

U.S. Department of Labor

Employment and Training Administration
200 Constitution Avenue, N.W.
Washington, D.C. 20210



September 16, 2026

The Honorable Kathy Hochul
Governor of New York State
NYS State Capital Building
Albany, New York 12224

Dear Governor Hochul:

Thank you for your waiver request submission to the U.S. Department of Labor regarding certain statutory and regulatory provisions of the Workforce Innovation and Opportunity Act (WIOA) and the accompanying plan to improve the statewide workforce development system (enclosed). The waiver request was received on June 16, 2026. This letter provides the Employment and Training Administration's (ETA) official response to your request and memorializes that New York will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by New York and ETA. This action is taken under the Secretary of Labor'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 Waiver: Waiver associated with the requirement at WIOA Section 129(a)(4)(A) and 20 CFR 681.410 that the State and local areas expend 75 percent of Governor's reserve youth funds and local formula youth funds on out-of-school youth (OSY).

ETA Response: ETA approves, for Program Years (PYs) 2026 and 2027, which includes the entire time period for which states are authorized to spend each of those PY fund allotments, the State's request to waive the requirement that the State expend 75 percent of Governor's reserve youth funds on OSY. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of State to implement its plan to improve the workforce development system. The State may lower the expenditure requirement of Governor's reserve funds to 50 percent for OSY.

In addition, ETA approves, for PYs 2026 and 2027, which includes the entire time period for which states are authorized to spend each of those Program Year fund allotments, the State's request to waive the requirement that local areas expend 75 percent of local youth formula funds on OSY. New York may lower the local youth funds expenditure requirement to 50 percent for OSY.

The State is reminded that WIOA Title I waivers may not be used for any discriminatory purposes. All activities and waiver plan provisions must comply with Section 188 of WIOA, the implementing regulations at 29 CFR Part 38, and all applicable federal nondiscrimination laws.

The State must report its waiver outcomes and implementation of the approved waivers in the WIOA Annual Report. ETA will use this information to assess continued waiver approval and to identify promising practices that may be adopted more widely. ETA is available to provide technical assistance to you in support of your goals. If you have questions, feel free to contact my office at (202) 693-2772.

Sincerely,



Marek Laco
Acting Assistant Secretary

Enclosures

cc: Dan Politis, Deputy Commissioner, New York State Department of Labor
Danielle Worthen-Ramos, ETA Acting Regional Administrator, Boston Regional Office
Kate Banimenia, ETA Federal Project Officer, Boston Regional Office

Waiver of the requirement to expend 75% of Governor's reserve youth funds and local formula youth funds on Out-of-School Youth (OSY).

Statutory and/or regulatory requirements to be waived

Language that requires the 75% OSY expenditure requirement be imposed on Statewide and local workforce investment activities identified in Workforce Innovation and Opportunity Act (WIOA) Section 129(a)(4)(A) and 20 CFR §681.410.

This request is for Program Year (PY) 2026 and PY 2027 funding allotments.

Actions undertaken to remove state or local barriers

There are no State or local statutory or regulatory barriers to implementing the proposed waiver.

State's strategic goals and expected programmatic outcomes of waiver

This waiver will allow New York State (NYS) to decrease the OSY expenditure requirement, both Statewide and for interested Local Workforce Development Boards (LWDBs), to no less than 50% while also increasing allowable expenditures for In-School Youth (ISY) to up to 50%. NYS and the LWDBs will direct this increase in ISY expenditures toward investing in targeted programs for ISY services, as well as preventative strategies and addressing the myriad current needs within the ISY population. This is especially important in our largest local area, New York City (NYC), where youth employment continues to lag behind the rest of NYS.

The number of ISY and OSY participant enrollments decreased minimally in both PY 2023 and PY 2024. In PY 2023, NYS enrolled 2,746 ISY and 5,593 OSY participants, while in PY 2024, those numbers were 2,707 and 5,007, respectively. As of PY 2025 Quarter 2, NYS enrolled 2,693 ISY and 4,182 OSY. Significant increases in enrollments and services to OSY are not anticipated for PYs 2026 and 2027 as several of the local areas continue to report difficulty in enrolling OSY. However, total ISY enrollments are expected to continue to increase marginally, aided by the renewal of the OSY expenditure waiver. As of June 30, 2025, six (6) local areas (Finger Lakes, NYC, Saratoga-Warren-Washington, Hempstead, Suffolk, and Jefferson-Lewis) expended greater than 25% of total expended PY 2024 Youth funds on ISY.

The increased access to ISY funds allowed for four (4) of the six (6) local areas listed above (Suffolk, Hempstead, NYC and Jefferson-Lewis) to meet or exceed their PY 2024 Primary Indicators of Performance goals, with 58% of all Youth performance measures across the six (6) local areas exceeding 100% of the negotiated goal. These local areas and others continue to request this waiver to be able to better work with the State's school districts and serve a higher number of ISY participants.

Over the last few years, local areas have made good use of the waiver to continue and create new promising pipelines of ISY into their programs. Some examples include, but are not limited to:

- Collaboration with the NYS Division of Juvenile Justice and Opportunities for Youth (DJJOY) and the NYS Office of Children and Family Services (OCFS) – NYSDOL has been actively collaborating with DJJOY and OCFS to enhance ISY participation. This partnership focuses on strengthening referral pipelines, improving service delivery, and increasing awareness of available resources for justice-involved youth through initiatives like the joint virtual learning session;

- Events promoting career exploration – Multiple LWDBs hold career exploration events annually for local middle and high-school students, including GLOW With Your Hands and Career Jam, where these ISY can discuss future careers with local businesses, learn about various apprenticeship opportunities, and speak with staff about the WIOA Youth Program; and
- Direct services in school districts – Several local areas, including the Capital Region and the North Country, have developed relationships with local school districts for navigators to be directly placed within schools to provide WIOA Youth services.

Note: The approval of this waiver will not impede NYS from continuing to serve OSY by providing occupational skills training; work-based learning opportunities, including pre-apprenticeships and Registered Apprenticeships; tutoring/study skills; education and workforce preparation activities; leadership development opportunities; supportive services; mentoring, guidance and counseling, and career counseling; financial literacy training; entrepreneurial skills training; transition support to post-secondary education; and follow-up services.

Alignment with United States Department of Labor (USDOL) policy priorities

This waiver will allow the State the flexibility to improve outcomes for ISY and for LWDBs to offer the fourteen (14) WIOA Youth program elements as described in 20 CFR §681.460 to more ISY youth participants. This waiver is intended to allow LWDBs to spend youth funds to align with the needs of their local population.

Local areas without large OSY populations could use additional ISY funding towards work experience opportunities, including Registered Apprenticeships. Local areas could also provide needed services to help youth stay in school and focus on career pathways beyond high school, leading to increased coordination of ISY services with Perkins V funded Career and Technical Education (CTE) programs.

In addition, this waiver could also support USDOL's vision of using the WIOA Youth Program to support Artificial Intelligence (AI) education and training. Programs could determine, with the youth, what types of AI skill development would be most useful for them and in turn they would provide one (1) of the fourteen (14) WIOA Youth Program elements; activities that help youth prepare for and transition to postsecondary education and training.

Individuals impacted by the waiver

This waiver will directly impact youth in NYS who qualify as ISY and would otherwise not be served due to the 75% OSY expenditure requirement. Employment opportunities for OSY are plentiful as reflected in current low unemployment rates and high hourly wages for entry level jobs. Thus, the waiver will provide the LWDBs the flexibility to serve more ISY and more youth overall.

Process for monitoring progress and the collection and reporting of outcomes related to the waiver

NYS DOL will monitor progress and ensure accountability for Federal funds in connection with this waiver by collecting and reviewing monthly expenditure, performance, and other reports through regular contact with the Employment and Training Regional Office liaisons, and through its monitoring and performance accountability system.

Notice to affected local boards

LWDBs have continued to request that NYSDOL submit this waiver as they feel the flexibility it provides offers the best way to serve their youth, while also leveraging WIOA with other youth programs. Should the waiver be granted, NYSDOL would issue an electronic notice that will be disseminated to the Workforce Development community in the State (including LWDB Directors and Chairs).

Public Comment

This waiver request was posted for public comment on the NYSDOL website for a 10-day comment period. One (1) comment in support was received and did not require any change to the waiver.