



# Oregon

Kate Brown, Governor

Higher Education Coordinating Commission

Office of Workforce Investments

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## **WIOA Waiver Request: Requirement that 75% of funds available to local areas shall be used to provide youth workforce investment activities for out-of-school youth**

### **The State of Oregon**

The State of Oregon's Higher Education Coordinating Commission, Office of Workforce Investments (HECC-OWI) is seeking a waiver from WIOA Section 129(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 out-of-school youth (OSY).

Specifically, HECC-OWI requests waiver authority starting in PY 2020 for the following:

1. A waiver of the requirement to expend 75 percent of funding on the OSY population. Oregon is requesting that this percentage be lowered to 50 percent.
2. A waiver of the requirement to expend 75 percent of Statewide Activities funding on the OSY population. Oregon is requesting that this percentage be lowered to 50 percent.

These waiver requests are consistent with Oregon Governor's vision to create a seamless system of education, where every student graduates high school with a plan for their future. The Alliance for Excellent Education calculated that for all metro areas in the State of Oregon, increasing the graduation rate to 90 percent could mean 300 new jobs, \$8.2 million in state and local tax revenue, and \$92 million in healthcare savings<sup>1</sup>.

#### **Actions to Remove Barriers:**

There is currently no state or local statutory or regulatory barrier to implementing the requested waiver.

#### **Strategic Goals of Requested Waiver:**

Goal - Assist Oregon in its efforts to increase high school graduation rates.

Expected Outcome – This waiver will allow Oregon WIOA Youth Programs the opportunity to serve double the current number of in-school students who have been identified as most at risk to disengage from school. This 1:1 WIOA engagement will help students to stay in school and identify an education or career pathway for successful transition after high school completion.

Goal – Benefit the Oregon economy.

Expected outcome – This waiver will allow WIOA Youth the opportunity to receive work-based learning opportunities through work experience, internships, and occupational skills training. Skilled workers are

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<sup>1</sup> <http://impact.all4ed.org/>

necessary to contribute to the state's economic vitality during a record period of economic growth. Research clearly shows that high school graduates are more likely to be employed, less likely to live in poverty, less likely to have children who also live in poverty, and more likely to be in good health compared to those who don't graduate.

Goal – Provide WIOA Program Services to a larger percentage of low-income Oregon youth.

Expected Outcome – This waiver will allow WIOA program staff to partner with Oregon high schools to identify low income students who are most in need, provide necessary services, and leverage federal funding for positive results.

Goal – Serve more in-school youth in rural communities.

Expected Outcome – In the remote areas of Oregon, schools are often the only way to connect with students. Once students leave school, they are difficult to locate. It is important that WIOA program staff have the opportunity to coordinate WIOA program supports for more in school rural youth while they are still attending school.

Goal – Increase student engagement to prevent state dependency.

Expected Outcome – Research clearly shows that it is much more effective to keep youth enrolled in school vs. trying to re-connect and re-engage students who have dropped out. This WIOA waiver will support that return on investment as fewer students will drop out and become disengaged.

**Programmatic Outcomes from Implementation of the Waiver:**

Oregon is the 9<sup>th</sup> largest state in the United States in terms of land area but has a population that is sparsely spread by comparison with an estimated 2019 population count of 4.25 million – 87% of it being concentrated on the western side. These numbers currently make Oregon the 39<sup>th</sup> most densely populated state in the country. Geography plays a huge part - mountain ranges, forests, and large desert areas are some of the features that impact population density. Because of its large geographic area, Oregon faces many unique and varied educational/economic challenges of contrasts affecting graduation rates, workforce opportunities, family income levels, student equality, and disengaged students/dropouts<sup>2</sup>. Within these challenges, high school graduation rates vary from region to region and school to school. Oregon's high school graduation rate, despite recent improvements, continues to leave too many students behind. Oregon's graduation rate for 2016-17 was 76.65%. In state-by-state comparison data, this rate ranks Oregon as third lowest in the nation and well below the national average of 84.6%<sup>3</sup>.

Oregon's large and unique geographic areas contribute to the state's lower graduation rate and income inequality. During the 2017-18 school year, low-income Oregon youth, regardless of ethnicity, graduated 6 points below the state average<sup>4</sup>. The Annie E. Casey Foundation released a study several years ago that found that 32% of students that spent more than half their childhood in poverty failed

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<sup>2</sup> <https://en.wikipedia.org/wiki/Oregon>

<sup>3</sup> <https://www.usnews.com/news/best-states/oregon/articles/2019-01-24/high-school-graduation-rates-up-in-oregon>

<sup>4</sup> <https://www.opb.org/news/article/oregon-high-school-graduation-rate-achievement-gap-2018/>

to graduate from high school compared to 6% of those who never lived in poverty<sup>5</sup>. Oregon's urban counties tend to have higher median household incomes than those living in rural counties. Nine out of the top 10 counties with the highest household incomes are in metropolitan statistical areas. Despite a historic period of economic growth, family incomes have stagnated and nearly half of the children in Oregon are being raised in low-income families. Due to increases in housing and childcare costs, two-thirds of low-income children in Oregon live in households that spent more than a third of their income on rent or mortgage payments<sup>6</sup>.

In alignment with Oregon's low graduation rate, approximately a fourth of Oregon students who were high school freshmen four years ago will not receive any kind of diploma this spring<sup>7</sup>. The most recent number of dropouts was 6,401 students for the 2017-18 school year. National estimates show that for each student who drops out of school and is disengaged from work creates a tax burden of \$13,900 per year. Based on this estimate, the 6,401 students who dropped out of high school, assuming they remain disengaged from school and work, represent an immediate yearly tax burden of \$88,973,900. Re-engaging the same number of youth would cost an estimated \$2,000/youth or \$12,802,000 – a yearly savings of \$76,171,900 in tax payer dollars. The return on investment to support focused work with high school students who are at risk of dropping out is a key to overcoming the tax burden on the state public system in comparison to students who stay in school and graduate<sup>8</sup>.

There is clearly much work to be done. To overcome the stated educational challenges regardless of family income/geographic location, and other barriers, Oregon must ensure that all school districts are investing in resources for students that support them to stay engaged in school, graduate with their high school diploma, and achieve their full potential. At this time when education funds are limited and school graduation performances are well below the national average, it is important to align all available resources and leverage funding. Approval of this waiver will allow Oregon WIOA Youth Programs the opportunity to develop stronger relationships and partner directly with more local high schools, alternative schools, parents, community organizations, post-secondary education/training partners and local industry to provide additional and necessary services to those in school students who are at most risk of dropping out. It is important that these students be provided the necessary supports for their educational needs, family environment, income, and geographical location that are varied and unique to the State of Oregon.

**Individuals, groups or populations impacted by the Waiver:**

Providing drop-out prevention services to more in-school youth will impact populations including, but not limited to:

1. Oregon's at-risk youth
2. Low-income families
3. Oregon economy
4. Oregon taxpayers
5. Rural communities

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<sup>5</sup> <https://www.oregon.gov/gov/priorities/Documents/Education%20Policy%20Agenda%208.27.18.pdf>

<sup>6</sup> [http://www.osba.org/Resources/Article/Improving\\_Education/Drop\\_out\\_resources.aspx](http://www.osba.org/Resources/Article/Improving_Education/Drop_out_resources.aspx)

<sup>7</sup> <https://www.qualityinfo.org/-/a-closer-look-at-oregon-s-median-household-income>

<sup>8</sup> [https://aspencommunitysolutions.org/wp-content/uploads/2018/07/Economic\\_Value\\_of\\_Opportunity\\_Youth\\_Report.pdf](https://aspencommunitysolutions.org/wp-content/uploads/2018/07/Economic_Value_of_Opportunity_Youth_Report.pdf)

6. Local Workforce Development Boards
7. Contracted service providers
8. Teachers and school counselors

**Monitoring Waiver Implementation:**

Annual WIOA on-site programmatic reviews will include an evaluation of the impact of the waiver on local programs to ensure programmatic goals and outcomes are being met. Additionally, State staff will periodically examine the effectiveness of this waiver. This strategy ensures that the goals described above, as well as those outlined in Oregon's WIOA State Plan, are consistent with established objectives of the WIOA and federal and state regulations.

**Notice to Local Boards and Public Comment:**

This draft waiver request will be posted on a publically accessible website with a link to provide/accept public comment for a minimum of 30 days. The state will notify all nine Local Workforce Development Board directors and other stakeholders of the publication and comment period. If substantive comments are received additional revisions and re-posting for comment may occur.

Upon approval of the waiver, HECC-OWI will issue a Policy Statement notifying all Local Workforce Development Boards that this practice will be implemented effective immediately. Local Workforce Development Boards will be provided a copy of this waiver request and given the opportunity to contact the Office of Workforce Investments prior to submission of Oregon's WIOA State Plan modification to discuss and have input on the waiver request. All local boards will also have access to the draft State Plan and opportunity to comment during the public review and comment period. This waiver request will be included in the Oregon's WIOA State Plan submission and subject to public comment within the Plan guidelines and the WIOA requirements outlined in WIOA regulations at 20 CFR 676.130(d). Oregon will collect and report information about waiver outcomes in the State's WIOA Annual Report.

Respectfully submitted on XX/XX/XXXX. (TBD)