

TRAINING AND EMPLOYMENT NOTICE	NO . 25-24
	DATE May 6, 2025

TO: STATE WORKFORCE AGENCIES
STATE WORKFORCE LIAISONS
STATE WORKFORCE DEVELOPMENT BOARDS AND STAFF
LOCAL WORKFORCE DEVELOPMENT BOARDS AND STAFF

FROM: LORI FRAZIER BEARDEN /s/
Acting Assistant Secretary

SUBJECT: Leveraging Workforce Innovation and Opportunity Act Waivers to Increase Labor Force Participation and Worker Productivity

1. **Purpose.** To encourage state and local Workforce Innovation and Opportunity Act (WIOA) title I grantees to leverage waivers that may increase labor force participation and enhance worker productivity in response to the Presidential Memorandum of January 20, 2025, titled, “Delivering Emergency Price Relief for American Families and Defeating the Cost-of-Living Crisis.”
2. **Action Requested.** All state and local grantees are encouraged to request waivers as necessary, such as those outlined in this Training and Employment Notice (TEN), to ensure WIOA funds are being used effectively to increase labor force participation by drawing discouraged workers into the labor force, and to upskill the workforce to enhance worker productivity.
3. **Summary and Background.**
 - Summary – This TEN shares information about four WIOA waiver options that grantees may use to help improve labor force participation rates and productivity to increase the prosperity of the American worker.
 - Background – President Trump issued the Presidential Memorandum on January 20, 2025, which is available at: <https://www.whitehouse.gov/presidential-actions/2025/01/delivering-emergency-price-relief-for-american-families-and-defeating-the-cost-of-living-crisis/>.¹ All federal agencies are taking steps to implement this memo, which calls upon the Federal Government to create employment opportunities for American workers, including drawing discouraged workers into the labor force, with the goal of lowering America’s cost of living.

¹ Also available in the Federal Register at: <https://www.federalregister.gov/documents/2025/01/28/2025-01904/delivering-emergency-price-relief-for-american-families-and-defeating-the-cost-of-living-crisis> and <https://www.govinfo.gov/content/pkg/FR-2025-01-28/pdf/2025-01904.pdf>.

WIOA section 189(i) provides states the opportunity to request waivers of some statutory or regulatory requirements for Secretary of Labor approval. A full description of what does and does not fall under that waiver authority can be found in WIOA Section 189(i)(3) and at [20 CFR 679.610](#) and [20 CFR 679.620](#). State and local areas have used WIOA waivers to respond creatively to economic pressures and business needs in their communities. Waivers modify a state's Unified or Combined State Plan and, therefore, are generally approved for the length of the approved State Plan (four years). Youth waivers and some disaster related business capitalization waivers, however, are tied to the length of funding and are approved for two-year increments.

This TEN provides examples of ways in which states can leverage the waiver authority to increase labor force participation and employment opportunities for American workers, but this is not an exhaustive list of waiver authority. More information about waivers can be found at <https://www.dol.gov/agencies/eta/wioa/waivers>.

4. **Leveraging WIOA Waivers to Enhance Labor Force Participation and Worker Productivity.** WIOA is intended to help American workers receive the training and career services necessary to take advantage of employment opportunities in their communities. Section 134 of WIOA allows states and local areas to fund a variety of training approaches, including several types of work-based training. Some states use waivers to provide even more flexibility within the allowable training opportunities. Following are some waiver options states can use to engage discouraged workers and assist in their re-entering the workforce. Waivers may also support employers in delivering training and upskilling to close skills gaps that improve worker productivity and generally enhance employment opportunities for Americans.

- ***Increasing On-the-Job Training (OJT) reimbursement for Local Workforce Development Boards (Local Boards).***

OJT is a work-based learning strategy that helps individuals to build or update their skills or establish themselves in emerging, high-demand fields. It also incentivizes businesses to hire individuals and invest in their skill development by providing wage reimbursement to program participants. OJT programs can be particularly successful for individuals who are unable or unlikely to obtain employment without retraining; individuals who are low income, receiving unemployment insurance or public assistance, or need to earn a wage while learning occupational skills; and individuals who can learn the skills necessary for the occupation more easily and thoroughly on the job. OJT may also be a good option for currently employed individuals who are not earning a family-sustaining wage.

Under Section 134(c)(3)(H)(i) of WIOA and the implementing regulation at [20 CFR 680.720](#), a Local Board may reimburse an employer up to 50 percent of the wage rate of an OJT participant for the extraordinary costs of providing the training and additional supervision related to the training. In limited circumstances, the reimbursement may be up to 75 percent of the wage rate of the participant. The Secretary has the authority to waive this provision, and has previously approved waivers to allow up to 90 percent of OJT employer reimbursement for businesses with less than 50 employees. This allows for

more small businesses to take advantage of OJT reimbursement while training new employees in their communities, bringing new opportunities to previously discouraged workers.

As of March 2025, nine states have taken advantage of this waiver.

- ***Increasing Transitional Jobs.***

Transitional jobs are a type of service that Local Boards may provide to help discouraged workers to re-enter the labor force. Transitional jobs are time-limited and wage-paid work experiences that are subsidized up to 100 percent by WIOA funding. Transitional jobs are particularly useful for discouraged workers who are chronically unemployed, may not have robust work experience, have large gaps in their employment history, or experience other barriers to employment. Transitional jobs provide an individual with work experience, generally for a fixed time period, during which the worker develops on-the-job skills while receiving a wage and supportive services. Transitional jobs also assist employers, particularly small businesses, who may be experiencing worker shortages or need to hire additional staff to rebuild their business operations after experiencing economic impacts, by reimbursing a greater portion of their training and wage costs.

Under Section 134(d)(5) of WIOA and its implementing regulation at [20 CFR 680.195](#), a Local Board may use up to 10 percent of its combined total of Adult and Dislocated Worker allocations for these transitional jobs. The Secretary has the authority to waive this provision, and has previously approved an increase in allowable use of funds for transitional jobs up to 50 percent of Adult and Dislocated Worker allocations. This waiver allows states to fund more transitional jobs, which can be used as tools to re-engage workers in the American economy.

As of March 2025, only one state has ever taken advantage of this waiver.

- ***Increase Funds Available for Incumbent Worker Training (IWT)***

States interested in helping lower costs by increasing a worker's wage through career advancement may choose to leverage IWT. IWT consists of work-based training designed to ensure that workers of a company can acquire the skills necessary to retain employment and advance within the company, or to acquire the skills necessary to avert a layoff, while remaining employed. IWT can also be used for underemployed workers, or workers who would prefer full-time work but are working part-time for economic reasons. For instance, IWT training may focus on increasing skills for frontline workers in an effort to advance those workers to more skilled positions with the same employer or industry sector, leading to an increase in earnings through more work hours or an increase in pay.

Under WIOA Section 134(d)(4) and the implementing regulation at [20 CFR 680.800\(a\)](#), a Local Board may reserve up to 20 percent of their combined total of Adult and Dislocated Worker allocations funds for IWT. The Secretary has authority to waive this provision, and has previously approved an increase of the allowable threshold available for IWT from 20 to 50 percent.

By increasing allowable funding from 20 to 50 percent, a Local Board can invest in its existing businesses and workforce, assisting businesses to upskill workers, which increases retention and worker productivity.

As of March 2025, three states have taken advantage of this waiver.

- ***Increasing Work Experience Opportunities for In-School Youth (ISY)***

Work Experiences are a planned, structured learning experience that takes place in the workplace for a limited period of time. In the WIOA Youth program, there are a variety of work experiences including: summer employment opportunities and other employment opportunities throughout the school year; pre-apprenticeship programs and Registered Apprenticeship programs; internships; job shadowing; and OJT.

Under Section 129(a)(4) of WIOA and the implementing regulation at 20 CFR 681.410, local areas must spend not less than 75 percent of local area WIOA Youth funds on out-of-school youth (OSY). The Secretary has authority to waive this provision, and has previously approved waivers to reduce the OSY expenditure requirement from 75 percent to 50 percent. By reducing the OSY expenditure minimum to 50 percent, Local Boards can spend up to 50 percent of WIOA Youth funds on ISY, thereby providing additional work experience opportunities for ISY, including pre-apprenticeship and Registered Apprenticeship programs. Evidence shows that work experience and work-based learning interventions improve several outcomes related to success in the labor market including short-term annual earnings, long-term annual earnings, short-term employment, and long-term employment.² By increasing opportunities for ISY to participate in work experience, WIOA Youth programs can help set them up for short- and long-term success in the labor market.

As of March 2025, 28 states have taken advantage of this waiver and the majority of states requesting this waiver report using it primarily to expand work experience opportunities for ISY.

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

6. **References.**

- Workforce Innovation and Opportunity Act (WIOA), Sec. 189(i), 29 U.S.C. § 3249
- WIOA Regulations at 20 CFR parts 679, 680, and 681
- Training and Employment Guidance Letter No. 08-18, *Workforce Innovation and Opportunity Act (WIOA) Title I and Wagner-Peyser Act Waiver Requirements and Request Process*, December 19, 2018, available at

² Pathways to Work Evidence Clearinghouse prepared for the Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services; and available at: https://pathwaystowork.acf.gov/pathways_publications/work-experience-and-work-based-learning

<https://www.dol.gov/agencies/eta/advisories/training-and-employment-guidance-letter-no-08-18>.

- Training and Employment Guidance Letter No. 19-16, *Guidance on Services provided through the Adult and Dislocated Worker Programs under the Workforce Innovation and Opportunity Act (WIOA) and the Wagner-Peyser Act Employment Services (ES), as amended by title III of WIOA, and for implementation of the WIOA Final Rules*, March 1, 2017, available at <https://www.dol.gov/agencies/eta/advisories/training-and-employment-guidance-letter-no-19-16>.
- Presidential Memorandum, “Delivering Emergency Price Relief for American Families and Defeating the Cost-of-Living Crisis,” January 20, 2025, available at <https://www.federalregister.gov/documents/2025/01/28/2025-01904/delivering-emergency-price-relief-for-american-families-and-defeating-the-cost-of-living-crisis> and <https://www.govinfo.gov/content/pkg/FR-2025-01-28/pdf/2025-01904.pdf>.

7. **Attachment(s)**. N/A