

**AUG 01 2018**

The Honorable Dennis Daugaard
Governor of South Dakota
500 East Capitol Avenue
Pierre, South Dakota 57501

Dear Governor Daugaard:

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 on May 9, 2018 (copy enclosed). This letter provides the Employment and Training Administration's (ETA) official response to the State's request, and memorializes that South Dakota will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by South Dakota 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 Waivers: Waivers associated with the requirement at WIOA Section 129(a)(4)(A) and 20 CFR 681.410 that states and local areas expend 75 percent of all Governor's reserve and local formula youth funds on out-of-school youth (OSY).

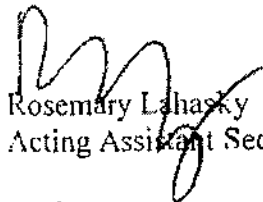
The State's request to waive the requirement that states and local areas expend 75 percent of all Governor's reserve and local formula youth funds on OSY is approved. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of South Dakota to implement its plan to improve the workforce development system. Therefore, ETA approves the requested waivers for Program Years (PYs) 2018 and 2019 (July 1, 2018 through June 30, 2020). South Dakota may lower the target rate for Governor's reserve and local youth funds to 50 percent.

Requested Waiver: Waiver of 20 CFR 681.550 to allow WIOA Individual Training Accounts (ITAs) for in-school youth.

The State's request to waive the requirement limiting ITAs to only out-of-school youth ages 16 – 24 is approved. The State may now use ITAs for in-school youth as well as out-of-school youth. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of South Dakota to implement its plan to improve the workforce development system. Therefore, ETA approves this waiver for Program Years 2018 and 2019 (July 1, 2018 – June 30, 2020).

EIA is also available for further discussion and to provide technical assistance to the State to support achieving its goals. The Department of Labor proposed additional flexibility in its Fiscal Year 2019 Budget to give governors more decision-making authority 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 Lahasky
Acting Assistant Secretary

Enclosure

cc:

Marcia Hultman, Secretary, South Dakota Department of Labor and Regulation
Kendra Ringstmeyer, Director, Division of Workforce Training
Nicholas Lalpui, Dallas Regional Administrator, Employment and Training Administration
Daniel Bernhardt, Federal Project Officer, Employment and Training Administration

WIOA State Plan 2018 Modification Waiver Request

The State of South Dakota

The state of South Dakota is requesting a waiver of the required collection and reporting of performance related data on all students participating in training programs listed on the state's ETPL, as outlined in Sections 116 and 122 of the WIOA law.

Background

The state of South Dakota has been working diligently to implement WIOA's Eligible Training Provider (ETPL) requirements. In the process we have found many challenges and setbacks due to the required reporting performance data.

South Dakota is very rural in population, yet massive in size with a majority of the population being on the eastern side or the extreme western side of the state. Conversely you would also see providers on our ETPL are primarily located in the same location as most of our population. Training provider options in the central portion of the state are limited, yet we have participants in this area of the state interested in improving their skills.

In hopes of rectifying this issue we have extend an invitation to several tribal colleges to join the ETPL. Many of these tribal colleges offer programs of study to individuals, both native and non-Native Americans, in the central part of the state. The tribal colleges have been reluctant to apply once they hear of the reporting requirements, often stating personal identifiable information and privacy consideration issues.

State universities, who have satellite locations in the central region of the state, have also been unwilling to be part of the ETPL due to the reporting requirements. The South Dakota university system fills a need for many participants who have some college credits but need a few more to earn a bachelor's degree. Universities have also increased offerings of short-term certificate and diploma programs to meet business's needs. Yet the need to provide data for all students in a program when only a couple are in WIOA, hinders their desire to take part in the ETPL. It has also been noted that some of the reporting elements required by the ETPL are not items typically requested of students. As a result, we are requesting an established college or university change their process to be included on the ETPL.

The reporting requirements of ETPL training providers has limited training options available to WIOA participants rather than expanding offerings and customer choice.

Describes the actions that the State or local area, as appropriate, has undertaken to remove State or local statutory or regulatory barriers;

There are currently no state or local statutory or regulatory barrier to implementing the requested waiver. State of South Dakota regulations and policy statements are in compliance with current federal law.

Describes the goals of the waiver and the expected programmatic outcomes if the request is granted;

Goal: Provide greater consumer choice to WIOA participants pursuing training via ITAs.

Outcome: With the passage of this waiver, more colleges and universities in the state of South Dakota would be willing to apply and participate in the Eligibility Training Providers List. Many have stated their unwillingness to apply is merely because of the reporting requirements.

Goal: Provide more WIOA participants with the opportunity to pursue training via ITAs

Outcome: Approval of this waiver, would allow the state of South Dakota to expand training opportunities to areas that we were previously unable to, thus building a better and stronger work force.

Describes how the waiver will align with the Department's policy priorities, such as:
supporting employer engagement;
connecting education and training strategies;
supporting work-based learning;
improving job and career results.

We know that South Dakota's workforce has a skills gap. In 2014, Drexel University released a report on "Growth and Change in South Dakota Labor Markets" stating that "most of the state's unemployment is associated with either geographic or skills mismatches" and "Our finding suggest that occupations that require little skill or education were more often characterized by substantial excess labor supply conditions while occupations requiring considerable schooling and/or experience were characterized by labor scarcity in South Dakota." This is amplified by the low unemployment rate in our state. Increasing post-secondary offerings, that are convenient, will assist us in meeting employer's demand.

Describes the individuals affected by the waiver, including how the waiver will impact services for disadvantaged populations or individuals with multiple barriers to employment; and
This waiver would impact South Dakota's WIOA participants, South Dakota Department of Labor and Regulation's local offices (American Job Centers), training providers, and State of South Dakota staff.

Describes the process used to:

Monitor the progress in implementing the waiver;

Provide notice to any local board affected by the waiver;

Provide any local board affected by the waiver an opportunity to comment on the request;

Ensure meaningful public comment, including comment by business and organized labor, on the waiver.

Collect and report information about waiver outcomes in the State's WIOA Annual Report

If this waiver is approved, we will see an increase in the number of training providers included on the ETPL. New providers will apply and receive board approval to be included on the ETPL. The board approval is based on high demand occupational needs in the state. Continued providers will provide general outcomes of student success in a program on an annual basis. This will include the total number of students enrolled in the program of study in the reporting period, the total number of WIOA participants who received training in the program of study in the reporting period, the total number of students who exited the program, the total number of WIOA participants who exited the program, the total number of students who completed the program, the total number of WIOA participants who completed the program, the total number of students who received a credential, the total number of WIOA participants who received a credential, and the overall completion rate for the program. South Dakota's modified Unified State Plan, which includes this waiver request, was posted on the South Dakota's Department of Labor and Regulation's website for comment and review by interested stakeholders. South Dakota also hosted a public forum for comments and questions by the public.