

U.S. Department of Labor

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



July 20, 2026

The Honorable Josh Stein
Governor of North Carolina
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Stein:

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 April 30, 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 North Carolina will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by North Carolina 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 the 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 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 may lower the local youth funds expenditure requirement to 50 percent for OSY.

Requested Waiver: Waiver associated with the requirement at WIOA Section 121(e) and 20 CFR 678.300(c) to establish and maintain a comprehensive American Job Center (AJC) in each of the State's local workforce development areas.

ETA Response: ETA approves, through June 30, 2028, the State's request to waive the requirement that each local area maintain a comprehensive AJC. 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. Before implementing this waiver, the State must inform ETA which local areas will use this waiver.

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 fluid and cursive, with the first name "Henry" and last name "Mack" clearly distinguishable.

Henry Mack, Ed.D.
Assistant Secretary

Enclosures

cc: Andrea DeSantis, Assistant Secretary, Workforce Solutions, North Carolina Department of Commerce
James Bain, Deputy Director, NCWorks Commission, North Carolina Department of Commerce
Renata Adjibodou, Atlanta Regional Administrator, ETA
Michelle McKinney, Federal Project Officer, ETA

2026 North Carolina Waivers

Waiver Requests correlates with the Five pillars of America's Talent Strategy in North Carolina

North Carolina's workforce development system is entering a critical phase of modernization as it seeks to align with the U.S. Department of Labor's five pillars of America's Talent Strategy: industry-driven strategies, worker mobility, integrated systems, accountability, and flexibility/innovation. These pillars provide a national framework for building a future-ready workforce, and the NCWorks Commission, in partnership with the 20 local workforce development boards, 58 community colleges, universities, and employers, is uniquely positioned to embed these priorities into the state's WIOA Unified State Plan and new Commission policy statements. By doing so, the state will ensure that its workforce programs remain responsive to the needs of employers, available for all populations, and adaptable to the dynamic labor market.

PILLAR I, industry-driven strategies, emphasizes the importance of employer-led training pipelines. North Carolina's economy is anchored in healthcare, advanced manufacturing, information technology, education, and clean energy, all sectors experiencing rapid growth and skill shortages. To address these gaps, the state will expand sector partnerships that bring employers, educators, and workforce boards together to co-design curricula and training programs. Community colleges will scale short-term credential programs that align with industry standards, while apprenticeships and work-based learning opportunities will be prioritized to ensure that training leads directly to employment. Employers are encouraged to partner with workforce boards to identify skill needs and participate in apprenticeship expansion, while educators should align programs with industry-recognized credentials. Policymakers can support these efforts by incentivizing employer participation through tax credits and targeted grants.

PILLAR II, worker mobility, focuses on creating seamless pathways that allow individuals to move between education, training, and employment. Many workers in North Carolina face barriers to advancement due to fragmented credential systems and limited access to stackable programs. To overcome these challenges, NCWorks Career Centers will integrate career navigation tools that connect NCWorks.gov with NCCareers.org (Talent Marketplace), providing workers with clear pathways to advancement. Community colleges will expand stackable credential programs that build toward degrees, particularly in high-demand fields such as IT and healthcare. Employers can support mobility by recognizing stackable credentials and offering tuition assistance for employees pursuing further training. Policymakers should promote statewide adoption of portable credential frameworks to ensure that workers can move across regions and industries without losing progress toward career goals.

PILLAR III, integrated systems, calls for a unified, data-informed workforce system that coordinates across education, workforce, and economic development entities. Currently, data systems in North Carolina are siloed, limiting transparency and coordination. The NCWorks Commission will lead efforts to modernize data platforms, ensuring interoperability between NCWorks.gov, NCCareers.org (Talent Marketplace), and employer databases. Transparent reporting will allow policymakers and stakeholders to track outcomes by region, sector, and demographic group, ensuring equity and accountability. Employers can contribute by sharing hiring and retention data with workforce boards, while educators should integrate student outcome data into statewide dashboards. Policymakers must fund modernization efforts to ensure real-time reporting and seamless data sharing across agencies.

PILLAR IV, accountability, requires embedding performance-based measures into all workforce programs. Current accountability systems often emphasize short-term outcomes, such as immediate job placement, without adequately tracking long-term wage growth or retention. North Carolina will strengthen accountability by requiring local boards to report disaggregated outcomes, including employment, retention, and wage data across population groups. Employers can support accountability by tracking the career progression of program graduates, while educators should report student success metrics to highlight equity gaps. Policymakers should mandate annual impact evaluations of WIOA Title I and Title III programs, with results made publicly available to ensure transparency and continuous improvement.

PILLAR V, flexibility and innovation, highlights the need to adapt workforce programs to emerging technologies and changing labor market conditions. North Carolina will encourage innovation by piloting AI-powered career coaching tools in NCWorks Career Centers, expanding virtual learning opportunities, and deploying mobile workforce units to deliver training and career services directly to rural and underserved communities. Employers can pilot AI-driven recruitment and training platforms in partnership with NCWorks, while educators should incorporate AI and digital literacy into curricula across all levels. Policymakers can provide flexible funding streams to support innovation and allow local boards to adapt programs to emerging needs.

In conclusion, by embedding the five pillars of America's Talent Strategy into its workforce development system, North Carolina will strengthen its ability to prepare workers for high-demand careers, ensure equitable access to opportunities, and remain competitive in a rapidly evolving labor market. Employers, educators, and policymakers each play a critical role in advancing this vision. The NCWorks Commission will lead by modernizing the WIOA Unified State Plan and issuing new policy statements to ensure alignment, accountability, and innovation across the state. This integrated approach will position North Carolina as a national leader in

workforce development, capable of meeting the challenges of today while preparing for the opportunities of tomorrow.

Waiver Request #1 - Out-of-School Youth Expenditure Requirement

This aligns with PILLAR II: worker mobility by maximizing the skills training and work opportunities available to those who are disconnected from high-wage careers.

North Carolina is requesting a waiver of the requirement outlined in WIOA §129(a)(4) and 20 CFR 681.410 which mandates that no less than 75 percent of youth funds be used to provide services to Out-of-School Youth (OSY).

The North Carolina Division of Workforce Solutions (DWS) seeks flexibility to reduce the OSY expenditure requirement from 75 percent to 50 percent for both statewide and local activities. This adjustment would allow the state to better respond to the service needs of the youth population and increase access for In-School (ISY) s to education, training, employment, and support services – goals that align with North Carolina’s strategic plan.

There are no state or local statutory or regulatory barriers to implementing the requested waiver. North Carolina regulations and policies are in compliance with current federal law.

North Carolina’s aims to increase the number of ISY served by 2 percent in Program Year (PY) 2026. This increase is expected to result in:

- Higher attainment of industry recognized credentials,
- Improved measurable skills gains (MSG) among ISY participants.

The table below outlines ISY service outcomes from PY 2020 - 2024.

Program Year	Number of ISY Served	Number of ISY that received Credentials	Number of ISY that obtained Measurable Skills Gains
PY 20-21	668	259	301
PY 21-22	654	188	322
PY 22-23	661	137	341
PY 23-24	586	149	278
PY24-25	617	133	365

Following the implementation of the waiver in PY24, North Carolina saw:

- An increase in the number of ISY served;
- 5.5% increase in MSG Rate for all youth participants;
- Steady Employment Rate Q2 and Q4 metrics compared to those of PY23 (-0.1% and -0.2% respectively),
- A 0.8% increase in the statewide Youth Credential Rate.

This waiver supports the expansion of successful work-based learning programs, pre-apprenticeship opportunities, and other WIOA services for at-risk and disadvantaged youth. It enables local boards to tailor services to meet the unique needs of their populations and regions.

This waiver will allow for the expansion of already successful provisions of work-based learning programs and other WIOA services, such as pre-apprenticeship programs, and services to at-risk and disadvantaged youth to assist with increasing enrollments, secondary education attainment, and workforce readiness to the additional In-School Youth (ISY) served.

This waiver will benefit:

- At-risk and disadvantaged youth population facing barriers to education, training, and employment;
- Local Workforce Boards, through increased flexibility to design locally responsive youth programs; and
- ISY participants who meet one or more of the following WIOA-defined ISY barriers, including:
 - Justice involved youth;
 - Homeless, runaway, or foster youth; or
 - Pregnant and parenting youth.

While not all boards may not choose to utilize the waiver, North Carolina anticipates a 2% increase in ISY enrollments, leading to improved outcomes and skill gains.

DWS will monitor implementation through annual WIOA programmatic reviews evaluating:

- The impact of the waiver on local program performance;
- Progress toward stated goals and outcomes; and
- Alignment with state and federal WIOA objectives.

Outcome data will be collected and analyzed to ensure the waiver supports continuous improvement and compliance.

A 30-day public comment period was provided by including this waiver in North Carolina's WIOA Unified State Plan. This draft was posted for public review and shared with stakeholders via email, consistent with the State's public meeting procedures.

The impact of this waiver on WIOA performance and related outcomes will be documented in North Carolina's WIOA Annual Report.

Waiver Request #2 – Virtual One-Stop Service Delivery System

This aligns with **PILLAR V**, flexibility and innovation, highlights the need to adapt workforce programs to emerging technologies and changing labor market conditions.

North Carolina is requesting to waive the requirement outlined in WIOA Section 121 (e)(1) and 20 CFR 678.300 (c) to establish a comprehensive one-stop delivery system in each local area.

Implementing this waiver will help remove barriers by minimizing administrative costs, reducing operational burdens, and allowing the state to redirect funding toward direct participant services.

There are no state or local statutory or regulatory barriers to implementing the requested waiver. North Carolina regulations and policies are in compliance with current federal law.

The primary goal of this waiver is to implement a virtual service delivery model that meets the comprehensive workforce needs of communication, particularly in remote and rural areas. This approach will:

- Reduce infrastructure and co-location costs associated with physical American Job Centers (AJCs);
- Maximize funding available for direct services to individuals and businesses; and
- Utilize virtual AJCs and affiliate site (e.g., public libraries, community colleges) to expand access and reach.

This waiver is expected to enable the state to serve at least the same number of participants as in previous years, despite reduced or level funding. The goal is to maximize participant reach and service delivery efficiency.

All WIOA populations - adults, dislocated workers, and youth – will benefit from this waiver, especially those in remote or rural regions. These individuals will gain access to virtual AJC services equivalent to those provided in physical comprehensive centers.

The state will monitor implementation by:

- Comparing prior year expenditures and staffing costs of physical AJCs to those of the virtual AJCs;
- Tracking participant engagement, service delivery metrics, and customer satisfaction; and
- Evaluating the effectiveness of virtual service delivery in meeting workforce needs.

2026 North Carolina Waivers – Additional Information

Waiver Request: Comprehensive One-Stop Requirement (WIOA §121(e)(1); 20 CFR 678.300(c))**

Overview

North Carolina requests approval of a waiver to the requirement that each Local Workforce Development Area (LWDA) maintain a physical comprehensive one-stop center. This waiver supports the state's strategic direction to modernize service delivery through a blended model that includes a statewide **NCWorks Virtual Career Center**, strategically located affiliate sites, and targeted in-person access points across communities.

This waiver aligns with the following strategic pillars:

- **Accountability (Strategic Pillar IV):**
This waiver supports North Carolina's commitment to strong fiscal stewardship by ensuring that more workforce dollars are directed toward **training, career advancement, and worker mobility**, rather than high overhead expenses tied to underutilized brick-and-mortar facilities. By enabling a more flexible delivery model, the state can ensure that **infrastructure funding is deployed efficiently**, reduce unnecessary operational costs, and increase the portion of funding that directly benefits jobseekers and businesses. This approach strengthens statewide accountability and supports North Carolina's goal of **maximizing the impact of every workforce dollar**.
- **Integrated Systems (Strategic Pillar III) and Flexibility and Innovation (Strategic Pillar V):**
This waiver aligns with North Carolina's ongoing modernization and digital transformation efforts across the NCWorks system. Current federal rules emphasize traditional physical colocation, even in regions where such facilities are **cost-inefficient or inconsistent with customer demand**. In rural areas, and in regions already using technology-driven models, maintaining a full-scale comprehensive center can consume resources without improving service delivery.

By waiving the mandatory physical comprehensive career center requirement, North Carolina can expand both **physical and virtual access points**, creating a more integrated and adaptable service model. Customers will gain multiple pathways—virtual, affiliate-based, and community-based—to access **all six WIOA core programs and key human services**, resulting in a more streamlined and customer-centered experience. This flexibility enables the state to innovate, break down silos, and respond rapidly to changing economic, technological, and workforce conditions.

1. Determining Local Workforce Areas That Will Not Maintain a Physical Comprehensive Center

The NC Department of Commerce plans to conduct a statewide assessment of its one-stop network to identify locations where virtual or mobile service delivery would better serve the community than a fixed physical center. Additionally, the NC Department of Commerce will consult with the 20 Local Workforce Development Boards (LWDBs) after they have met Local Elected Officials, one-stop partners, community colleges, and other service providers to determine if maintaining a traditional, fully comprehensive physical NCWorks Career Center continues to be feasible and aligned with customer

demand trends. Below are some potential rationale examples for moving to a **virtual-plus-affiliate model** under the requested waiver.

Potential Rationale for replacing a Comprehensive Center with a Virtual Career Center

1. Rationale: Declining walk-in traffic, high facility maintenance costs, and customer preference for remote access.
2. Rationale: Geographic spread makes a single central site less practical than distributed affiliate locations.
3. Rationale: Partner agencies which were previously collocated in the comprehensive center have transitioned to their own modern facilities.

2. Partner Programs Delivered Outside a Comprehensive Center

In the affected LWDBs, the following **required WIOA partner programs** will be provided through a combination of virtual services, scheduled onsite appointments, rotating partner presence at affiliate sites, and coordinated referrals rather than continuous collocation:

- **WIOA Title I Adult, Dislocated Worker, and Youth**
- **WIOA Title II Adult Education and Literacy**
- **WIOA Title III Wagner-Peyser Employment Services**
- **WIOA Title IV Vocational Rehabilitation Services**
- **Jobs for Veterans State Grant Programs (DVOP/LVER)**
- **Community Services Block Grant Programs**
- **Senior Community Service Employment Program (SCSEP)**
- **Temporary Assistance for Needy Families (TANF)/Work First**
- **Trade Adjustment Assistance (as applicable)**
- **Reentry/corrections workforce programs (where locally applicable)**

Each LWDB will document partner participation agreements and referral pathways ensuring customers have full access to required partner services, including those without a single physical comprehensive center.

3. Where and How Customers Will Access Services

A. NCWorks Virtual Career Center (Primary Access Point)

The virtual center will provide:

- Live video appointments with career advisors
- Real-time chat
- Resume development workshops
- Job search assistance
- Employer engagement services
- Referrals to partner agencies
- Online orientation
- Eligibility intake and document uploads
- Support services screening
- Remote proctoring for assessments where permitted

- Accommodation-friendly service options

This platform will operate with **extended service hours** to **increase accessibility** for working adults and rural customers.

B. Affiliate and Partner Sites

Each affected LWDB will identify a network of partner locations to ensure **geographic accessibility**, such as:

- Community colleges (adult education, training enrollment, career advising)
- Department of Social Services Work First offices
- DES/Wagner-Peyser satellite sites
- Public libraries
- Vocational Rehabilitation offices
- Veterans Service Offices
- Community-based organizations

These facilities will offer staff-assisted services through scheduled appointments, co-located partner days, and rotating service schedules.

C. Mobile and Community Outreach Access

Additionally, LWDAs will continue in-person customer engagement through:

- NCWorks Mobile Career Center teams visiting rural libraries and community centers
- Regular presence at job fairs, hiring events, and community hubs
- Partnerships with schools, reentry councils, and chambers of commerce

4. Implementation Plan and Timeline

North Carolina's transition plan includes the following phases:

Phase 1 – Planning and Preparation (Upon Waiver Approval)

- Public Comment Period for North Carolina WIOA State Plan: The draft WIOA state plan, which included the waiver request was released for public comment earlier in 2026.
- Commission Policy Statement and/or DWS Operational Guidance to be developed to ensure compliance with Federal Regulations and to inform the LWDBs of the option to develop a Virtual NCWorks Career Center and affiliate career center location model, as opposed to maintaining a physical comprehensive center. As with all Commission Policy Statements, draft policy will be released for a 5-day public comment period.
- After policy is officially approved, meetings to be held with LWDBs and CLEOs to approve transition plans and request state approval.
- Inventory of partner locations, broadband capacity, technology needs, and privacy safeguards.
- Customer communication and change management planning.

Phase 2 – Infrastructure and Readiness

- Finalization of virtual center staffing, schedules, and service standards.
- Deployment of standardized referral systems and warm-hand-off protocols.
- ADA accessibility verification for all affiliate sites.
- Establishing data reporting processes identical to comprehensive centers.

Phase 3 – Launch and Communication

- Public launch of the NCWorks Virtual Career Center.
- Distribution of statewide communications to jobseekers, employers, and partners.
- Updated local MOU/IFA documents to align with the new service model.
- Training for frontline staff across all partner programs.

Phase 4 – Ongoing Evaluation and Quality Assurance

- Monitoring LWDBs under the NCWorks Career Center Certification Criteria.
- Quarterly performance reviews, customer experience surveys, and partner feedback loops.
- Corrective action and technical assistance where needed.

5. Confirmation of Local Board Implementation and Public Comment

Each of the LWDBs transitioning to a Virtual Career Center will complete the following steps:

1. Initial Public Comment Period for North Carolina WIOA State Plan

The draft WIOA state plan, which included the waiver requests was released for public comment earlier in 2026.

2. Formal LWDB Notification and Approval

Local Boards will be briefed on the waiver request and will provide input on Commission Policy Statement development. The LWDB will have the option to vote to approve the transition to a virtual/affiliate model.

3. Public Notice

Public comment periods will be held in accordance with state open-meeting laws and local public notice procedures. Notices will be posted on LWDBs websites, distributed via partner mailing lists, and shared with community stakeholders.

4. Public Comments Received and Addressed

LWDBs will collect feedback from employers, educational partners, community members, and customers. Key concerns (such as technology access, rural connectivity, and need for in-person options) will be addressed through expanded affiliate access, enhanced virtual support features, and continuing in-person outreach.

5. State Confirmation

The NC Department of Commerce will confirm that all LWDBs affected by this waiver have fully complied with Board notification and public comment requirements.

6. Detailed Plan to Develop Statewide Policy and Operational Guidance After Waiver Approval

Upon federal approval of the waiver, North Carolina will develop formal statewide Commission Policy Statement that will also be released for **public comment**. Below is the structure of the forthcoming statewide guidance.

A. Draft Policy Outline

1. Purpose

- Clarify state requirements for virtual and blended one-stop delivery models allowed under the approved waiver.

2. Definitions

- Virtual Career Center
- Affiliate Site
- Specialized Access Point
- Comprehensive center alternative
- 3. **Scope and Applicability**
 - Applies to all LWDAs electing to operate under the virtual model.
 - Defines partner responsibilities for service delivery and accessibility.
- 4. **Minimum Service Requirements**
 - Virtual hours of operation
 - Required staffing levels
 - Required service modalities (video, phone, chat, asynchronous services)
 - Service to individuals with barriers to employment
 - Multilingual access and ADA compliance
- 5. **Referrals and Partner Integration**
 - Standards for warm hand-offs
 - Shared case management expectations
 - Data sharing protocols (within legal limits)
- 6. **MOU & Infrastructure Funding Agreements (IFA)**
 - Guidance on updating MOUs and IFAs to reflect the blended service model.
 - Requirements for partner cost allocation, virtual service cost sharing, and affiliate site infrastructure.
- 7. **Monitoring and Certification**
 - Updated NCWorks Career Center Certification Criteria to accommodate virtual centers and affiliate-focused models.
 - Annual monitoring protocols and corrective action processes.
- 8. **Training and Technical Assistance**
 - State-provided onboarding modules for partners.
 - Customer service standards.
 - Virtual engagement and accessibility best practices.

B. Timeline for Commission Policy Statement Development

- **Within 60 days of waiver approval:** Draft Commission Policy Statement (CPS) completed and vetted internally.
- **Within 90 days:** Draft Commission Policy Statement will be released for a 5-day public comment period.
- **Within 120 days:** Final Commission Policy Statement will be released after review and incorporation of comments and subsequently reviewed and approved by the NCWorks Commission.
- **Within 180 days:** Local areas required to update MOUs and IFAs to align with the final Commission Policy Statement.

7. Conclusion

North Carolina's waiver request supports a modern, accessible, customer-centered workforce system aligned with labor market realities, technology capacity, and the needs of rural and urban communities.

The state will ensure transparent local board engagement, robust public comment processes, and a thoughtful implementation and monitoring plan.

Upon USDOL approval, North Carolina will establish detailed policy guidance and release it for public comment to ensure readiness, consistency, and full partner integration across the statewide NCWorks system.