional Administrator, Employment and Training Administration**  
**Pamela Jones, Federal Project Officer, Employment and Training Administration**

## WIOA State Plan 2018 Modification Waiver Request

### The State of Minnesota

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 2018 and 2019 from the Workforce Investment and Opportunity Act (WIOA) Section 129(a)(4)(A) and its 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 it be allowed to lower the out-of-school expenditure rate to 60 percent, which would allow the State to increase services to In-School Youth who meet the U.S. Department of Labor's definition of Homeless.

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.

## II. Waiver Goal and Outcomes:

Goal: Increase individualized services to Homeless In-School Youth while they are still attached to an education institution. Address racial disparities by targeting Homeless In-School Youth.

Outcomes: Reduce the number of Homeless In-School Youth who have to engage with crisis response resources. Increase by 5 percent youth-centered services to Homeless In-School Youth, with emphasis on youth of color. Reduce the high school dropout rate for Homeless In-School Youth by 5 percent, with emphasis on youth of color.

The Minnesota Department of Education (MDE) noted that in the past decade the Homeless In-School population has tripled in the state, growing by an annual average of 15 percent. Many are victims of abuse and many have spent time in foster care and over 70 percent are youth of color. For these young people there is a need for youth-centered services that are specific to their individual needs.

MDE has identified the following number of youth (academic year 2016-17) in the 8th through the 12th grade in the State's public schools who can be classified as "homeless."

Grade	Male	Female	Total
8th	8326 (50.4%)	321 (49.6%)	647
9th	9308 (50.7%)	299 (49.3%)	607
10th	10307 (47.9%)	334 (52.1%)	641
11th	11319 (52.5%)	289 (47.5%)	608
12th	12527 (47.5%)	582 (52.5%)	1109
<b>TOTAL</b>	<b>17871</b>	<b>18253</b>	<b>612</b>

Youth employment counselors can link with the McKinney-Vento Program Homeless Coordinators based in the schools. See <http://education.state.mn.us/MDE/fam/home/> for information about the McKinney-Vento Program. The amended McKinney-Vento Act provides for coordination among service providers, including public and private child welfare and social service agencies, law enforcement agencies, juvenile and family courts, agencies providing mental health services, domestic violence agencies, child care providers, runaway and homeless youth centers, providers of services and programs funded under the Runaway and Homeless Youth Act, and providers of emergency, transitional, and permanent housing. Additionally, the Act focuses attention on providing services to increase attention on college and career readiness. Minnesota's youth workforce development system can support the effectiveness of McKinney-Vento and help to reduce the high school dropout rate with the approval of this waiver.

III. Relationship 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 cited in Minnesota's State plan are those who are especially vulnerable to homelessness, including youth involved with the foster care and juvenile justice systems, and youth with disabilities. Minnesota's Plan points out that State needs to diversify its labor force in order to grow economically: 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. 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 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 address disparities by targeting more resources to Homeless In-School Youth, an estimated 72 percent of whom are youth of color.

IV. Actions Undertaken to Remove State or Local statutory or Regulatory Barriers: There are currently 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: In analyzing the situation of Homeless In-School Youth, the Minnesota Department of Education stated: "Homelessness and highly mobile students are more likely to be chronically absent, missing more than 10 percent of school days . . . Homelessness disproportionately impacts students of color. Seventy-two percent of in-school youth facing homelessness are students of color. American Indian students are over-represented among students experiencing homelessness by a factor of six to one. Black students are over-represented by a factor of four and one half to one." (Minnesota Department of Education, 2017). Students who are homeless are vulnerable to a number of adverse outcomes such as poverty, hunger, acute/chronic health issues with less access to medical and dental care. Students without stable homes are more than twice as likely as others to repeat a school grade, be expelled or suspended or drop out of high school. A quarter or more of homeless students have witnessed violence, and more than half have problems with anxiety and depression (National Center on Family Homelessness, 2011, "America's Youngest Outcasts") The Minnesota Department of Human Services (February 2007) stated that youth employment programs, transportation and culturally specific services are vitally needed by homeless youth in the State. Minnesota made a commitment to eliminate all youth homelessness by the year 2020. As part of this decision, Minnesota's youth workforce system system has been targeting homeless youth to a far greater extent than the country as a whole (estimated three to four times the national average).

WIA Youth Exiter Comparison: Program Year 2014 and Program Year 2015: Percentage of Homeless/Runaway Youth Exiters -PY 2014PY 2015Minnesota8.6%9.6% United States4.7%4.9% Minnesota's Workforce Development Areas (WDAs), youth service providers and youth counselors maintain regular contact with youth shelters, youth opportunity centers, and community action agencies providing employment and training services to homeless youth. In Program Year 2016, Minnesota's WIOA Youth Program served 116 homeless youth. However, only 10 of these individuals were classified as in-school. A new 60 percent out-of-school expenditure rate would permit Minnesota WDAs to address the issue of homelessness among "in-school" youth. This waiver is designed to bring the expertise and skills of youth counselors to serve the needs of identified homeless "in-school youth." This effort will reduce the dropout rate among the homeless population and provide a comprehensive system of support for youth, including case management and counseling services, support services, work-based learning opportunities and goal development assistance. This waiver will further Minnesota's needed efforts, as stated in the State Plan, to diversify its workforce given that the "in-school" homeless population is overrepresented by individuals from communities of color (i.e. 72 percent). Specific Goals for the Waiver PY 2018PY 2019 Number of homeless student to be served150175 Reduction of dropout rate for homeless students10%10% (As appropriate) Number of homeless

students:-- Receiving diploma100110 Registering for post-secondary education7580 Getting jobs, apprenticeships, Military2530 Services for Homeless Youth: Minnesota WDAs provide comprehensive employment/training and support services through the Integrated Resource Teams (IRT). IRTs bring together youth service providers, job center staff, school and social service resources, homeless youth service providers, housing, juvenile corrections and probation officers and others, enhancing the ability to blend and braid funds to meet and support the needs of homeless youth. Use of the IRT assures a shared vision, list of goals, objectives and action steps, including which partners are responsible for each action stop. Minnesota WDA's coordinate with local Homeless Education liaisons in each school district and with the Continuum of Care staff in each area. Approval of this waiver will allow for innovative strategies to address barriers facing targeted youth at a time when they are most at-risk of failure. One outcome will be improved Graduation Rates for targeted youth.

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 a comprehensive set of education and training services to Homeless In-School Youth through coordination of youth-centered programs and services in support of Coordinated Community Plans. The waiver will improve Graduation Rates for Homeless Youth while equipping them with academic and technical skills necessary to improve their employability. This waiver will provide greater support for targeted youth to finish high school and explore a pathway to career and educational opportunities. Supporting Work-Based Learning The waiver allows Minnesota WDAs to provide Homeless In-School Youth with work-based learning while they are still attached to an educational institution. The goal is to place Homeless In-School Youth in work-based learning opportunities with strong worksite supervisors who can act as mentors to youth. The worksite supervisors assess the work readiness of each participant on the worksite through pre and post assessments. Improving Job and Career Results This waiver will allow Minnesota WDAs to provide comprehensive services to Homeless In-School Youth, preventing them from dropping out of school and improving their job and career potentials. Homeless In-School Youth will have an opportunity to build skills and credentials that can help them compete in today's economy. This is a cost-effective strategy to address disparities and assure that all youth have access to quality educational and career exploration opportunities. VII. Individuals Affected by the Waiver Homeless In-School Youth (as defined under WIOA) who meet the age requirements are the individuals affected by the waiver, especially those from communities of color. Homeless In-School Youth have multiple barriers to employment, requiring service providers to braid and blend resources to address their need to build skills and credentials. This waiver permits Minnesota WDAs more flexibility to serve Homeless Youth before they drop out of school. VIII. Monitoring/Local Comment Monitoring DEED's Youth Services Team 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, Youth Committees, community based organizations, workforce development partners, local business and organized labor) is obtained on this waiver.

Additionally, DEED's Youth Team will reach out to youth counselors to obtain comments. DEED will inform the Department of Labor of any comments received.

Minnesota is extending its waiver requests and is renewing the youth procurement waiver. The waiver process meet the requirements under WIA and will be reviewed and updated following final regulations under WIOA.