

U.S. Department of Labor

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



May 28, 2024

The Honorable Kristi Noem
Governor of South Dakota
500 East Capitol Avenue
Pierre, SD 57501

Dear Governor Noem:

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 requests were received March 03, 2024, as part of your recent WIOA State Plan. This letter provides the Employment and Training Administration's (ETA) official response to your 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 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 of 20 CFR 681.550 to allow WIOA individual training accounts (ITAs) for in-school youth (ISY).

ETA Response: ETA approves, for Program Year (PY) 2024 and 2025, the State's request to waive the requirement limiting ITAs to only out-of-school youth (OSY), ages 16–24. In addition to these OSY, the State may use ITAs for ISY, ages 16–21. ETA reviewed the South Dakota'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. Approval of this waiver should not impede the State's efforts to prioritize OSY, including outreach to the OSY population.

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

ETA Response: 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 the State expend 75 percent of Governor's reserve youth funds on OSY. ETA reviewed South Dakota'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.

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 style with a large, stylized "J" and "R".

José Javier Rodríguez

Enclosure

cc: Kendra Ringstmeyer, Director, South Dakota Department of Workforce
Nicholas Lalpui, ETA Regional Administrator – Dallas Region
Coreena Miller, ETA Federal Project Officer

South Dakota 2024 State Plan Waivers

1. Identifies the statutory or regulatory requirements for which a waiver is requested *and the goals that the State or local area, as appropriate, intends to achieve as a result of the waiver and how those goals relate to the Unified or Combined State Plan;*

Waiver 1: WIOA Section 129(a)(4)(A) and 20 CFR 681.410 – Out-Of-School Youth Expenditure

The State of South Dakota is requesting a waiver from Section 129 (a)(4)(A) and 20 CFR 681.410, which requires not less than 75% of funds allotted to states under Section 127(b)(1)(C), reserved under Section 128(a), shall be used to provide youth workforce investment activities for Out-of-School Youth. South Dakota is requesting a waiver to reduce the 75% funding requirement for out-of-school youth to 50%. South Dakota is a small state and the same employment specialists that work the out-of-school youth program also operate the in-school youth program. While still focusing efforts on out-of-school youth, reducing the expected expenditure rate to 50% will allow an equal financial opportunity to both populations and reduces confusion for staff. South Dakota's Employment Specialists can concentrate on serving youth participants and less on funding categories.

South Dakota DLR has received this waiver for the past four years. This waiver has allowed DLR to foster a relationship with the South Dakota Department of Education (DOE). This connection has subsequently led to collaboration with the Jobs for America's Graduates (JAG) program. Our strategy for assisting JAG students involves engaging with them *after graduation* to enhance our out-of-school youth program. Regular communication with JAG allows employment specialists to develop relationships with students, and if needed, address their needs even before graduation. This connection with high-need students not only benefits our out-of-school youth program but also positively influences our in-school youth program by ensuring students have resources if necessary.

Our collaboration with DOE enabled DLR to establish strong partnerships with local high schools, resulting in increased enrollment in our in-school youth program, with participants as young as 14 and 15 years old. To ensure these students positively impact our youth program by acquiring measurable skills gains and credentials, it's crucial to keep them active and engaged until graduation and beyond. This requires frequent communication and relevant services. To enhance our youth program's performance, a higher percentage

of in-school youth funding is essential, allowing DLR to support these young individuals until they are ready for the workforce or full-time post-secondary education. Recognizing the challenge of maintaining youth engagement over a four-year period for the best program impact, our new strategy involves connecting with in-school youth during their junior or senior year when our program can have a deeper impact.

Historically, South Dakota DLR faced challenges in meeting the 20% expenditure rate for work experience funding in the youth program. The state's low unemployment rate of 2.0% and a youth workforce engagement 12.8% higher than the national average indicated that most ready to work youth were already employed full-time. This struggle recently saw some improvement in the last few program years because our carryover budgets allowed for the Work Experience Policy to be written for 39-hour work weeks, allowing our out of school youth population to have full-time employment. This carryover was quickly spent with the number of hours allowed per week and the increase in starting wages for our state. With the need to adjust to a smaller budget, the Work Experience Policy has been revised to allocate 25 hours per week, prompting out-of-school youth to lean towards full-time employment over work experience participation. The policy is now better suited to an in-school youth's lifestyle, and allocating a higher expenditure for this population will aid South Dakota in meeting the 20% Work Experience Expenditure requirement.

In the years since the COVID-19 Pandemic, South Dakota has seen an increase in alternative education students in the state. Some school districts have begun to create their own programs to assist students with earning their GED® while still being connected to the school. There has also been an increase in the number of students looking for alternatives, even if their schools are not offering a GED® alternative. Whether these students are connected to the school or seeking an independent alternative, they may need assistance in reaching their educational and employment goals. This waiver would allow DLR to be seen as a resource to support these students, whatever their path may be.

Waiver 2: 20 CFR 681.550 – Individual Training Account Usage for In-School Youth

The State of South Dakota is requesting a waiver from 20 CFR 681.550 that allows WIOA Individual Training Accounts (ITAs) for Title I Out-of-School Youth between the ages of 14 and 21. South Dakota is requesting a waiver to allow the state to provide Title I In-School Youth with WIOA ITAs. The waiver eliminates the disadvantage to enrolling a student in need as an in-school

youth. This allows DLR to help those who are in need of assistance to complete their high school education and provide a pathway to post-secondary. In addition, it allows DLR to assist individuals who have started a program of study, but have a significant life change negatively impacting their ability to continue towards their goals. The ultimate goal with this waiver is to provide program flexibility to help youth in need of assistance in reaching their employment goals despite their current education status.

The waiver allows DLR to operate our in-school youth program in alignment with our out-of-school youth program. This eases implementation for a small state like South Dakota, where the same staff work multiple programs. This waiver will allow staff to focus on the participant and not worry about the program differences between in-school and out-of-school youth.

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

Waiver 1: WIOA Section 129(a)(4)(A) and 20 CFR 681.410 – Out-Of-School Youth Expenditure

There is not a state or local statutory or regulatory barrier to implement the requested waiver.

Waiver 2: 20 CFR 681.550 – Individual Training Account Usage for In-School Youth

There is not a state or local statutory or regulatory barrier to implement the requested waiver.

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

Waiver 1: WIOA Section 129(a)(4)(A) and 20 CFR 681.410 – Out-Of-School Youth Expenditure

Goal: Maintain the 20% Work Experience Expenditure Requirement.

The inclusion of in-school youth with short-term, part-time work experiences will help DLR maintain the 20% work experience expenditure requirement. Most of South Dakota's out-of-school youth are looking for full-time employment and cannot afford reducing their weekly hours to twenty-five a week.

Goal: Maintain the Provision of Services to In-School Youth to Continue Engagement with Enrolled Youth.

The increase of younger in-school youth enrolled in our WIOA over the last few program years may negatively impact our Measurable Skills Gain, Credential, and Employment ratings in the youth program, if we are not able to keep these students engaged. The goal is to continue to provide services to the in-school youth population that is enrolled to keep them engaged to the point of finishing high school and entering the post-secondary or employment stage of their life with the help of DLR. By maintaining these youth in our program our Measurable Skills Gain, Credential, and Employment will improve with time. While the state has plans to focus on juniors and seniors in the future, we need to continue services to the younger youth currently in our program and in need of services.

Waiver 2: 20 CFR 681.550 – Individual Training Account Usage for In-School Youth

Goal: Improve the state's Measurable Skills Gains by supporting students as they continue their studies. Part of DLR's Occupational Skills Training policy is that the student must maintain a 2.0 or higher to continue to receive funding for subsequent semesters. By including these students in the youth population, this measurement will be positively impacted.

4. Describes how the waiver will align with the Department's policy priorities, such as:

1. *supporting employer engagement;*
2. *connecting education and training strategies;*
3. *supporting work-based learning;*
4. *improving job and career results, and*
5. *other guidance issued by the Department.*

Waiver 1: WIOA Section 129(a)(4)(A) and 20 CFR 681.410 – Out-Of-School Youth Expenditure

Funding through a partnership with the DOE, Career Ready SD is a team of DLR employees that closely collaborates with DOE, schools, and businesses throughout the state to build sustainable, work-based learning strategies. Employers play a pivotal role in engaging with South Dakota's future workforce through activities such as job shadows, internships, and industry

tours. This early exposure empowers students to make well-informed decisions about their future careers.

The waiver enables the allocation of additional youth funds to provide enrolled in school youth with paid work experiences. This not only allows them to enhance their skills but also build a work history and acquire references through work-based learning. Establishing a connection with youth during high school enables youth to align their remaining education with their career goals.

Through structured career exploration with DLR staff, youth gain exposure to various fields and receive guidance in processing the information gathered to make informed decisions about their future education and career. This proactive approach empowers youth to make well-informed, long-term decisions at a young age.

Waiver 2: 20 CFR 681.550 – Individual Training Account Usage for In-School Youth

DLR is addressing skills gaps in the current workforce by providing financial support for occupational skills training in high-wage, high-demand fields for disadvantaged in school youth. This initiative aims to enhance career advancement prospects for all participants, extending beyond out-of-school youth. With financial assistance and career exploration services from DLR, in school youth will have improved chances of achieving stronger employment outcomes and meet employer's workforce needs.

6. 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*

Waiver 1: WIOA Section 129(a)(4)(A) and 20 CFR 681.410 – Out-Of-School Youth Expenditure

The Career Ready SD team is in close contact with local schools and serve as a referral source for in-school youth in need. They directly connect local schools with DLR employees to start working with students identified by school staff that need further assistance. This can vary from discussing the benefits of completing their high school education, exploring educational alternatives for those that will not be able to complete with the school system, explore career options and the various ways to enter an industry, job shadows

to gain a future direction, or work experiences that reinforce the importance of education.

Below are examples of youth services that our previous waiver allowed DLR to offer. Without the continuation of this waiver, these opportunities for future students may no longer be available.

- A population that DLR has been able to make connections with is students located on the Pine Ridge and Cheyenne River Reservations.
- For the past two summers, DLR has connected with in-school youth in the Pine Ridge area and facilitated summer work experiences. These have been offered on a small scale but have had a high impact on these students, some who have had their first experience with working.
- The work completed with the students from the Cheyenne River Reservation has been focused on seniors and has taken place during the school year. Services provided to students included interest inventories, labor market information, soft skills training and mock interviews. Students were also encouraged to attend FAFSA family night and a career fair that was held at their school. These experiences and services allowed for a strong plan to form for post-secondary life and gave confidence to these students to enter the workforce. Students will benefit from continued follow-up services as needed as they enter their post-secondary lives.

Waiver 2: 20 CFR 681.550 – Individual Training Account Usage for In-School Youth

Individuals who are low-income and have at least one additional barrier to employment are eligible for the in-school youth program. These barriers include being basic skills deficient, English language learner, ex-offender, homeless, currently in or aged out of foster care, parenting, or having a disability. Individuals with these barriers and needs will benefit from this waiver.

6. Describes the processes used to:

1. ***Monitor the progress in implementing the waiver;***
2. ***Provide notice to any local board affected by the waiver;***
3. ***Provide any local board affected by the waiver an opportunity to comment on the request;***

4. ***Ensure meaningful public comment, including comment by business and organized labor, on the waiver.***
5. ***Collect and report information about waiver outcomes in the State's WIOA Annual Report.***

Waiver 1: WIOA Section 129(a)(4)(A) and 20 CFR 681.410 – Out-Of-School Youth Expenditure

Monitoring of the youth program and its progress in implementing the waiver will be completed annually as established in [Policy 6.7 Oversight and Monitoring](#).

While South Dakota has no local board, this state plan, including youth waivers, will be out for public comment. In addition, the state Workforce Development Council will have this plan as an agenda item for review and include time for public comment.

Annual progress on youth waivers will be included in the annual report data DLR issues each year.

Waiver 2: 20 CFR 681.550 – Individual Training Account Usage for In-School Youth

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7. The most recent data available regarding the results and outcomes observed through implementation of the existing waiver, in cases where the State seeks renewal of a previously approved waiver.

Waiver 1: WIOA Section 129(a)(4)(A) and 20 CFR 681.410 – Out-Of-School Youth Expenditure

With this waiver in place, DLR has enhanced its partnership with the South Dakota Department of Education and individual school districts throughout South Dakota. Opportunities to connect with industry and local employers enable youth participants to take ownership of their future and arrive at the most informed decision for their path forward.

Increase Career Exploration services to youth regardless of their educational status.

Career Exploration services include Job Shadows, Provision of Labor Market Information, and Leadership Development Services. With the approval of this waiver in PY18, there have been significant gains in the number of Career Exploration Services provided to youth in South Dakota except for PY20 due to the COVID-19 Pandemic. During PY22, there was a substantial growth in the number of career and training services provided to youth, from 565 in PY21 to 1157 in PY22 (see *Figure 1: Title I Youth Career Exploration Services by Program Year*).

Increase Work-Based Learning services to youth despite their education status. This includes work experiences, internships, pre-apprenticeships, on-the-job training, and job shadows.

South Dakota's low employment numbers make businesses increasingly interested in building student relationships. This waiver allows DLR to offer services to all youth participants equally, resulting in a sizable increase in the number of Work-Based Learning services offered to youth in South Dakota Communities.

As shown *Figure 2: Title I Youth Participants Enrolled in a Work-Based Training Program*, DLR continues to grow the number of work-based learning services increasing the number provided to youth from 237 in PY21 to 331 in PY22.

Enhance partnerships with schools and businesses to increase youth apprenticeship opportunities.

While slightly down from last year, the launch of the Pathway Partnership initiative has created opportunities for those ages 16-24 to take part in apprenticeships (see *Figure 3: Apprentices by Age*).

Waiver 2: 20 CFR 681.550 – Individual Training Account Usage for In-School Youth

This eases implementation in a small state where staff works multiple programs. It reduces confusion for our partners and increases participation.

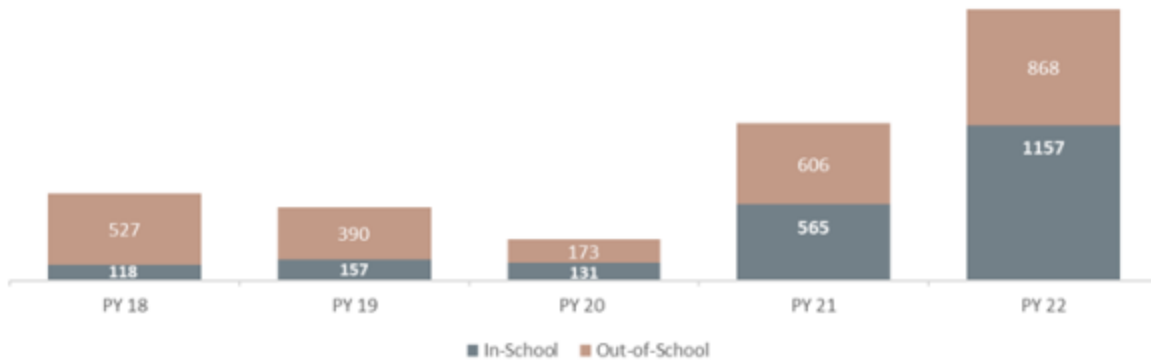
Increase enrollment in South Dakota's WIOA Title I Youth program

This waiver was first approved in PY18. DLR Job Service offices responded quickly to the opportunities provided by the waiver and raised enrollments by 43% in the first program year of waiver approval. From PY18 to PY19, our youth program participation increased by another 44%. COVID-19 contributed to a slight decrease in PY20, but PY21 saw a dramatic growth from 95 ISY participants to 222. PY22 has seen an increase of ISY (see *Figure 4: Title I Youth ISY & OSY Enrollments by Program Year*).

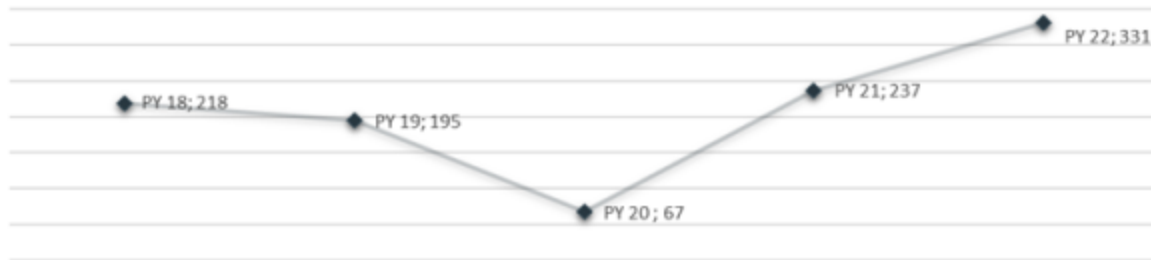
Increase post-secondary options for disadvantaged In-School Youth

Since the implementation of this waiver, DLR has worked to increase post-secondary options for disadvantaged In-School Youth. In PY22, DLR assisted nine in-school youth with an occupational skills training service. While there have been marked increases in occupational skills training services since the implementation of this waiver, there was a dip in in-school youth enrollments for PY20, most likely due to the pandemic, which saw a recovery in PY21 and PY22 (see *Figure 5: Disadvantaged Title I Youth Participating in an Occupational Skills Training*). With the increase in participation, DLR anticipates continued growth in occupational skills training services in the coming years.

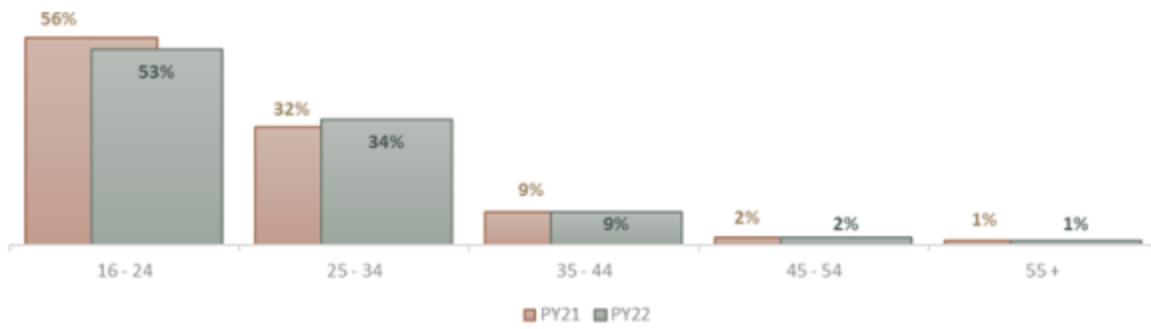
Title I Youth Career Exploration Services by Program Year



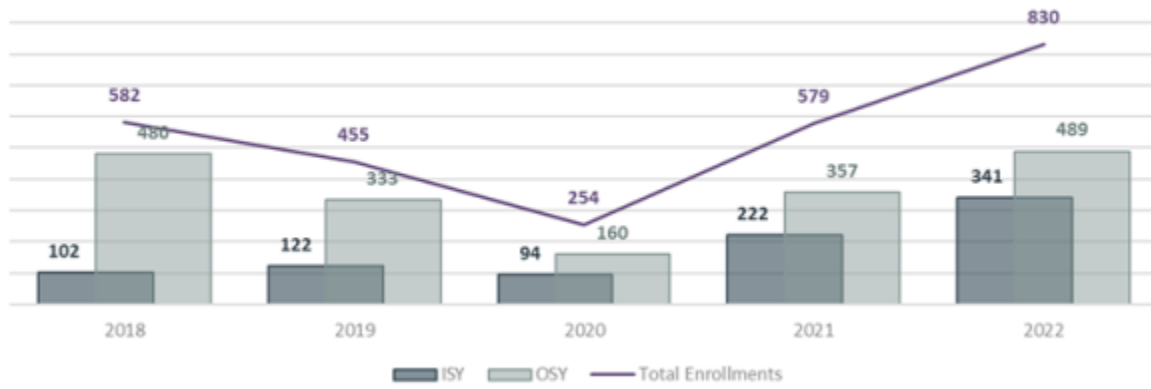
Title I Youth Participants Enrolled in a Work-Based Training Program



Apprentices by Age



Title I Youth ISY and OSY Enrollments by Program Year



Disadvantaged Title I Youth Participating in an Occupational Skills Training

