

U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210



July 20, 2026

The Honorable Kay Ivey
Governor of Alabama
600 Dexter Avenue
Montgomery, AL 36130

Dear Governor Ivey:

Thank you for your waiver request submission to the U.S. Department of Labor (Department) 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 requests were received on April 22, 2026, as part of your recent WIOA State Plan modification submission. This letter provides the Employment and Training Administration's (ETA) official response to your request and memorializes that Alabama will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by Alabama 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 of 20 CFR 681.550 to allow WIOA individual training accounts (ITAs) for in-school youth (ISY).

ETA Response: ETA approves, for Program Years (PYs) 2026 and 2027, the State's request to waive the requirement limiting ITAs to only out-of-school youth (OSY), ages 16–24. In addition to these OSY, the State may use ITAs for ISY, ages 16–21. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of the State to implement its plan to improve the workforce development system.

Requested Waiver: Waiver of 20 CFR 680.780 to adjust the six-month employment requirement for incumbent worker training (IWT).

ETA Response: ETA approves, through June 30, 2028, the State's request to adjust the six-month employment requirement for the purposes of conducting IWT. ETA reviewed Alabama's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Alabama to implement its plan to improve the workforce development system.

Requested Waiver: Waiver of the reallocation provisions at WIOA Sections 128(c)(3) and 133(c)(3) to allow the state workforce development board to develop different criteria than required by statute for the reallocation of recaptured funds among local workforce areas.

ETA Response: ETA approves, through June 30, 2028, Alabama's request to waive the reallocation provisions at WIOA Sections 128(c)(3) and 133(c)(3). Alabama may reallocate recaptured funds according to State-developed criteria. ETA reviewed Alabama's waiver request and plan and has determined that the requirements requested to be waived impede its ability to implement its plan to improve the workforce development system. Under this waiver, Alabama has the discretion to consider additional factors described in its waiver plan in determining local workforce development area eligibility for reallocation of recaptured funds.

Alabama must make public its reallocation procedure and policy, as well as any future changes to the policy. Please note that the approved waiver only applies to reallocation and not recapture.

Requested Waiver: Waiver of WIOA Section 134(d)(2) and 20 CFR 680.910 to allow the use of supportive services for participants within 12 months of exit for employment retention.

ETA Response: ETA approves, through June 30, 2028, the State's request to waive the requirement that prohibits the use of Adult and Dislocated Worker funds for provision of supportive services during the 12- months following participant exit and entry into employment. With this waiver, the State can provide targeted supportive services to participants who have exited from the program and entered employment, including recipients of public assistance, to ease temporary barriers that may impede job retention.

Requested Waiver: Waiver of the requirements at WIOA Section 121(c)(1) to allow the Governor to determine infrastructure funding for one-stop centers.

ETA Response: This request falls outside of the Secretary's waiver authority and, therefore, cannot be approved. WIOA Section 189(i)(3)(A)(i) prohibits the Secretary from waiving requirements related to the funding of infrastructure costs for one-stop centers, including the requirements that govern the sharing and allocation of infrastructure costs among one-stop partners. Workforce Flexibility (WorkFlex) authority at WIOA Section 190 allows the State to provide waivers to local areas related to infrastructure funding. ETA is available for technical assistance if the State wishes to explore potential flexibilities associated with WorkFlex.

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,

A handwritten signature in blue ink that reads "Henry Mack". The signature is written in a cursive, flowing style.

Henry Mack, Ed.D.
Assistant Secretary

Enclosures

cc:

Tammy Wilkinson, Director, Workforce Development, Alabama Department of
Workforce

Renata Adjibodou, Atlanta Regional Administrator, ETA

Michelle McKinney, Federal Project Officer, ETA

2026 Alabama Waiver Requests

Waiver Request #1.

Requesting continuance of Waiver allowing ITAs for in-school youth

1. 20 CFR 681.550 says WIOA youth funds can pay for ITAs for out-of-school youth. Alabama would like to again expand the use of WIOA-funded ITAs to in-school youth, ages 16-21. Alabama is requesting a renewal of this Waiver.

In-school youth should be offered the same opportunities for support beyond their high school diploma or its equivalent. Providing occupational training to in-school youth via an ITA will maximize the service delivery capacity of the WIOA Youth Program by allowing youth who are focused on employment to have the same opportunities as adults, dislocated workers, and out-of-school youth.

2. State or Local Statutory Barriers:

There are no state or local statutory or regulatory barriers to implementing the proposed Waiver.

3. Goals of the Waiver and Expected Programmatic Outcomes:

- a. Improve the ability of local workforce boards, youth program providers, and workforce and education partners to respond quickly to the needs of in-school youth, ages 16-21.
- b. Increase employment and training opportunities.
- c. Increase the opportunities for work-based learning.
- d. Increase empowerment for youth, allowing them to make choices concerning their careers.

4. Description of Individuals, Groups, or Populations Impacted by the Waiver:

In-school youth, ages 16-21, will benefit.

5. Description of the Process to Monitor the Waiver Program and Collect Waiver Outcome Information:

Upon USDOL's approval of the Two-Year Combined State Plan including this Waiver request, the Alabama Department of Workforce will again communicate the news to its partners.

Youth In-School ITAs will be delivered to youth primarily at the local level. Four youth participants used this newer Waiver in PY24.

Alabama Department of Workforce's State Program Integrity Section will monitor implementation of this Waiver. The State Reporting Section also will coordinate with appropriate data and case management staff to ensure in-school data is accurately captured and reported in Youth WIOA performance measures.

Annual waiver reporting will explicitly link outcomes to ETA approval-letter intended results (e.g., ISY ITA waiver targets), with positive/negative and direct/indirect impacts summarized.

Waiver Request #2.

Requesting Waiver of the requirement for an incumbent worker to have work history of six months or longer with the employer

1. Alabama requests a Waiver of the requirement for workers to be with an employer for six months before qualifying as an incumbent worker. The statutory and/or regulatory requirements the State would like to waive: 20 CFR &680.780, which states that a workers must have an established employment history with the employer for 6 months or more to qualify as an "incumbent worker."
2. State or Local Statutory Barriers:

There are no state or local statutory or regulatory barriers to implementing the proposed Waiver.

3. Beneficiaries of Approval of the Waiver request:

Approval would allow more incumbent workers to be eligible for upgraded skills training, helping workers and their employers. The training could save jobs, prevent layoffs, or help businesses become more competitive.

4. Description of the Process to Monitor the Waiver Program and Collect Waiver Outcome Information:

Upon USDOL's approval of the Two-Year Combined State Plan including this Waiver request, the Alabama Department of Workforce will communicate the news to its WIOA partners. The Alabama Department of Workforce's Workforce Pathways Division administers the IWT program.

The Alabama Department of Workforce's State Program Integrity Section will monitor implementation of this Waiver. The State Reporting Section also will coordinate with appropriate data and case management staff to ensure Incumbent Worker data is accurately captured and reported so the benefit of the Waiver can be determined. The Department will include its Annual Report the estimated impact of the Waiver based on the number of incumbent workers served versus previous years.

Annual waiver reporting will explicitly link outcomes to ETA approval-letter intended results (e.g., waiver targets), with positive/negative and direct/indirect impacts summarized.

Waiver Request #3.

Requesting Waiver of regulatory requirements regarding reallocation of funds among local areas.

1. Alabama is requesting a Waiver from the provisions of WIOA &128 (c)(3) and & 133(c), regarding reallocation among local areas. This Waiver would provide The Alabama Department of Workforce much-needed flexibility in redistributing funds among Local Areas.
2. State or Local Statutory Barriers:

There are no state or local statutory or regulatory barriers to implementing the proposed Waiver.

3. Goals of the Waiver and Expected Programmatic Outcomes:
 - Improve the ability of The Alabama Department of Workforce to respond to changing needs of Local Areas and their respective businesses.
 - Increase employment and training opportunities where they are needed most.
4. Description of Individuals, Groups, or Populations Impacted by the Waiver:

Local Areas who have participants needing training would benefit from the ability of The Alabama Department of Workforce to shift training funds to Areas most urgently in need.

5. Description of the Process to Monitor the Waiver Program and Collect Waiver Outcome Information

Upon USDOL's approval of the Two-Year Combined State Plan including this Waiver request, the Alabama Department of Workforce will communicate the news to Local Areas, which will hopefully lead to better performance outcomes in Local Areas.

Alabama Department of Workforce's State Program Integrity Section will monitor implementation of this Waiver. The Department will include in its Annual Report how often the Waiver was used.

Annual waiver reporting will explicitly link outcomes to ETA approval-letter intended results (e.g., waiver targets), with positive/negative and direct/indirect impacts summarized.

Waiver Request #4.

Requesting Waiver to extend Supportive Services to WIOA participants for up to a year after exiting programs.

1. Supportive Services is a component of the WIOA program. WIOA will provide reimbursement for Supportive Services needed to complete training and/or attain employment.
2. Alabama now provides Supportive Services for up to 90 days after participants exit programs. Alabama is requesting to extend that time frame to 12 months.
3. State or Local Statutory Barriers: There are no state or local statutory or regulatory barriers to implementing the proposed Waiver.
4. Goals of the Waiver and Expected Programmatic Outcomes: Increase employment opportunities for exited participants through Supportive Services such as childcare, work uniforms, licenses and testing fees.
5. Description of Individuals, Groups, or Populations Impacted by the Waiver: Exited WIOA participants
6. Description of the Process to Monitor the Waiver Program and Collect Waiver Outcome Information: Upon USDOL's approval of the Two-Year Combined State Plan including this Waiver request, the Alabama Department of Workforce will communicate the Waiver to its partners.

Alabama Department of Workforce's State Program Integrity Section will monitor implementation of this Waiver, as well as how many participants take advantage of the new time frame.

Annual waiver reporting will explicitly link outcomes to ETA approval-letter intended results (e.g., waiver targets), with positive/negative and direct/indirect impacts summarized.

Waiver Request #5.

Requesting Waiver to allow Governor to determine Infrastructure Funding for One-Stop Career Centers

1. The Workforce Innovation and Opportunity Act (WIOA) Section 121(c)(1) requires Regional Boards, with the agreement of the Chief Elected Official (CEO), to develop and enter into a Memorandum of Understanding (MOU) between the Board and the One-Stop Partners, consistent with WIOA Section 121(c)(2) concerning the operation of the One-Stop delivery system in a Region. This requirement is further described in the Workforce Innovation and Opportunity Act; Joint Rule for Unified and Combined State Plans, Performance Accountability, and the One-Stop System Joint Provisions: Final Rule at 20 CFR 678.500, 34 CFR 361.500, and 34 CFR 463.500, and in Federal guidance. Additionally, the sharing and allocation of infrastructure costs among OneStop partners is governed by WIOA Section 121(h), its Implementing Regulations, and the Federal Cost Principles contained in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) at 2 CFR part 200.
2. Alabama is requesting a Waiver to allow the Governor to determine Infrastructure Funding for One-Stop Career Centers.
3. State or Local Statutory Barriers: There are no state or local statutory or regulatory barriers to implementing the proposed Waiver.
4. Beneficiaries of Approval of the Waiver request: Waiver will reduce the workload on the Regions and establish funding consistency across the state. In the past, several Regions have asked the Governor to handle this responsibility.
5. Description of the Implementation Process: Regions will be notified of the change once the Waiver is approved. There should be no impact on participants.

Annual waiver reporting will explicitly link outcomes to ETA approval-letter intended results (e.g., waiver targets), with positive/negative and direct/indirect impacts summarized.

Public Comment on Waivers

All Waivers will be available for Public Comment through the public posting of a Draft of the 2026 Plan. Local Boards also will be provided a Draft of the 2026 Plan.

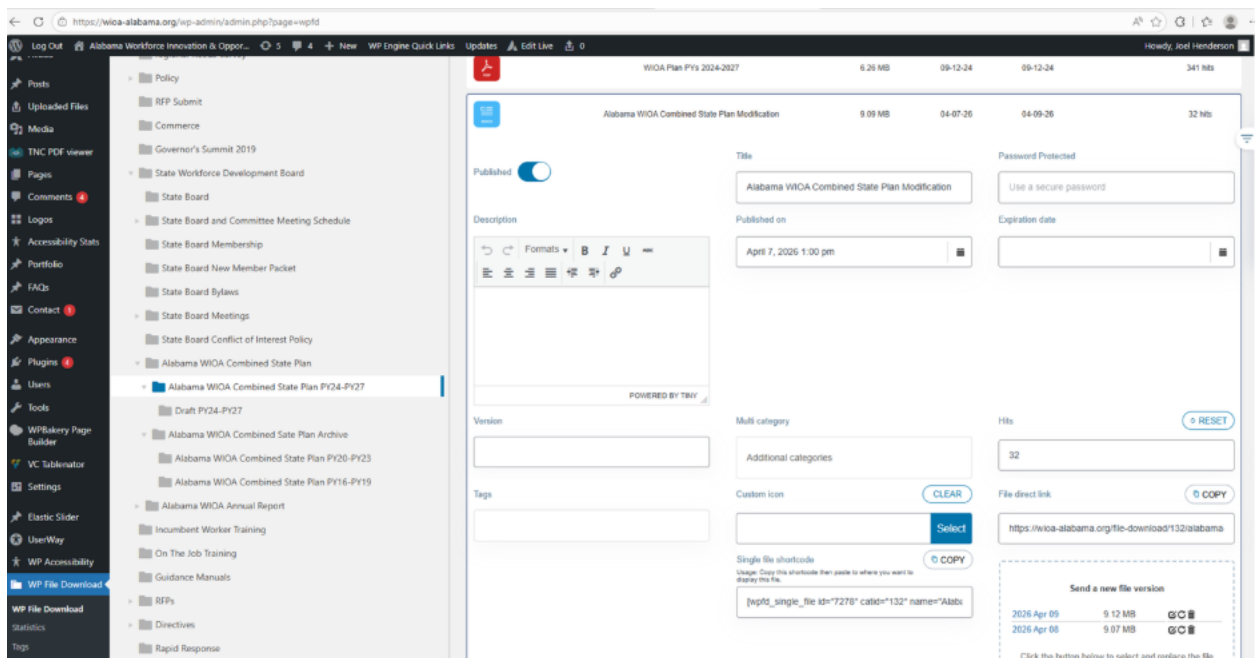
2026 State Plan Waivers – AL Additional Information Request

For the 2026 State Plan submission, the federal review of the waiver section identified the following areas requiring additional information from Alabama.

The state provided the following responses in response to this request.

For all five waiver request submissions, the state was requested to provide confirmation of local board notification and public comment:

Alabama provided the following publication verification for the Alabama WIOA Combined State Plan:



Second, for waiver-specific requests for additional information, Alabama provided the following responses:

1. Waiver #1: (Renewal) ITAs for In-School Youth (ISY) Ages 16–21

- a. **Please provide quantified targets for all projected programmatic outcomes for this waiver. Please note that linking to WIOA performance indicators is preferred.**

Proposed Targets PY2025-2026	Target
Total Served	30
ERQ2	75%

ERQ4	70%
MSG	80%
Credential	70%

- b. **As this is a renewal, please provide a table comparing prior waiver goals under this waiver to the actual outcomes under this existing waiver.**

ISY Performance (PY2024, Ages 16-21)	Numerator	Denominator	Rate	Prior Waiver Goal
Total Served	30	-	-	40
ERQ2	26	29	89.70%	-
ERQ4	18	21	85.70%	-
MSG	27	30	90%	50%
Credential	15	21	71.40%	50%

2. Waiver #2: Incumbent Worker Eligibility Requirement (6-Month+ History with Employer)

- a. **To clarify the scope and intent of this waiver, provide the following:**
- i. **Provide a narrative explaining the need for this waiver and why this specific waiver would be best suited to meet that need.**

Alabama requests a waiver of the requirement for workers to be currently employed by the employer for six months or more. The requested waiver is well-suited because it provides flexibility while still supporting the overall intent of the Incumbent Worker Program, which is to strengthen workforce competitiveness, improve employee retention, and increase employee skill levels.

Granting this waiver would allow the employers to provide critical training opportunities to employees who are actively contributing to the organization, while also increasing the capability of the employer's ability to access, develop, and retain a skilled workforce. The Waiver would ensure that employees receive the necessary training to adapt to changing job demands, improve job performance, and support the company's ability to remain competitive within the industry.

In addition, approval of this waiver would help minimize disruptions to business operations and promote to continued employment stability for the affected workers. By allowing earlier access to training opportunities, employers can more effectively address workforce shortages, close skill gaps, and improve overall productivity.

Overall, this waiver request aligns with the goals and objectives of the Incumbent Worker Training Program by supporting workforce development, employee advancement, and long-term economic growth within the State of Alabama.

- b. Provide quantified targets for all projected programmatic outcomes for this waiver. For instance, the request projects that more incumbent workers will be eligible for upgraded skills training but does not provide specific quantified targets. Please note that linking to WIOA performance indicators is preferred.**

ADOW served 387 through the IWTP in PY2024. Removing the 6+ month requirement would increase the number to an estimated 450.

75% of incumbent workers will complete training.

These projected outcomes demonstrate that the approval of the waiver would provide measurable benefits to both the employer and participating employees while supporting the overall goals of the Incumbent Worker Training Program.

- c. For monitoring and implementation, describe the expected criteria for selecting employers and incumbent workers, timelines, and mechanisms for financial review.**

For monitoring and implementation of this waiver, employers and incumbent workers will be selected based on established program eligibility requirements. For profit businesses receive priority in consideration for funding. Applications from non-profits and governmental organizations are considered on a case-by-case basis.

Alabama operates its program at the state level using Governor's 10 % Set Aside Funds. (Local Areas may also operate a program if they desire. SWAPTE Region 7 is the only Local Area currently operating a program.)

Alabama provides funding on a non-competitive basis. Applications that meet the criteria of the Alabama Incumbent Worker Training Program Policy are funded in the order they are received as long as funding is available. Employers must demonstrate the ability to support training participation, maintain accurate documentation, and comply with all programmatic and financial requirements.

Incumbent workers selected for participation will be individuals currently employed by the participating employer, who would directly benefit from the proposed training. Employers choose employees to receive training based on skills need. Allowing employees with a work

history of less than 6 months to be trained will allow them to gain valuable, needed skills in a timelier manner and help them advance.

The anticipated implementation timeline will include:

- Initial employer application and eligibility review.
- Participant selection and enrollment must be completed prior to employees participating in training.
- Training delivery and ongoing monitoring; and
- Final evaluation and closeout review upon completion of training.

Training activities are expected to begin within three (3) months of approval and conclude within the established program period, depending on the scope and duration of the approved training.

Financial review mechanisms will include routine monitoring of invoices and supporting documentation to ensure compliance with all applicable funding requirements. Reimbursement requests will be reviewed for allowability, accuracy, and alignment with approved training activities prior to payment approval. Any discrepancies identified during the review process will be addressed promptly to ensure fiscal accountability and proper stewardship of program funds.

3. Waiver #3: Reallocation of Funds Among Local Areas

- a. **Provide a narrative that explains Alabama's need for this waiver. Please also provide the average recaptured funds for the state.**

This waiver request will provide the Alabama Department of Workforce (ADOW) with much-needed flexibility to respond to local areas and the changing needs of local economies. For instance, Alabama in March 2026 landed a \$2.4 billion submarine manufacturing facility in Area 1. This area now has more of a need for job-training funds due to the hundreds of added positions that will be created.

[Advanced Shipbuilding 'Factory of the Future' Opens in Alabama > United States Navy > display-pressreleases](#)

The Average Amount of Recaptured Funds for the last 3 years available is \$2,083,654 per Program Year. Currently, the ADOW reallocates funds based on the original WIOA funding formula, excluding the Local Areas returning original allocations. This distribution method does not take into account factors not included in the formula such as an increase in the number of jobs.

- b. **Provide a full list of criteria and policies that the state expects to use in reallocating funds among local areas. Please describe the procedures Alabama will establish to ensure consistency in reallocation.**

Local areas, excluding those returning funds, will be notified of the planned reallocation and invited to submit a Statement of Need and Budget. The awarding of funds would be based on the Director's discretion and performance of the applying local areas for the past two (2) Program Years. Local areas with exceptional need such as new/expanding industry and/or higher performance will be awarded funds according to their proposals. Funding to local areas will be adjusted to fit the total amount of funds available. The Alabama Workforce Board will be provided the rationale for the proposed reallocations and asked to approve the reallocations.

4. **Waiver #4: WIOA Supportive Services Post-Exit Extension (up to 12 months)**

- a. **As states are required to identify the statutory and/or regulatory requirements they would like to have waived, please provide confirmation that the statutory requirement Alabama is seeking to waive is WIOA Section 134(d)(2), which limits the provision of supportive services to periods of active participation and does not authorize their use during the twelve (12)-month period following exit for Adult and Dislocated Worker participants.**

We confirm that we are requesting a waiver of WIOA Section 134(d)(2), which limits the provision of supportive services to periods of active participation.

- b. **Provide an explanation of the need for and directly supports the rationale for this waiver request. For instance, please clarify how improving access to supportive services will directly "increase employment opportunities" in the state, as projected in the waiver request?**

Each Program Year, we have received between five and ten requests from participants who have already exited WIOA services but need additional assistance to take certification tests and pay for licensing fees in fields that received training for through ITAs. This number only reflects the number of requests we received in the Workforce Development office, but we anticipate there are many more former participants who need this assistance since case managers have been instructed not to submit any requests for those who have exited even though they are contacting them during follow up and receive requests.

In PY24, 109 participants received supportive services. We anticipate that this waiver would allow us to serve an additional 20 participants each Program Year. Employment opportunities will be increased primarily through assistance to individuals seeking assistance with certification and licensing fees. We will also offer assistance with work uniforms and tools as needed if an individual is starting a new job and needs assistance.

c. Clarify whether the state is seeking to offer supportive services to all exiters, or only to those exiters that have entered employment. Describe the state's expected criteria and practices for identifying individuals in need of supportive services.

We will offer supportive services to all exiters, both those who are seeking employment and entering employment. Those seeking employment will be provided assistance with certification testing and licensing fees needed to enter employment in their field of training. Those entering employment will be provided with assistance with obtaining needed items such as work uniforms, tools, childcare, and transportation.

Case Managers in the Alabama Career Centers (American Job Centers) will determine an individual's need for supportive services as they seek employment or enter employment during the 12 months following exit. Case Managers will submit the WIOA Supportive Services request form to ADOW for review and approval. The State Programs and Budget Section reviews the request and determines if the service requested meets the criteria of the Alabama Supportive Services Policy contained in Governor's Workforce Innovation Directive (GWID) 2023-04. If the service meets the criteria, then it is sent to the Workforce Development Director for approval and the individual receives the supportive service. All applications received are kept on file for future reference.

d. Provide additional information on the specific processes the state will use to continuously monitor progress in implementation and outcomes for this waiver request, including for programmatic review, financial oversight, and accountability.

ADOW will expand its current tracking process for supportive services to include a distinct category for exited participants. Participants will be entered as their WIOA Supportive Services request form is approved by the Workforce Development Director. Since services cannot be entered into the Alabama Works Geographic Solutions system after exit, the State Programs and Budget Section will use information obtained from the Case Managers and a spreadsheet to track receipt of services and outcomes. Desktop monitoring will occur monthly to ensure records are up to date and comply with policy.

The State Programs and Budget Section will review invoices submitted by Case Managers on behalf of participants for reimbursement for supportive services expenditures for compliance with policy and correct documentation. Financial oversight and accountability will be provided by the Fiscal Operations Section as they process the invoices for payment. The Fiscal Operations Section will also ensure the amount of funds approved for supportive services are not exceeded.

e. Provide quantified targets for all projected programmatic outcomes for this waiver. Please note that linking to WIOA performance indicators is preferred.

75% of participants receiving a supportive service will enter employment.