

To: State Dislocated Worker Program Grantees
From: DEED Dislocated Worker and Federal Adult Programs (DWFAP) Unit
Date: June 16, 2025
Subject: State Dislocated Worker Category Nine Eligibility Clarification

Relevant Laws, Rules, and Policies:

[Minnesota State Statute 116L.17](#)

[DWFAP State Dislocated Worker Eligibility Policy](#)

Background:

In 2024, Minnesota Statute 116L.17 was updated to add *Category Nine* to the State Dislocated Worker Program. This new category expands eligibility to include adults who are **low-income, receive public assistance, or are basic skills deficient**. This letter clarifies the Category Nine eligibility requirements, including how they apply to individuals with *stop-gap employment*.

Note: *Italicized terms are defined in the “Dislocated Worker and Federal Adult Programs (DWFAP) Terms and Definitions” document lined below.*

Guidance:

Key Eligibility Points for Category Nine:

- Unemployment is NOT required at enrollment.
- However, a documented job loss is required¹, even if the person is now working in a stop-gap employment.
- Being low-income, on public assistance, or basic skills deficient alone is not enough—there must have been a prior job loss.
- There is no time limit on when the job loss occurred (no look-back period).
- If formal documents are unavailable, self-attestation is allowed for verifying job loss. Reason for job loss does not have to be included on the self-attestation.²

Stop-Gap Employment Guidelines:

Individuals who currently have stop-gap employment can be enrolled under Category Nine. Stop-gap employment can be:

- Full-time, or part-time, including work that satisfies requirements from other programs like Minnesota Family Investment Program (MFIP).
- Temporary or lower-wage jobs taken after job loss to maintain income during career/training services.

Providers must ensure that full-time stop gap-employment does not preclude effective program participation, particularly if training is involved. Additionally, providers must ensure an end to stop-gap employment after participants complete their career or training services in favor of permanent, unsubsidized employment.³

¹ Minnesota State Statute 116L.17, subd. 1(c)

² See “Dislocated Worker Status/Date of Actual Qualifying Dislocation” within the State and WIOA DW Acceptable Documentation for Program Eligibility document (Page Three)

³ See DWFAP Terms and Definitions Document (Page Nine). Participants that have secured contact, seasonal, or temporary work do not need to be exited from the State DW Program. Contact, seasonal, or temporary work, that is not with the original employer and not at stop-gap wage limits, should be considered stop-gap employment. See [Training and Employment and Guidance Letter 07-22](#) for more information on permanent, good, jobs.

Stop-Gap Employer and Wage Requirements:

Stop-gap employment cannot be with the employer that originally dislocated the worker, or with that employer via third party contract or any other basis, except for temporary recalls (180 days or less).

Wage limits:

- Cannot be higher than 80% of wages at the date of the dislocation or
- Exceed the self-sufficiency threshold established by provider policy whichever is higher.

DEED encourages providers to set clear self-sufficiency and stop-gap employment local policies to protect low-wage workers from being forced into low-paying jobs. Policies may include clauses to address certain low-income workers who are not impacted by the 80% rule. This may provide a way ensure that minimum wage and lower-wage workers forced to take low paying employment.

Providers have options when deciding their self-sufficiency threshold. For example, adopting [DEED's Cost of Living Tool](#) as the self-sufficiency threshold within local policy allows participant's more income and meets DEED's minimum income guidance. See below for a local policy example and an outcome of adopting such a policy.

Local Policy Example:

"Stop-gap employment wages cannot be higher than 80% of wages at the date of the dislocation or above DEED's Cost of Living Tool for their county of residence, whichever is higher."

Policy Outcome Example:

Mike, 32, lives in Hennepin County and was laid off from his \$46,000 a year job in 2024 (approximately \$23 per hour). Mike lives alone and has no children. Under the local policy example Mike's highest stop-gap employment wage could be:

- 36,800 (80% of wage at dislocation), or,
- \$39,470 (DEED Cost of Living Tool for Hennepin County)

Simply using the 80% rule on Mike in the above example would mean Mike having to take stop-gap employment that pays below DEED's cost of living guidance. Adopting a higher self-sufficiency threshold ensures more money for Mike's everyday needs and lessens the need for, or amount of, supportive services assistance.

Implementation Period:

Over the past year, the expanded eligibility has been implemented across the system, increasing access for Minnesotans and prompting helpful questions from the field.

As we enter the new fiscal year on July 1, 2025, please be advised that *any Category Nine enrollment without documented job loss will be considered a finding*. While the past year served as an implementation and transition period, proper documentation of prior job loss is required for all new Category Nine participants.

Priority of Service Reminder:

Veterans receive priority of service for State DW Programs, regardless of funding levels.⁴ DEED encourages providers to enact local policies and processes that ensure access to quality services for individuals with *Barriers to Employment*, while maintaining veteran's priority.⁵

⁴ State DW Eligibility Policy (Page Six)

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It is important to note that the primary purpose of the State DW Program is to assist individuals who are considered dislocated workers.

Category Nine Subcategories:

Eligibility under Category Nine includes three subcategories. State DW participants need to only meet the requirements for one of the three subcategories to be eligible under Category Nine.

Category Nine's three subcategories are:⁶

1. Is at least 18 years old, and is *Low-Income*, or,
2. Receives *Public Assistance*, or,
3. Is *Basic Skills Deficient*.

Subcategory One (*Low-Income Adult*) requires that a participant be at least 18 years old and low-income to be eligible. For the State DW Program, '*low-income*' is defined as someone who has a total income that does not exceed the higher than the current 200% level of the [Federal Poverty Guidelines](#) issued by the U.S. Department of Health and Human Services.

Subcategory Two (Receives *Public Assistance*) includes participants that are currently receiving *Public Assistance*. Participants do not have to be 18 years old to be eligible under Subcategory Two but youth should be referred to [DEED's Workforce Innovation and Opportunity Act \(WIOA\) Young Adult Program](#) (or other programs) as appropriate. Many, but not all, *Public Assistance* programs have a low-income eligibility component to them so if a participant is receiving *Public Assistance* there is a high probability they are also eligible under Subcategory One due to their income.

Subcategory Three (*Basic Skills Deficiency*) requires a completed assessment showing that a participant is *Basic Skills Deficient* for them to qualify. Participants do not have to be 18 years old to be eligible under Subcategory Three. However, that does not mean that youth under age 18 that do not yet have a high school diploma (or equivalent) should be treated as *Basic Skills Deficient*. Youth should be referred to [DEED's WIOA Young Adult Program](#) (or other programs) as appropriate. Subcategory Three is also not for individuals who lack specific skills needed to function on a particular job they are seeking but are otherwise proficient for many other occupations or situations.

Related References:

- [DWFAP Definition of Economic Self-Sufficiency and Income Exclusions Policy](#)
- [DWFAP Terms and Definitions Document](#)
- [Dislocated Worker Acceptable Documentation for Program Eligibility](#)

Further Inquiries:

If further clarification or additional support is needed, please do not hesitate to reach out to us at Dwfaprograms.deed@state.mn.us.

Sincerely,

The DEED Dislocated Worker and Federal Adult Programs Unit

⁶ Minnesota State Statute 116L.17, subd. 1(c)(10) and State DW Eligibility Policy (Page Five)

State DW Program Category Nine FAQ

Question: Is job loss required for Category Nine eligibility?

Answer: Yes. There must have had some loss of employment to qualify for Category Nine.⁷ The 2024 amendments to State Statute 116L.17 did not remove the requirement that an individual experience a loss of employment as a prerequisite for eligibility.

Question: What counts as ‘Low-Income’ for Category Nine eligibility?

Answer: For the State DW Program, including Category Nine, ‘low-income’ is defined as someone who has a total income that does not exceed the higher than the current 200% level of the [Federal Poverty Guidelines](#) issued by the U.S. Department of Health and Human Services.

Question: Can a full-time be considered stop-gap employment?

Answer: Yes, if certain conditions are met. Stop-gap employment is meant to be temporary and must meet certain wage and employer requirements (see Page Two above). Providers must also be cautious in allowing participants to engage in full-time stop-gap employment that may preclude effective program participation, particularly if training is involved.

Question: Can you self-attest to job loss Category Nine eligibility?

Answer: Yes. You can self-attest to job loss for all applicable State DW categories. However, documentation of job loss is best practice for documenting eligibility.⁸

Question: Does the job loss requirement for Category Nine does not have a look-back period?

Answer: No. This allows flexibility for providers to enroll individuals under Category Nine that may have stop-gap employment but are still *Low-Income* or on *Public Assistance* after their initial job loss.

⁷ Minnesota State Statute 116L.17, subd. 1(c)

⁸ See “Dislocated Worker Status/Date of Actual Qualifying Dislocation” within the State and WIOA DW Acceptable Documentation for Program Eligibility document (Page Three)