

U.S. Department of Labor

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



May 18, 2026

The Honorable Gavin Newsom
Governor of California
1021 O Street
Suite 9000
Sacramento, CA 95814

Dear Governor Newsom:

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 request was received on March 19, 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 California will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by California 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 local areas expend 75 percent of local formula youth funds on out-of-school youth (OSY).

ETA Response: ETA approves, for Program Years (PY) 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 local areas expend 75 percent of local youth formula funds on OSY. The State is approved to lower the local youth funds expenditure requirement to 50 percent for OSY. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of California to implement its plan to improve the workforce development system. As a result of this waiver, ETA expects that the number of in-school youth (ISY) served will increase, and performance accountability outcomes for overall WIOA Youth (including both ISY and OSY) will remain steady or increase for the majority of the WIOA Youth performance indicators.

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 waiver 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 fluid and cursive, with the first name and last name clearly distinguishable.

Henry Mack, Ed.D.
Assistant Secretary

Enclosures

cc: Nancy Farias, Director, California Employment Development Department
Dr. Tamika Ledbetter, Regional Administrator, ETA
Paul Castro-Rodriguez, Federal Project Officer, ETA

California 2026 State Plan Waiver Request
Submitted March 19, 2026

Background

California's workforce and economy continue to face significant disruptions as a result of the COVID-19 pandemic, subsequent economic instability, and recurring natural disasters. During the pandemic, unprecedented layoffs, business closures, and supply chain interruptions led to widespread job losses across nearly every industry sector. Although recovery efforts have made progress, key industries and communities, especially those most impacted by the pandemic, continue to face challenges. Furthermore, natural disasters such as the 2025 Southern California wildfires exacerbated economic instability.

The state is a diverse place geographically and economically; therefore, each Local Workforce Development Board (Local Board) faces different challenges. The waivers give Local Boards the flexibility to tailor Workforce Innovation and Opportunity Act (WIOA) services to their communities. This would ensure that rural or urban areas can innovate traditional approaches aimed at helping participants with barriers to employment gain work experience and a source of income during these trying times.

To address these conditions, the California Workforce Development Board and Employment Development Department are requesting approval from the U.S. Department of Labor (DOL) to extend one critical WIOA waiver for Program Years (PY) 2026-27 and 2027-28. This waiver has provided Local Boards with vital flexibility to meet local workforce needs, expand access to services for disadvantaged populations, and support small businesses and employers in rebuilding operations.

Out-of-School Youth (OSY) Waiver – WIOA Section 129(a)(4)(A)

1. Identifies the statutory or regulatory requirements for which a waiver is requested and the goals that the State or local area, as appropriate, intends to achieve as a result of the waiver and how those goals relate to the Unified or Combined State Plan.

California requests an extension of the OSY waiver, which allows Local Boards to reduce the OSY expenditure requirement from 75% to 50%.

a. Goals

1. Increase flexibility for Local Boards to serve in-school youth (ISY), particularly foster youth, justice-involved youth, and homeless youth, so that they can be served through workforce development programs to support their continued engagement in education or training prior to disengagement.

2. Address the unintended consequence of reduced ISY funding caused by the 75% OSY expenditure requirement.

b. Alignment with the California Unified Strategic Workforce Development Plan (State Plan)

1. Fostering demand-driven skills attainment.
2. Enabling upward mobility for all Californians.
3. Aligning, coordinating, and integrating workforce programs and services.

2. Describes the actions that the State or local area, as appropriate has undertaken to remove State or local statutory or regulatory barriers.

There are no state or local statutory or regulatory barriers to implementing the OSY waiver.

3. Describes the goals of the waiver and expected programmatic outcomes, if the request is granted.

a. Goals

1. Expand access to ISY services, particularly for foster care, juvenile justice, and homeless youth.
2. Strengthen pipelines for ISY before they disengage from education.

b. Expected Outcomes

1. Anticipated 15% increase in ISY enrollment.
2. Stronger employer and education partnerships for ISY engagement.

4. Describes how the waiver aligns with the Department's policy priorities.

a. Employer Engagement

1. Creates partnerships for internships and training.

b. Work-Based Learning

1. Supports structured youth work experiences.

c. Education & Training Strategies

1. Strengthens ISY transition into postsecondary pathways.

d. Improved Career Results

1. Expands opportunities for disadvantaged youth populations.

5. Describes the individuals affected by the waiver, including how the waiver will impact services for disadvantaged populations or individuals with multiple barriers to employment.

a. Youth Impact

1. An offender

1. A homeless individual or runaway
2. An individual in foster care or who has aged out of the foster care system
3. An individual who has attained 16 years of age and left foster care for kinship guardianship or adoption
4. A child eligible for assistance under Section 477 of the Social Security Act
5. An out-of-home placement

b. Employer/Education Impact

1. Employers providing internships benefit from youth engagement.

6. Describes the processes used to monitor implementation and provide notice.

a. Monitor

1. Local Boards must apply for approval from the state before using OSY waivers as outlined in Workforce Services Directive ([WSD](#))24-14.
2. State approval ensures Local Boards meet criteria and funding allocations are tracked.
3. Year-end evaluations determine effectiveness and impact on enrollment.

b. Notice

1. The Draft State Plan will be posted for public comment for 30 days to allow the workforce community an opportunity to provide input.

7. The most recent data available regarding the results and outcomes observed through implementation of the existing waiver, in cases where the State seeks renewal of a previously approved waiver.

The OSY waiver was designed to expand access and services to OSY across Local Boards. This waiver is consistently the highest in both reported and expected numbers, and is the most utilized across the most recent PYs.

a. Usage Trends

1. PY 23–24: 17 boards applied for usage and were approved
2. PY 24–25: 19 boards applied for usage and were approved
3. PY 25–26: 19 boards applied for usage and were approved

b. Comparative Context

1. OSY remains the most utilized waiver across the last three PYs.

c. Performance Patterns

1. The Orange County Workforce Development Board (WDB) and the Riverside County WDB continuously reported higher usage numbers, with the Riverside WDB reporting strong usage compared to other Local Boards.
2. The Ventura County WDB and the Stanislaus County WDB showed steady growth.
3. The South East Los Angeles County WDB (SELACO), the Merced County WDB, and the Workforce Alliance of the North Bay reflected lower usage numbers.
4. The San Joaquin County Worknet, Work2Future – Santa Clara County (fluctuating results) reported mixed results.
5. The Mother Lode WDB, the Santa Cruz County WDB, and the South Bay Workforce Investment Board reported steady/modest usage results.

The following are testimonials provided by Local Boards detailing their usage of the OSY waiver over the three previous PYs, and the impact it has had on the individuals they serve.

d. Local Board Testimonials

1. Santa Cruz County WDB

Waiver expanded services to additional youth who were not otherwise eligible.

2. Santa Barbara County WDB

Flexibility ensured all eligible youth could be served.

3. Orange County WDB

Increased ISY services, with foster/justice-involved/homeless youth served increasing from 39 individuals to 59 individuals.

4. Stanislaus County WDB

- PY 23–24: 75 ISY individuals were placed into short-term work experiences lasting about three to four months, and several youth transitioned to vocational training or employment.
- PY 24–25: The WDB was prepared to reallocate resources should the OSY contractor fall short of enrollment or performance expectations. This ensured funds would be utilized effectively.
- PY 25–26: The WDB is anticipating 75–90 ISY placements in their Summer Youth Program. For many participants this would be their first paid job experience and exposure to career pathways.



Joanna Rees, Chair

▪ Kaina Pereira, Executive Director

▪ Gavin Newsom, Governor

Paul Castro-Rodriguez
Federal Project Officer
Office of Special Initiatives and Demonstrations
U.S. Department of Labor
Employment and Training Administration, Region 6
90 7th Street, Suite 17-200
San Francisco, CA 94103

RE: State of California—Out-of-School Youth Waiver

Dear Mr. Castro-Rodriguez:

Please find attached the document providing the supplementary information for the Out-of-School Youth waiver request.

Sincerely,

A handwritten signature in blue ink that reads 'Ashley L. Anglesey'.

Ashley Anglesey
State Plan Branch Manager
California Workforce Development Board
ashley.anglesey@cwdb.ca.gov

2026 State Plan Waivers – CA Additional Information Request

In the 2026 State Plan submission, the federal review of the waiver section identified areas requiring additional information in your request.

Out-of-School Expenditure Waiver

1. *Please specify whether the State is requesting this waiver for local area funds, statewide reserve funds, or both.*

California is requesting this waiver for “local area funds”.

2. *Describe the individuals impacted by this waiver.*

The individuals impacted by this waiver are WIOA “in school youth (ISY)”, specifically those ISY that are foster youth, homeless or housing insecure, and/or juvenile justice-involved youth. Research indicates that youth outcomes greatly diminish once they disconnect from school; therefore, the purpose of this waiver is to catch opportunity youth before they disconnect from school by allowing Local Boards to utilize their youth funds to match their needs, without hyper-focusing on meeting the 75/25 expenditure percentages. Furthermore, the focus on “opportunity youth” aligns with the intent of WIOA—to serve the individuals with the greatest barriers to economic security.

3. *Please provide numerical results and outcomes from the implementation of the previously approved waiver. Specifically, how many additional at-risk ISY was the State able to serve?*

California has had the OSY waiver in place since 2020. The following is data regarding both OSY and ISY served in California, including the year before the waiver was implemented (PY 2019-2020). As you can see from the data below, with the exception of PY 2020 which was impacted from the COVID-19 pandemic, the service of ISY has increased from the pre-waiver total of 2,462 ISY served to a three-year average of 3,251 ISY served.

[Please note, this includes the most recent validated data; data is not available for the current PY 2025-2026.]

Program Year	Out of School Youth (OSY) [# served and percentage of total youth]	OSY Foster Care [# served and percentage of OSY youth]	OSY Homeless/Housing Insecure [# served and percentage of OSY youth]	OSY Juvenile Justice-Involved [# served and percentage of OSY youth]
2019-20	14,752 (85.7%)	1,031 (7.0%)	1,945 (13.2%)	1,059 (7.2%)
2020-21	11,927 (84.6%)	861 (7.2%)	1,319 (11.1%)	785 (6.6%)
2021-22	12,152 (82.4%)	848 (7.0%)	1,596 (13.1%)	706 (5.8%)

2022-23	13,235 (79.9%)	955 (7.2%)	2,155 (16.3%)	751 (5.7%)
2023-24	13,950 (78.5%)	1,036 (7.4%)	2,737 (19.6%)	873 (6.3%)
2024-25	13,979 (79.1%)	1,182 (8.5%)	2,718 (19.4%)	908 (6.5%)

Program Year	In School Youth (ISY) [# served and percentage of total youth]	ISY Foster Care [# served and percentage of ISY youth]	ISY Homeless/Housing Insecure [# served and percentage of ISY youth]	ISY Juvenile Justice-Involved [# served and percentage of ISY youth]
2019-20	2,462 (14.3%)	314 (12.8%)	128 (5.2%)	149 (6.1%)
2020-21	2,177 (15.4%)	268 (12.3%)	131 (6.0%)	120 (5.5%)
2021-22	2,600 (17.6%)	310 (11.9%)	196 (7.5%)	113 (4.3%)
2022-23	3,336 (20.1%)	339 (10.2%)	292 (8.8%)	156 (4.7%)
2023-24	3,818 (21.5%)	374 (9.8%)	374 (9.8%)	205 (5.4%)
2024-25	3,703 (20.9%)	361 (9.7%)	340 (9.2%)	175 (4.7%)

4. *Please provide projected programmatic outcomes from the renewal of this waiver.*

Building off the data above, and especially utilizing the PY 2024-25 data, California projects the following programmatic outcomes serving ISY in California resulting from the renewal of this waiver:

Program Year	Total ISY Youth	ISY Foster Youth	ISY Homeless Youth	ISY Juvenile Justice-Involved
2026-27	4,000	380	370	200
2027-28	4,300	400	390	215

5. *Please confirm that the State has completed public comment period.*

California completed a public comment on this waiver during January 12, 2026 – February 11, 2026.