

U.S. Department of Labor

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



May 30, 2024

The Honorable Kim Reynolds
Governor of Iowa
State Capitol
Des Moines, IA 50319-0001

Dear Governor Reynolds:

Thank you for your waiver request submission to the U.S. Department of Labor 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 March 4, 2024, as part of your recent WIOA State Plan submission. This letter provides the Employment and Training Administration's (ETA) official response to your request and memorializes that Iowa will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by Iowa 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 Governor's reserve youth funds and local formula youth funds on out-of-school youth (OSY).

ETA Response: ETA approves for Program Year (PY) 2024 and PY 2025, 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 Iowa'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 expenditure requirement of Governor's reserve funds to 50 percent for OSY and may eliminate the OSY expenditure requirement for Governor's reserve funds.

In addition, ETA approves for PY 2024 and PY 2025, 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 local areas expend 75 percent of local youth formula funds on OSY. Iowa 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 (ISY) served will increase, and performance accountability outcomes for overall WIOA Youth (including both ISY and OSY) 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 waiver 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 blue ink that reads "José Javier Rodríguez". The signature is written in a cursive, flowing style.

José Javier Rodríguez

Enclosure

cc: Beth Townsend, Director, Iowa Workforce Development
Pam Gerassimides, ETA Regional Administrator – Chicago Region
Lori Harris, ETA Federal Project Officer

2024 State Plan Waiver Request - Iowa

Waiver #1: The State of Iowa is seeking a waiver from the WIOA Section 129(a)(4)(A) and 20 CFR Part 681.410, which require not less than 75 percent of funds allotted to states under Section 127(b)(1)(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 Out-of-School Youth (OSY).

Iowa is requesting to:

- lower the minimum OSY expenditure requirement to 50 percent for formula funding at both the state and local levels; and
- eliminate the minimum OSY expenditure requirement for WIOA Statewide Activities funding when providing direct services to youth.

Iowa has continuously met the 75% OSY requirement, and although Iowa has recognized the importance of serving the OSY population, we have also determined that a shift in being able engage more in-school youth (ISY) earlier on may help yield better results in Iowa's overall workforce strategies.

Currently, the 75% OSY requirement limits the ability of the State and local areas to:

- effectively support Governor Reynolds work-based learning initiatives
- partner with state programs such as Iowa Jobs for America's Graduates (iJAG)
- provide valuable services to Iowa's young adults who are at risk of becoming opportunity youth

Creating a system where unified services are available to at-risk young adults through State initiatives and programs are projected to strengthen long-term positive outcomes for this population.

There are currently no state or local statutory or regulatory barriers to implementing the requested waiver. Current State of Iowa laws, regulations, and policies follow federal law, regulations, and guidance.

This waiver request aligns with Iowa's goal outlined in the State Plan: Increase the engagement and awareness of Iowa's current, potential, and

future workforce to the continuum of high-quality education, training, and career opportunities in Iowa.

Specifically, strategies:

- #2: Ensure all Iowa students have opportunities for meaningful work-based learning experiences.
- #3: Target services to underserved populations, including individuals with disabilities, minorities, returning citizens, women, rural Iowans, new citizens, veterans, etc. (to include Youth)

To ensure this waiver positively impacts the Youth program in Iowa, IWD will report on the following projected programmatic outcomes for PY2024 and PY2025:

- Increase co-enrollment of eligible WIOA Title I Youth and organizations that serves at-risk youth participants by 10%
- Enroll five new Youth participants in a Registered Apprenticeship (currently there are zero)
- Iowa anticipates to maintain or improve outcomes for all six WIOA key performance outcomes for the Title I Youth program
- Increase overall Title I Youth program enrollment by 10% at the end of PY25

WIOA places an emphasis on pre-employment education and training as well as access to a continuum of work-based learning opportunities. Further, as stated in TEN 31-16, Registered Apprentices is a valuable work-based training opportunity and a proven model of job preparation that combines paid on-the-job training and related instruction to progressively increase workers' skill level and wages. The approval of this waiver will provide local boards more flexibility to utilize funding to support these strategies in their schools, connecting students to the training and education they need and providing employers with an expanded talent pipeline of available workforce. Additionally, while students who are defined as "in-school" theoretically already have supports available, many students are close to disengaging from the education system and the utilization of this waiver will allow local boards to connect with those students prior to dropping out, connecting them to different education and training strategies that will increase their likelihood of success and improving job and career results.

This waiver will provide Local Workforce Development Boards (LWDBs) the flexibility to serve more youth and young adults in work-based learning,

including apprenticeship, regardless of school status. It will facilitate the provision of the necessary funding and the ease of current regulations essential to designing programs that will aid youth and young adults in the preparation for long-term participation in Iowa's labor force. Economic growth in Iowa and its high-growth industries will be sustained with the infusion of skilled workers ready to fill current job openings and adequately trained for future openings. Additionally, this waiver supports Governor Reynolds plans to ensure all Iowa students have opportunities for meaningful work-based learning experiences. Iowa's students and eligible youth population, as well as Iowa employers who need immediate assistance to fill open positions and train their future workforce, will benefit from this waiver.

Iowa Workforce Development (IWD) will monitor the implementation and outcomes of this waiver through monthly tracking of youth expenditures, utilization of reporting from the statewide data management system, and through programmatic and fiscal monitoring. Notice to all six Local Workforce Development Boards (LWDBs) will be provided by IWD directly through email communication and monthly technical assistance meetings, as well as at the December 2023 State Workforce Development Board meeting. All LWDBs, business, and organized labor will be provided the opportunity to comment on the waiver request through the public comment period of the PY24 WIOA Unified State Plan during December 2023 – January 2024. IWD assures all data collected and reported, including waiver outcomes, will be included in the WIOA Annual Report as required.