



AUG 01 2018

The Honorable Eric J. Holcomb
Governor of Indiana
State House, Second Floor
Indianapolis, Indiana 46204

Dear Governor Holcomb:

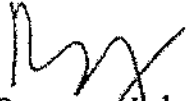
Thank you for your waiver request of certain statutory and regulatory provisions of the Workforce Innovation and Opportunity Act (WIOA), and the accompanying plan to improve the statewide workforce development system, submitted as part of your WIOA State Plan modification on May 9, 2018 (copy enclosed). This letter provides the Employment and Training Administration's (ETA) official response to the State's request, and memorializes that Indiana will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by Indiana 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 Indiana 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). Indiana may lower the target rate for Governor's reserve and local youth funds to 50 percent.

ETA 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:

Frederick Payne, Commissioner, Indiana Department of Workforce Development
Christine Quinn, Chicago Regional Administrator, Employment and Training Administration
Steven Scott, Federal Project Officer, Employment and Training Administration

Indiana

The State of Indiana is requesting a waiver from Section 129(a)(4)(A) and 20 CFR 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 OSY.

Indiana is requesting the following waivers to this statutory and regulatory provision:

1. A waiver of the requirement to expend 75 percent of funding on the OSY population. Indiana is requesting that this percentage be lowered to 50 percent.
2. A waiver of the requirement that local funding meet the 75 percent minimum expenditure requirement. Indiana requests that this percentage be lowered to 50 percent to align with the statewide target (see 1 above).
3. A waiver of the requirement to expend 75 percent of Statewide Activities funding on the OSY population. It is requested to reduce this percentage to 50 percent to allow flexibility of funding special projects that meet the vision and mission of the state.

Background

Indiana's high school graduation rate has been trending at 89 percent for over four years, however, most recently, seeing a decrease to 87 percent for the Class of 2017. According to 2015 data from the Indiana State Department of Health, youth who graduate high school are more likely to be employed, tend to earn higher incomes, and tend to enjoy better health than those who do not earn a high school diploma.

According to the 2018 Indiana Kids Count Data Book, 54 percent of Indiana employers do not believe students are adequately prepared for the workforce, and 47 percent left jobs unfilled in the past year due to underqualified applicants. Employers cite critical thinking, responsibility, self-discipline, communication and teamwork as the most crucial employability skills in today's job market.

Indiana currently has a 600 to one student to school counselor ratio, and each year, counselors are being asked to administer additional job duties that do not allow them the opportunity to counsel students on life after high school. To combat these issues and increase the state's graduation rate, the Indiana General Assembly committed state funds in the 2014 and 2016biennium budgets to dropout prevention funding, which allowed the Indiana Department of Workforce Development to double its high-quality dropout prevention program. However, this funding is not guaranteed in future years to sustain and expand program activities, but can be coupled with formula funds to create a robust dropout prevention and re-engagement program designed to assist Indiana's most at-risk youth.

This waiver is consistent with our Governor's vision to cultivate a strong and diverse economy and develop a 21st Century skilled and ready workforce. Specific to these broad goals, the Governor is working to align workforce and education programs with goals of student matriculation into college or credential programs or skills to go directly into a quality job, create

career pathways for high school students that prepare them for post-secondary options such as apprenticeships and work-based learning experiences, and connect the Department of Education to in-demand industry employer partners.

The above waiver requests will result in increased partnership and collaboration between the Department of Workforce Development, its Workforce Development Boards, local school districts, parents, families and communities, post-secondary institutions, public and private organizations and local employers to support our Hoosier youth and build a strong talent pipeline.

Waiver Goals and Outcomes

Goal: Increase services to at-risk youth in our local schools and communities, despite their educational status.

Expected Outcome: Approval of this waiver request will allow the state and local areas to focus funds and services on engaging at-risk, in-school youth to persist in their educational goals. It is much more cost-effective to keep youth enrolled in school and engaged in a career pathway, which in the long run, can secure quality jobs in in-demand careers.

48 percent of Indiana students are considered low-income in schools, accessing free and reduced price lunches. The requested waiver will allow Indiana's Department of Workforce Development to engage local schools in a collaborative process designed to connect these low-income youth to community resources and high quality educational and career exploration opportunities.

Goal: Increase support and funding for high quality dropout prevention programming.

Expected Outcome: Recent data for scalable dropout prevention programs demonstrate graduation rates at 95 percent or above, with placement into full-time employment and/or post-secondary education rates at 89 percent. These outcomes are noteworthy, as students engaged in existing dropout prevention programs are considered "at-risk" and frequently face multiple barriers, including those who are pregnant and/or parenting, low academic performance, lacking in maturity or motivation, special education certified or has a physical or emotional disabilities, repeated grades in high school, limited English proficiency, are currently or have previously been connected to foster care or the juvenile justice system, and those with family environments not conducive to educational or career goals, including single parent households and households with chronically unemployed parents or uneducated parents.

Goal: Supporting students in school through successful graduation and transition into post-secondary education and employment.

Expected Outcome: A critical component of a youth's success is the connectivity and continuity of high-quality dropout prevention programs that both address high school graduation and transition into further education and/or employment. One of the hallmarks the Workforce Innovation and Opportunity Act is the crucial follow-up service. Providing continued follow-up services and supports for at-risk youth who graduate high school as they transition will only increase performance metrics related to employment rate, credential attainment and median earnings, as they work to increase persistence and retention.

Approval of this waiver will provide greater opportunity for youth to complete high school and continue on a pathway toward multiple career and educational opportunities, including

apprenticeship programs, short-term certificates, associate's or bachelor's degrees, and sustainable employment.

Goal: Improved flexibility of state, local and statewide activities funding to best meet the needs of our citizens and businesses.

Expected Outcome: Approval of this waiver will allow for innovative strategies to address barriers facing at-risk youth on an individualized basis and encourage innovative strategies to address student retention, engagement, transition and successful outcomes. This waiver will also improve the ability of the Workforce Development Boards to develop strategies to align with the workforce and economic needs of their local areas and to design these programs to meet the needs of their youth.

Alignment with Department Policy Priorities

The WIOA encourages strong partnerships to leverage resources and increase opportunities for youth. In the past year, Indiana has appointed a Secretary of career connections and talent and established the Governor's Education to Career Pathway Cabinet, with heads of Indiana's Department of Workforce Development, Department of Education and Commission for Higher Education. Their focus will be to better connect all agencies in an effort to assist youth, including at-risk youth, in leveraging resources and aligning successful program models that lead to student persistence, retention and completion.

Individuals Impacted by the Waiver Request

Indiana's at-risk young adult population, American Job Centers (AJC) and subcontracted service provider staff, employers, parents and school counselors will benefit from the waiver, if approved.

Monitoring Progress and Implementation

Annual WIOA on-site programmatic reviews will include an evaluation of how local waivers are being utilized to ensure programmatic goals and outcomes are being met.

DWD's Youth Initiatives team conducts monthly case management system "desktop" monitoring as it creates programmatic reports reviewing funding streams, enrollments, services and follow-up data. Additionally, the Youth Initiatives team conducts quarterly meetings with local Workforce Development Board Youth Directors to review reports and programmatic progress. Following approval of the waiver, if granted, DWD's Youth Initiatives team will conduct local on-site reviews to discuss in-school and out-of-school youth programs and expenditure plans with each service area. These strategies ensure that the goals described above, as well as those outlined in the existing state and local WIOA plans, are consistent with objectives of the WIOA, and federal and state regulations.

Notice to Local Boards and Public Comment

In preparation for the State Plan amendments, DWD requested feedback/input from Regional partners regarding waivers. Feedback/input was gathered by email request in December of 2017 and again during a face to face meeting with all Regional Executive Directors in January 2018. All parties were notified that any waiver request would be submitted via the State Plan

amendment process and this process would allow for further feedback from the Regional partners as well as the general public during the public comment period.

The draft state plan was posted on the core partners' websites and notice was sent out broadly that the plan was open for public comment. Four meetings (three physical and one call in) were held throughout the state, coordinated by the core partners, to take live public comment. The State Board created a WIOA Implementation taskforce on July 23, 2015. The taskforce was made up of the core partners, employers, education and training providers and other stakeholders. One of the duties of the taskforce was to oversee the development, implementation, and modification of the State plan.