

U.S. Department of Labor

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



June 3, 2026

The Honorable Mikie Sherrill
Governor of New Jersey
125 W. State Street
Trenton, NJ 08608

Dear Governor Sherrill:

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 March 24, 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 New Jersey will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by New Jersey 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 Year (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 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 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 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,

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: Kevin D. Jarvis, Acting Commissioner, New Jersey Department of Labor and Workforce Development
Danielle Worthen Ramos, Boston, Acting Regional Administrator, ETA
Michael Paglia, Federal Project Officer, ETA

NJDOL and the SETC are requesting **one renewal waiver as part of this 2024-27 WIOA State Plan 2-year modification.**

- A waiver of the requirement that New Jersey and our local areas expend 75 percent of all Governor's reserve and local formula youth funds on out-of-school youth

Below we provide specific details regarding the request of this waiver.

Out-of-school youth spending waiver

The State of New Jersey Department of Labor and Workforce Development (NJDOL) is submitting this request under the waiver authority in Workforce Innovation and Opportunity Act (WIOA) regulations at 20 CFR 679.600. NJDOL respectfully requests continuation of the waiver of 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). Under this waiver, The State and local boards would be able to use up to 50 percent of WIOA youth funds for in-school youth services for Program Year (PY) 2026 through PY 2028.

Local Workforce Development Boards (WDBs) have expressed a need to provide additional assistance to in-school youth, while continuing to ensure that the needs of out-of-school youth are being met. To assist the local areas, in program year (PY) 2024, NDOL implemented a quarterly report that provides local WDBs with information regarding performance, service levels and progress towards WIOA spending priorities, including the OSY work experience. Using this report, NJDOL alerts local areas to performance and spending issues throughout the course of the year. It is also used to identify technical assistance needs. We will continue to use this tool to assist local areas in maximizing their workforce funds. The continuation of the waiver would also provide needed flexibility that would allow the State and the local WDBs to allocate resources to meet the needs of the public.

1. Statutory and/or regulatory requirements that the State would like to waive: We are requesting to waive the requirement at Workforce Innovation and Opportunity Act (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).

2. Actions the State has undertaken to remove state or local statutory or regulatory barriers: There are no state or local statutory or regulatory barriers that conflict with this waiver request.

3. State strategic goal(s): As part of this modification to our 2024-27 WIOA State Plan, the New Jersey Department of Labor and Workforce Development (NJDOL) and the State Employment and Training Commission (SETC), the State Workforce Development Board, will continue our efforts to provide more pathway opportunities for youth, and in particular out-of-school youth. WIOA Title I Youth funds offer opportunities for reconnecting young New Jerseyans to education and training experiences that can lead to sustained employment opportunities in good jobs. We seek to continue the waiver to complete our work of developing new strategies designed to ensure that out-of-school youth are being prepared for meaningful and sustainable employment.

4. Projected programmatic outcomes resulting from implementation of the waiver: This waiver will offer the opportunity for NJDOL, the SETC, and our local areas to continue the work we have done under the previous waiver in identifying new strategies to better connect OSY with work.

In the previous waiver, we indicated we would put in place better fiscal reporting systems for tracking expenditures in real-time. NJDOL now tracks this information monthly and share quarterly, or more frequently if issues are detected in spending patterns to allow for more immediate action as necessary.

5. Quantifiable projected programmatic outcome resulting from the implementation of the

waiver: Under the previous waiver, the State was able to ensure that all but one local WDB expended at least 50 percent of their funds on OSY. The one outstanding local area has significant contractual issues with their WIOA youth program provider and has been receiving technical assistance from NJDOL. We will remediate the issues with this local area and ensure that all local areas are expending the required 75 percent by the end of the program year in which the plan expires in 2027. NJDOL will also ensure that this opportunity afforded by the waiver is utilized to ensure program quality reflected in employment outcomes.

6. Individuals, groups, or populations benefitting, or otherwise impacted by the waiver from

the waiver: This waiver will allow us to build and strengthen capacity to serve out-of-school youth.

7. How the state plans to monitor waiver implementation including collection of measurable

waiver outcome information: NJDOL has implemented the quarterly report for local WDBs that was proposed in our previous waiver request. As mentioned in Section 4, this report provides local WDBs with information regarding performance, service levels and progress towards WIOA spending priorities, including OSY. NJDOL has used this report to help local WDBs identify any issues early in the year so that action can be taken in a timely manner. The reports are also utilized by NJDOL to identify technical assistance needs related to progress towards performance indicators, service levels, and expenditure management.

8. Assurance of state posting of the request for public comments (including the dates that the state made the draft request available for public comment) and notification to affected local workforce development boards: NJDOL and the SETC will be posting this waiver request as part of the required 30-day public comment period for the 2024-27 WIOA State Plan 2-year modification.

