EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WIOA CORRESPONDENCE SYMBOL OWI - DASG DATE November 25, 2025

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 05-25

TO: STATE WORKFORCE AGENCIES
STATE WORKFORCE ADMINISTRATORS
STATE WORKFORCE LIAISONS
STATE AND LOCAL WORKFORCE BOARD CHAIRS AND DIRECTORS
LABOR COMMISSIONERS
AMERICAN JOB CENTERS
RAPID RESPONSE COORDINATORS

FROM: LORI FRAZIER BEARDEN
Acting Assistant Secretary

SUBJECT: Maximizing Innovation in Workforce Innovation and Opportunity Act Programs

1. **Purpose.** To maximize innovation in the public workforce system and better serve job seekers and employers by providing state and local workforce development systems waiver opportunities, to promote flexibility within the Workforce Innovation and Opportunity Act (WIOA) formula funded programs, and to achieve the Administration's vision for America's workforce under Executive Order 14278 on Preparing Americans for High-Paying Skilled Trade Jobs of the Future.

2. **Action Requested.** State and local workforce development boards should review current policies and practices to maximize opportunities provided by WIOA to modernize and innovate operations and optimize service delivery of workforce development programs. ETA encourages states to work with ETA to mitigate or remove barriers where they exist, which includes the use of waivers of statutory requirements to support innovative solutions for building a skilled workforce in alignment with the Administration's strategic pillars for workforce investment.

3. **Summary and Background.**

   a. Summary – This TEGL offers options that the public workforce system can use to innovate and modernize operations and program services by using existing WIOA flexibilities, and encourages increased waiver use to scale industry-driven strategies, enhance worker mobility, create opportunities to integrate systems and realign resources, optimize service delivery, improve accountability for participant outcomes, and remove barriers to innovation.

RESCISSIONS None	EXPIRATION DATE Continuing

b. Background – On April 23, 2025, President Trump issued Executive Order 14278 on Preparing Americans for High-Paying Skilled Trade Jobs of the Future. In the *Comprehensive Worker Investment and Development Strategy* developed under this EO, the Administration set forth five strategic pillars for America's workforce system:

   i. **Industry-Driven Strategies**: The skill demands and hiring needs of industry must drive how workforce development programs train and prepare the participants they serve. Local employers should play a central role in defining in-demand skills, validating training models, and steering investments toward the roles and credentials that propel workers into secure, well-paying, and high-need American jobs. The public workforce system can support this pillar by prioritizing Registered Apprenticeships and other high-quality work-based learning models, aligning eligible training programs to career pathways within the state or regional economy, and targeting investments towards employer-led upskilling initiatives designed to fill talent shortages in priority industries

   ii. **Worker Mobility:** Individuals returning to the workforce or seeking better career opportunities should be able to take tangible steps that lead to upward mobility and long-term economic independence. Next-generation workforce and labor market intelligence tools should help participants see their skills, understand career options, and take clear steps toward better-paying jobs. The public workforce system can support this pillar by clearly identifying credentials that are valued in the labor market to support informed decision making, advancing innovative use of technology and labor market data, integrating AI-powered tools and competency-based assessments that allow workers to advance based on demonstrated skills and abilities, and getting the disconnected workforce into training opportunities that lead to self-sufficiency.

   iii. **Integrated Systems:** The workforce system must be unified, navigable, and built around the needs of its users. Job seekers should be able to access training and employment opportunities without getting lost in a maze of government agencies, and employers should be able to engage with the system just as easily to find talent and grow their workforce. The public workforce system can support this pillar by working to integrate disparate funding streams; improve service delivery through shared eligibility standards across programs; and advance education and workforce alignment, streamlined intake processes, and digital tools that help frontline staff guide individuals to the right services.

   iv. **Accountability:** Taxpayer funded workforce development programs must deliver measurable and transparent results for job seekers and employers. Ineffective training providers will be removed from public funding lists and new funding models will tie resources to outcomes, including through the expanded use of pay-for-performance contracts to ensure public investments generate measurable returns in employment, earnings, and credential attainment. The public workforce system can support this pillar by identifying and eliminating ineffective spending, redirecting funding to programs that demonstrate success in connecting Americans with high-wage jobs, and by enhancing data linkages to produce valid and transparent data that assesses the return on investment and the impact on closing talent gaps.

v. **Flexibility and Innovation**: The federal workforce system must be adaptable and designed for continuous iteration, with exponentially faster feedback loops between employers, educators, and training providers to ensure that programs can evolve in step with economic shifts, particularly those driven by AI. States and local communities need more control to tailor solutions to their regional economies without being constrained by outdated program rules or processes. The public workforce system can support this pillar by leveraging existing statutory authorities to promote flexibility and innovation within the system, creating new models of workforce innovation built to match the speed and scale of AI-driven economic transformation, prioritizing AI literacy and skills development across the workforce system, and developing pilot projects to drive rapid reskilling and fuel other AI-era innovations.

This TEGL encourages states and local boards to assess their existing state and local policies, evaluate state legislative flexibilities, and identify opportunities to modernize operations and service delivery in alignment with the five strategic pillars. It promotes the maximum use of WIOA waiver authority to achieve this purpose and provides clarification on allowable uses of funds and other WIOA flexibilities. ETA recognizes that certain statutory requirements and federal mandates may have previously prevented state and local leaders from instituting the reforms necessary to better serve America's workers and businesses. This TEGL is intended to encourage state and local leaders to reconsider what is possible and partner with ETA to achieve the bold vision for reform set forth by this Administration.

4. Maximize use of WIOA Waiver Authority.

a. States are encouraged to request waivers of existing WIOA statutory or regulatory requirements that can help overcome specific barriers to innovation and align with the five strategic pillars for workforce investment. Under the Secretary of Labor's (Secretary) waiver authority outlined in WIOA sec. 189(i)(3)(A), the Secretary may waive certain provisions of WIOA Title I subtitles A, B, and E and provisions found in Sections 8 – 10 of the Wagner-Peyser Act.

States are empowered to identify where current policies impede system modernization and to adopt existing waivers or propose new waivers that support the key priorities of industry-driven strategies, worker mobility, integrated systems, accountability, and flexibility and innovation. ETA is interested in receiving waiver requests that include strategic goals and projected programmatic outcomes directly aligned to the administration's five pillars. For example, a state waiver request proposing to advance the strategic goal of industry-led strategies could propose the projected programmatic outcome of co-enrolling at least 10 percent of adult and dislocated worker participants in Registered Apprenticeship programs. In exchange for expanded and bold waivers, ETA expects the state to propose and demonstrate measurable improvements and to report its results in the WIOA Annual Report. ETA will not support waiver requests that do not advance the administration's key priorities, such as waivers of performance outcomes of participants and training providers.

While waivers can be a helpful innovation tool, there are some limitations to waiver authority, as outlined in WIOA secs. 189(i)(3)(A)(i) and 189(i)(3)(A)(ii). Limitations to WIOA Title I waiver authority can be found in TEGL 8-18, Attachment I at TRAINING AND EMPLOYMENT GUIDANCE LETTER No. 08-18 | U.S. Department of Labor. The process and requirements for states to request a waiver can be found in this TEGL. Notwithstanding the examples of approved and suggested waivers described in this TEGL, the Secretary will consider each waiver request on its own merits in accordance with the applicable legal authorities.

Several states have already used waiver authority to take advantage of the flexibility in WIOA. While not a complete list, the examples below describe previously approved waivers that support innovative service delivery. For a full list of approved waivers, see WIOA Waiver Information.

b. Currently Approved Waivers.

i. WIOA Governance Waivers.

Waiver of the state workforce development board membership requirements at WIOA Section 101(b)(1) and (c) and the corresponding regulations at 20 CFR 679.110(b)-(c), which specify board membership and category/subcategory representations requirements. This waiver allows states to change the structure and operation of the state board to streamline overall board membership and better address the employment and skills needs of the state. This serves to create a more agile board that is poised to innovate, while allowing for a tailormade leadership team of workforce champions to create stronger alignment between workforce programs, education partners driving career and technical education (CTE) growth, Registered Apprenticeships, and business. Reducing board size while elevating critical partnerships has the potential to position the board to better facilitate continuous improvement of traditional workforce development programs, while more rapidly identifying and creating new opportunities for economic, education, and workforce collaboration. While this waiver permits flexibility in overall board membership, including the organizational representation of the board chair, ETA requires significant business representation and leadership.

Waiver of the requirements outlined in WIOA sec. 107(b) to allow the State Board to act as the Local Board. This waiver allows the Governor to designate the state board to carry out the roles and responsibilities of the local boards in the state. In implementing this waiver, the state board must continue to include local input into its activities and allocate funding to each local area in the state. This waiver is often helpful for states that want to streamline state and local board functions and grant administration activities for low-funded local areas that benefit from centralized WIOA governance, which would maximize the amount of funds made available for direct services to businesses and individuals rather than administrative oversight.

This waiver may be helpful in several scenarios and allow states that are not currently designated as a single state local area to achieve integrated systems through uniform state governance of the workforce system. A state may seek to better integrate safety net and workforce systems to increase labor force participation and help more individuals move out of poverty. A rural state or one with many small local areas may find that distributing funds via a local board stretches administrative oversight costs and makes it difficult to provide high quality services in all local areas. This waiver may also be useful as an alternative solution when merging local areas is not a viable option. For example, at times chief elected officials (CEOs) may want to dissolve a local area but adjacent local area CEOs may not desire to merge. To ensure continuity of services, the state board can serve in the role as the local board.

Waiver of the requirement to establish and maintain a comprehensive American Job Center (AJC) in each of the State's local workforce development areas. In some states, particularly those with remote and rural local workforce development areas, cost factors associated with the infrastructure maintenance and co-location requirements for a comprehensive AJC may create barriers to effective service delivery. A state may determine that virtual AJCs or a network of affiliated sites, such as public libraries or community colleges, can more effectively reach job seekers and employers in the state. ETA can waive the requirement in Section 121(e)(1) and 20 CFR 678.300(c) to establish and maintain a comprehensive AJC in each of a state's local workforce areas in circumstances where alternative delivery approaches can similarly address the full spectrum of community workforce needs that would be expected of a physical comprehensive AJC.

Waiver of the requirements in WIOA sec. 106(a)(2) to allow the state to assign a single local workforce development area to multiple planning regions. This waiver allows the state to waive the requirement that a planning region consist of one local workforce development area, two or more intrastate local areas, or two or more interstate local areas. This waiver allows states to better provide services in the context of their identified planning regions. For example, in some states, geographic regions do not align with defined local workforce areas. Sometimes, those local workforce areas span multiple regions. While this can help local areas provide coordinated services to multiple regions, it is vital they ensure the planning burden does not fall unfairly on local areas assigned to more than one region.

ii. Title I Youth Program Waivers.

Waiver of the restriction in 20 CFR 681.550 to allow local areas to provide in-school youth (ISY) with individual training accounts (ITAs). This waiver allows local workforce investment areas to offer ITAs to ISY, in addition to out-of-school youth (OSY). This provides ISY access to training from providers on the state's list of eligible training providers. This waiver allows local areas to offer ITAs to in-school youth to expand occupational training options in coordination with their K-12 school district to students prior to high school graduation or to fund Registered Apprenticeship opportunities for in-school youth. In utilizing this waiver, states and local areas should coordinate with local CTE programs funded by the Department of Education's Strengthening Career and Technical Education for the 21st Century Act (Perkins V) funds, particularly at the secondary school level, to ensure integration and alignment of training opportunities for ISY in secondary school.

This waiver may be an effective response to challenges states and local areas face providing ISY with a variety of career pathway development options, enhancing students' educational freedom. States have used this waiver to increase training options available to ISY upon high school graduation. They have also leveraged this waiver to fund Registered Apprenticeship opportunities for youth that respond to local business needs, including pre-apprenticeship. In utilizing this waiver for ISY graduating high school, states and local areas should coordinate with CTE programs to align opportunities for pre- and Registered Apprenticeships as well as with other CTE postsecondary programs.

The ISY ITA waiver also gives responsibility back to the local workforce investment areas, providing them with flexibility in spending limited resources for training services. The local areas can use their demographic and labor market data to determine how to invest in career pathways for their ISY population.

Waiver of the requirement that states and local areas expend 75 percent of all Governor's reserve and/or local formula youth funds on OSY. The waiver allows states to lower the 75 percent minimum expenditure requirement to 50 percent under WIOA sec. 129(a)(4)(A) and 20 CFR 681.410 for either, or both local area WIOA youth funds and statewide Governor's reserve funds. Some states also ask to waive the requirement that each local area is held to the OSY expenditure requirement and instead request a waiver to allow the OSY expenditure requirement for local area funds apply only to the state as a whole, rather than to individual local areas, which allows local areas to dedicate additional resources to ISY and provide needed services to help youth stay in school and focus on career pathways beyond high school. Some states may also request to include Temporary Assistance for Needy Families (TANF) funds spent on co-enrolled youth in the OSY expenditure calculation.

The OSY waiver complements the ISY ITA waiver, as it allows states and local areas to allocate more funding to ISY services, including for work experience and training. Local areas without large OSY populations can use the additional ISY funding to fund additional work experience opportunities, including Registered Apprenticeship opportunities for ISY. This additional funding also allows for local areas with fewer OSY to dedicate additional resources to ISY and provide needed services to help youth stay in school and focus on career pathways beyond high school. This waiver also provides greater opportunities for states and local areas to coordinate ISY services with Perkins V funded CTE programs.

Waiver to allow local workforce development areas to count both WIOA local youth formula funds and TANF funds toward the minimum 20 percent expenditure requirement for paid or unpaid work experience. This waiver allows states to include TANF funds spent on co-enrolled youth in the work experience expenditure calculation under WIOA sec. 129(c)(4) and 20 CFR 681.590(b). The waiver creates opportunities for partnerships across youth-serving agencies as well as efficiencies with federal funds; states can leverage multiple funding sources to serve youth effectively, which may free up Title I Youth funds for other programmatic priorities.

iii. Funds Flexibility Waivers.

Waiver of the requirements at WIOA secs. 133(a)(2) and 134(a)(2(A) to allow flexibility to use up to 50 percent of funds reserved by the Governor to provide statewide rapid response activities to also provide statewide employment and training activities in the first year of funding availability. In general, states may use unspent Rapid Response funds at the end of the first year of availability for the same uses allowed for Governor's Reserve funds. With this waiver, states can use up to 50 percent of the Rapid Response funds they reserved before the end of the first year as long as their proposed use advances innovation and modernization of the workforce development system or otherwise benefits job seeker and employer customers.

On May 6, 2025, ETA published Training and Employment Notice (TEN) 25-24, *Leveraging Workforce Innovation and Opportunity Act Waivers to Increase Labor Force* Participation *and Worker Productivity*. This TEN describes additional funds flexibility waivers states can consider. A few examples of ways in which states can leverage the waiver authority to increase labor force participation and employment opportunities for American workers include:

- Increasing On-the-Job Training (OJT) reimbursement for Local Workforce Boards;
- Increasing Transitional Jobs;
- Increasing Funds available for Incumbent Worker Training (IWT); and
- Increasing work experience opportunities for In-School Youth.

iv. Potential New Waivers. In addition to the above waivers, ETA is empowering states to broaden their use of waiver authority to promote flexibility and innovation, prioritizing skills development across the workforce system, successfully connecting Americans with high-wage jobs and advancing the Administration's strategic priorities. While not an exhaustive list of all the new waivers states could request, the examples below describe some potential waivers that support innovative service delivery.

Waive requirement for local areas to provide all 14 youth program elements. WIOA sec. 129(c)(2) requires each local area to make all 14 youth program elements available to eligible youth. To increase flexibility in providing the services most in need in a given local workforce area, DOL will consider waiving the requirement to make all 14 youth program elements available. This waiver is useful if the state is seeking to focus greater funding on work experiences, including pre-apprenticeships and Registered Apprenticeships, beyond the minimum 20 percent work experience expenditure requirement. Additionally, this waiver is useful if the state plans to increase occupational skills training opportunities training through ITAs. Increasing opportunities for both work experience and training advance educational freedom for youth beyond traditional secondary school education.

Raise pay-for-performance funding cap to allow for more flexibility. Pay for Performance (PFP) contract strategies as defined in WIOA Section 3(47) and 20 CFR part 683, subpart E seek to maximize the likelihood that the federal government pays only for demonstrably effective services and secure performance outcomes at a lower cost than might otherwise occur. WIOA authorizes local WDBs to reserve not more than 10 percent of the local allocation for WIOA title I Adult, Dislocated Worker, and Youth formula funds for PFP contract strategies. States could request waivers allowing local WDBs to reserve up to 50% of the local allocation of WIOA title I Adult, Dislocated Worker, and Youth formula funds for PFP contract strategies.

Waiver of WIOA Section 134(d)(2) and 20 CFR 680.910 to allow use of supportive services for participants within 12 months of exit for employment retention. WIOA allows provision of supportive services to enable participants to successfully participate in career or training services; however for Adult and Dislocated Worker program participants, it does not authorize their use during the 12-month period post exit. This waiver can assist Adult and Dislocated Worker program participants who successfully obtain employment to have access to short-term supportive services that can ease the transition period to a new job. DOL will consider waiving this requirement to allow states to provide targeted supportive services to participants who have exited and are recipients of public assistance if such services are designed to address benefit cliffs and temporarily replace lost benefits as the exited participant secures higher earnings through employment. Such supportive services may include transportation, temporary living costs, or childcare expenses while the individual adjusts to his or her employment situation and earnings cadence.

Waiver of WIOA Section 134(c)(3)(F)(i) and (G) and 20 CFR 680.320(a) and 680.340(a) to allow for all training services to be provided through training contracts. While ETA is supportive of the consumer choice requirements established in WIOA and understands the value of delivering training services through individual training accounts, ETA recognizes that the quality of training programs on state eligible training provider lists may vary across states and regions. In response to the Administration's strategic pillar supporting industry-driven strategies, DOL will consider state waiver requests to the consumer choice and use of individual training account requirements to allow states and local areas to deliver all training services through training contracts for services directly aligned to local employer needs. In considering these waiver requests, DOL will evaluate the expected programmatic outcomes included in the waiver plans. DOL is most interested in outcomes that demonstrate significant increases in the use of the allowable work-based training strategies, including on-the-job training, customized training, and incumbent worker training, enrollment of participants in pre-apprenticeship and Registered Apprenticeship programs, and contracted training with training providers for programs that feature explicit employer validation and offer job guarantees, interview guarantees, or other mechanisms that ensure training leads directly to employment opportunities.

v. Workforce Flexibility (Workflex) Plans. Under WIOA Section 190, a state may submit a Workflex plan to the Secretary, under which the state has the authority to waive statutory or regulatory requirements applicable to local areas; sections 8-10 of the Wagner-Peyser Act (W-P); and Older Americans Act of 1965 (OAA) activities. With an approved Workflex plan, the state may approve local area waivers directly, rather than submitting waivers to the Secretary for approval. With this authority, the state can review and approve waivers to local areas, allowing them to develop responsive strategies to address local workforce needs. The provisions that can and cannot be waived under Workflex are described at 20 CFR 679.630(a)(1-2) for WIOA and Wagner-Peyser and at 20 CFR 679.630(a)(3) for OAA. Notably, provisions relating to the eligibility of training providers, the funding of infrastructure costs for one-stop centers, and the OAA that cannot be waived through the Secretary's waiver authority, may be waived for a local area through an approved Workflex plan. The examples below illustrate how an approved Workflex plan could allow for additional flexibility.

Waiver to use the state infrastructure funding mechanism as the sole mechanism for funding one-stop infrastructure. Section 121(h)(1)(A) sets forth two options for funding the costs of infrastructure in a local area, while only permitting the use of the state infrastructure funding mechanism if the local board, chief elected officials, and one-stop partners fail to reach consensus agreement on a local option for infrastructure funding. Under an approved Workflex plan, States could grant a local area's request for a waiver from this requirement, which would enable the State to use the state infrastructure mechanism as the primary method of funding one-stop infrastructure in that local area. This waiver could promote flexibility and innovation, reduce administrative costs and compliance burdens for local areas, reduce friction between one-stop partners, streamline data, strengthen intake assessment and enrollment, and improve system alignment and efficiency.

A state may submit a Workflex plan at any time as a stand-alone request; as a part of its Unified or Combined State Plan; or as a component of the 2-year modification of the State Plan. To receive Workflex approval, the state must submit a plan including all required information outlined in 20 CFR 679.630(b) and also submit quarterly reports to ETA. If approved, the Workflex plan may be approved for no more than five years. A state may choose to align its plan with its WIOA State Plan period of performance. During this period, the state will be able to review and approve waivers to local areas, allowing them more opportunity to innovatively respond to local needs. While some states used WorkFlex under the Workforce Investment Act, as of February 2025, no states have applied for a Workflex plan under WIOA, so this authority presents untapped potential and opportunity for states. See Attachment II for requirements states must address in a Workflex plan submission and, if approved, the requirements for quarterly reports.

Once approved, the Workflex plan is generally approved for the length of a state's approved State Plan, and no more than five years; states can also reapply after the conclusion of their original WorkFlex plan.

5. **Leveraging Flexibilities under WIOA.**

All states and local boards are encouraged to explore new models of workforce innovation under existing WIOA authority to improve services for job seekers and employers and align with the Administration's five strategic pillars. For example, states may use their WIOA Governor's Reserve for statewide activities to pilot innovations such as integrating AJCs and partner services and activities; piloting Registered Apprenticeship programs in partnership with career and technical education programs; unifying access points, assessing service efficacy; driving rapid reskilling, and creating administrative efficiencies. Additionally, ETA encourages states and local areas to review state laws, regulations, and policies that unnecessarily or inadvertently restrict flexibility and innovation of WIOA or that impose additional requirements on the workforce system beyond what is required under WIOA and consider removing these state-level barriers to maximize impact.

a. Flexible uses of funds – Below highlights several examples of flexible uses of WIOA title I-B funds that states and local boards can use to spur innovation.

  i. Transfer of Adult and Dislocated Worker (DW) Funds. WIOA allows, with the Governor's written approval, local areas to transfer up to 100 percent of WIOA Adult funds to the DW program and vice versa. Such flexibility allows local areas to respond to specific needs more nimbly, like a sudden increase in dislocated workers that cannot be fully served with available DW funds or to increase training investments for adult program priority populations during periods of lower unemployment. WIOA also permits, with the Governor's approval, up to 75 percent reimbursement of wages to employers hosting participants in on-the-job training, and it allows even higher reimbursement levels with an approved waiver. Another flexibility includes using up to 20 percent of WIOA Adult and DW funds for IWT.

  ii. Braid Multiple Funding Streams. WIOA permits grantees to braid funds. Braiding occurs when states and local boards deploy multiple funding streams separately and simultaneously to provide specific services. Braiding funds helps states and local areas more efficiently and effectively use federal funds, by aligning goal setting, eliminating duplication, thereby increasing the number of participants served, improving the quality of program services offered, and enabling more timely responses to economic shifts.

Local boards have used braiding to expand services for their participants. For example, the WIOA Youth programs often partner with WIOA Title II Adult Education-funded programs to serve out-of-school youth, where the Title I Youth program provides work experience and supportive services, while the Title II program provides basic literacy skills education. Because both programs report against the WIOA core performance indicators, it is a natural fit to co-enroll participants and share in performance outcomes. The result is often stretching each program's respective funds further, each providing the priority service of their program, and both helping the youth attain positive outcomes.

Another example includes states or local areas braiding TANF program funds with WIOA Youth program funds to increase the number of low-income youth served with a more cost-effective service delivery approach. By co-enrolling and braiding WIOA Youth and TANF funds, states and local areas have more flexibility in serving shared youth populations, such as single parents and foster youth.

An additional opportunity for increasing alignment across workforce programs is braiding WIOA Youth funds, both local areas funds and Governor's Reserve funds, with Perkins V CTE funds. Braiding of these funds could include funding pre-apprenticeships where WIOA youth programs provide work experience, while Perkins funds support education and training through CTE programs of study. In addition, such braiding could fund Registered Apprenticeship programs where Perkins funds support related instruction training while WIOA Youth funds support the on the job learning of a RAP.

It is important to note that braided funds retain their unique programmatic identities and must be monitored individually to ensure each funding stream meets accounting, reporting, and auditing requirements. For reporting purposes, braided funds must be tracked and reported on the corresponding ETA-9130. States should look to statewide grants, including those funded by WIOA-mandated partners, local community grants, and the private sector as potential braiding partners. States may choose to develop interagency agreements that outline the specific resources and service role for which each funder is responsible and include a procedure for resolving disputes regarding payment or reimbursement for specific services.

iii. Use of Statewide Reserve Funds. States may reserve up to 15 percent of their annual Adult, Dislocated Worker, and Youth program allotments to carry out both required and allowable statewide activities. These funds are often referred to as Governor's Reserve funds. Creative use of these funds can transform state workforce investments into customized action to meet the unique needs of state employers, advance critical credentials of need, and accelerate growth of state specific industry clusters. While this reserve may be minimal for some states, all States have wide latitude to use statewide reserve funds to pilot new, innovative projects, such as developing IWT with employers or partnering with community colleges and economic development organizations to develop coursework responsive to skill needs for industry sector needs.

Allowable statewide youth activities provide states with several different ways to pursue innovative youth programming and advance educational freedom. For example, one of the allowable statewide youth activities is supporting the development of alternative, evidence-based programs and other activities that enhance the choices available to eligible youth. Increasing available options presented to youth encourages such youth to reenter and complete secondary education, enroll in postsecondary education and advanced training, progress through a career pathway, and enter unsubsidized employment that leads to economic self-sufficiency. States may use these flexible dollars for innovative youth education, training, and work-based learning programs to expand pathways and educational choices for youth, including pre-apprenticeships and Registered Apprenticeships.

States may also use unobligated Rapid Response funds at the end of the program year in which they were allocated for statewide activities. For the most part, WIOA does not restrict the uses of statewide Governor's reserve funds if the following conditions are met:

- Funded activities conform with the Uniform Guidance;
- If serving youth with the funds, states must observe WIOA Youth eligibility and adhere to the out-of-school youth expenditure requirement; and,
- Individuals who receive participant services with statewide reserve funds must be included in all required WIOA performance reporting.

States may also reserve up to 25 percent of their annual Dislocated Worker allotment for statewide rapid response activities to address events that lead to substantial increases in unemployment and to quickly assist affected workers. Rapid Response funds allow states to implement innovative solutions beyond direct reemployment services and provide ongoing, comprehensive approaches to identifying, planning for, or responding to layoffs and dislocations to prevent or minimize their impacts on workers, businesses, and communities. These funds can help businesses respond to and minimize potential layoffs by funding IWT, as a supplement to or instead of using local Adult and Dislocated Worker funds. Note that WIOA requires employers to contribute a portion of the cost of IWT and to meet certain conditions.

iv. <u>Coordinate resources across local areas and regions to maximize alignment and effectiveness</u>.

<u>Regional Planning and Coordination.</u> WIOA encourages partnership development to achieve successful service delivery, including among local boards. While WIOA requires formal regional planning and coordination among local workforce areas assigned to identified regions (WIOA Section 106(c)), local boards may choose to coordinate with other boards without formal regional designations. Boards in areas

with similar workforce needs may find this coordination beneficial; opportunities to do so may include:

- cooperative service delivery agreements;
- industry-specific initiatives;
- collection and analysis of labor market information;
- administrative cost arrangements, including the pooling of funds for administrative costs or sharing the responsibility to conduct local annual monitoring;
- coordination of supportive services, such as transportation; and
- coordination with other partners in the shared area.

Local boards have several fixed costs, such as case management and software systems, procurement operations, and other standard operational costs where collaboration and pooling resources with other boards can help reduce costs for any single board or allow the purchase of better systems. Regions may also choose to partner with state universities to provide evaluation services for local and regional WIOA programs. Evaluations are a WIOA requirement at the state level (20 CFR 682.220) and are useful at the local and regional levels as well. As local economies and regional assets evolve over time, chief elected officials (CEO) and local boards may find it beneficial to merge with an adjacent local area(s) and establish a newly designated local area to better align the regional labor and economic market and maximize available resources. If local CEOs and boards decide on such a merger, WIOA requires the State to provide funding to those local boards to facilitate the redesignation process (WIOA Section 106(b)(6)). Voluntary local area redesignation that consolidates multiple local areas can lead to cost efficiencies, allowing the local board to direct more resources to modernize systems.

v. <u>Provide innovative participant and business services through integrated service delivery via the AJC and other service providers</u>.

<u>AJCs as Hubs for Innovation</u>. AJCs and other WIOA service providers -are a hub for innovative service delivery. AJCs are where many program participants first learn about employment services, the workforce system, and discover in-demand occupations. States and local areas are encouraged to modernize frontline services that respond to worker needs by investing in virtual and mobile services, allowable under WIOA sec. 121(e)(2)(B). States are encouraged to consider investment in mobile AJCs, which enable service providers to meet customers where they are, especially in rural areas. Some states have launched these mobile workforce centers that are equipped to provide career services directly to rural populations, as well as to provide rapid response services in the case of large layoffs. In addition to mobile AJCs, virtual online job services are critical to providing access to AJC services. Local areas should ensure that self-service and information only services are readily available, including via mobile phones.

Funding technology. States and local areas may also choose to invest in new technologies to better support job seekers and businesses. AJCs may choose to use digital tools to enhance career navigation and mobility for customers, including tools that provide personalized career guidance, identify skills-based recommendations, allow for event registration, streamline intake and eligibility determination, or make virtual connections with AJC staff. Digital tools can also facilitate enhanced business services, including tools that provide recruiting resources, job posting services, skills-based candidate recommendations, event participation opportunities, or shared case management systems, which can ease state agency reporting challenges and ensure seamless, non-duplicative service delivery to businesses. For example, digital platforms can facilitate the provision of virtual Rapid Response sessions and job fairs, which can broaden business and job seeker participation.

AJCs and other partner programs may also invest in technology to increase virtual training options for participants, such as through virtual reality, generative AI, and adaptive learning platforms, which can be particularly valuable for customers in rural areas, who may not have access to ample training opportunities. This may include virtual reality experiences that enable occupational skills training or upskilling, which are considered career services in the WIOA Title I program, or that enhance provision of career information, which is a labor exchange service provided under WIOA Title I or under the Wagner-Peyser program.

Local boards may use one-stop infrastructure funds to purchase technology, per 20 CFR 678.700, if it aligns with state procurement policy and the Uniform Guidance. States have also leveraged other funding sources, including Dislocated Worker Grant, Workforce Information Grant, and Workforce Data Quality Initiative funds, to support the adoption of new digital technologies.

Staffing and Staff Training. In addition to new technologies, AJCs invest in staffing and staff training to improve services for both participants and businesses. Investing in apprenticeship navigators in AJCs, for example, can assist in moving more participants into Registered Apprenticeships, as well as help grow the number of employers providing Registered Apprenticeship opportunities. Local Boards should work with AJCs to cross-train frontline staff, particularly career counselors, to provide customers with access to a full suite of services. At a minimum, career counselors should understand the full array of work-based learning options available to program participants, including Registered Apprenticeship programs, in their local areas and work closely with Business Services Representatives, Registered Apprenticeship navigators and intermediaries, and industry partners to connect job seekers to Registered Apprenticeship programs.

6. **Inquiries.** For further information, please contact the appropriate ETA Regional Office.

7. **<u>References.</u>**

- Workforce Innovation and Opportunity Act (Pub. L. 113-128);
- Executive Order 14191 on Expanding Educational Freedom and Opportunity for Families;
- Wagner-Peyser Act, as amended (29 U.S.C. 49 et seq.);
- TEGL No. 8-18, *Workforce Innovation and Opportunity Act (WIOA) Title I and Wagner-Peyser Act Waiver Requirements and Request Process;* published December 19, 2018 TEGL 08-18 | U.S. Department of Labor
- WIOA Waiver Information Page WIOA Waiver Information | U.S. Department of Labor
- TEGL No. 3-23, *Allowable Uses of Funds for Outreach Activities for Federal Formula and Competitive Grant Awards;* published September 6, 2023 TEGL 03-23 | U.S. Department of Labor
- TEN No. 25-24, *Leveraging Workforce Innovation and Opportunity Act Waivers to Increase Labor Force Participation and Worker Productivity;* published May 6, 2025 TEN 25-24 | U.S. Department of Labor

8. **<u>Attachment(s)</u>.**

- Attachment I: Workforce Innovation and Opportunity Act: Workforce Flexibility (Workflex) Plan Collection Form

Attachment I

<u>Workforce Innovation and Opportunity Act: Workforce Flexibility (Workflex) Plan Collection Form</u>

Required Elements to Request Workflex
Workflex Quarterly Report Requirements
OMB No. 1205-0432, Expiration Date: 10/31/2027

I. Workflex Plan Instructions

States requesting designation as a Workflex State under WIOA section 190 and 20 CFR 679.630(b) must submit to the Department of Labor, Employment and Training Administration, a Workflex plan which includes descriptions of:

1. The process by which local areas in the State may submit and obtain State approval of applications for waivers of requirements under title I of WIOA;
2. A description of the criteria the state will use to approve local area waiver requests and how such requests support implementation of the goals identified State Plan;
3. The statutory and regulatory requirements of title I of WIOA are likely to be waived by the State under the workforce flexibility plan;
4. The statutory and regulatory requirements of sections 8 through 10 of the Wagner-Peyser Act that are proposed for waiver, if any;
5. The statutory and regulatory requirements of the Older Americans Act that are proposed for waiver, if any;
6. The outcomes to be achieved by the waivers described in 20 CFR 679.630(b)(1) through (5) including, where appropriate, revisions to adjusted levels of performance including in the State or local plan under title I of WIOA, and a description of the data or other information the State will use to track and assess outcomes; and
7. The measures to be taken to ensure appropriate accountability for Federal funds in connection with the waivers.

II. Quarterly Report Template

For approved Workflex plans, WIOA regulations at 20 CFR 679.640(b) require a State to demonstrate that it has met agreed-upon outcomes contained in its Workflex plan. This can be demonstrated by describing how waivers and Workflex are used. States with an approved Workflex plan should submit a quarterly report containing the following information:

1. Waiver (assigned by State)
2. Regulation/Statue affected
3. Date received
4. Date granted
5. Local area(s) requesting waiver
6. Purpose and goals of each waiver, proposed outcomes, and outcomes to date
7. State-imposed conditions of waiver use, as appropriate

PRA Burden Statement: According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. Public reporting burden for this collection of information is estimated to average 15 hours for a waiver application and 8 hours per quarterly report, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is required to obtain or retain benefit (20 CFR 679.630 and 20 CFR 679.640). Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Labor, Office of the Chief Information Officer, Attention: Departmental Clearance Officer, 200 Constitution Avenue, N.W., Room N-1301, Washington, DC 20210 or email DOL_PRA_PUBLIC@dol.gov and reference the OMB Control Number 1205-0432.