

U.S. Department of Labor

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



July 27, 2026

The Honorable Michelle Lujan Grisham
Governor of New Mexico
490 Old Sante Fe Trail, Room 400
Sante Fe, New Mexico 87501

Dear Governor Lujan Grisham:

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 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 New Mexico will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by New Mexico 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 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 WIOA Section 134(c)(3)(H)(i) and 20 CFR 680.720(b) to increase on-the-job training (OJT) employer reimbursement up to 90 percent for businesses with 50 or fewer employees.

ETA Response: ETA approves, through June 30, 2028, the State's waiver request for the WIOA Title I Adult, Dislocated Worker, and Youth formula funds. 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. Existing statutory authority permits the State and its local workforce areas to increase the reimbursement rate for OJT contracts up to 75 percent. The State may also reimburse up to 90

percent for OJT for businesses with 50 or fewer employees. ETA expects the utilization of OJT to increase in the State as a result of this waiver.

Requested Waiver: Waiver of the requirements outlined in WIOA Section 134(d)(5) and 20 CFR 680.195 to allow up to 30 percent of WIOA Title I Adult and Dislocated Worker local formula funds to be used for the provision of transitional jobs.

ETA Response: ETA approves, through June 30, 2028, the State's waiver request to allow the state to use up to 30 percent of the WIOA Title I Adult and Dislocated Worker formula funding streams for the provision of transitional jobs. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede New Mexico's ability to implement its plan to improve the workforce development system.

Requested Waiver: Waiver of the requirements at WIOA 134(d)(4) and 20 CFR 680.800(a) to allow local areas to reserve more than 20 percent of Adult and Dislocated Worker funds for incumbent worker training (IWT).

ETA Response: ETA conditionally approves the State's waiver through June 30, 2028, to permit local areas to increase the allowable threshold available for IWT from 20 to 30 percent. Prior to implementation of this waiver, New Mexico must update its waiver request to include a description of the metrics and methods that the State will employ to track its stated goals.

Requested Waiver: Waiver of the requirement that local youth programs make available each of the 14 youth program elements required under WIOA Section 129(c)(2).

ETA Response: The State has withdrawn this waiver request.

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 period during 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 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 of 20 CFR 681.550 to allow WIOA individual training accounts (ITAs) for in-school youth (ISY).

ETA Response: ETA approves, for 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 the requirements outlined in WIOA Section 107(b) to allow a state workforce development board to carry out the roles and responsibilities of a local board.

ETA Response: The Department has reviewed New Mexico's request seeking authority for the state workforce development board to assume the roles and responsibilities of a local workforce development board in the Northern Local Area, and potentially additional areas in the future, and does not approve this waiver at this time. ETA acknowledges the serious governance, fiscal, and performance issues the State has documented and encourages New Mexico to first utilize the full extent of existing corrective action tools available under WIOA Section 184; including decertification and reorganization of a local board, merging the local workforce development area in question with another local area, or temporary State control of the local area.

ETA remains committed to supporting New Mexico in restoring effective and compliant local governance. ETA will provide targeted technical assistance to help the State apply Section 184 remedies, strengthen oversight, and stabilize local board operations, if needed. Should New Mexico wish to revisit its waiver request after exercising Section 184 authorities or demonstrating that statutory mechanisms are insufficient to resolve the issues, ETA will be prepared to review a revised waiver submission at that time.

Requested Waiver: Waiver of requirements at WIOA Sections 107(d), 121(d)(2)(A) and WIOA regulations at 20 CFR 679.560(1), 20 CFR 678, 20 CFR 680, and 20 CFR 681 to allow the state workforce development board and the New Mexico Department of Workforce Solutions to designate the Title III Wagner-Peyser Act provider as the direct provider of Title I services and waive requirements related to local workforce development one-stop operator selection and certification, adult and dislocated worker program activities and service provider requirements, and youth program provider selection and delivery.

ETA Response: ETA cannot approve this waiver request as requirements concerning the establishment and functions of local boards and areas, including the selection of service providers, are prohibited under WIOA Section 189(i)(3)(A)(i).

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, appearing to read 'Marek Laco', with a stylized flourish at the end.

Marek Laco
Acting Assistant Secretary

Enclosures

cc: Sarita Nair, Cabinet Secretary, New Mexico Department of Workforce Solutions
M. Frank Stluka, Dallas Acting Regional Administrator, ETA
Coreena Miller, Federal Project Officer, ETA

New Mexico WIOA State Plan Modification (PY 2026-2027) Waiver Requests

Adult/Dislocated Worker Waiver #1

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

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;

Pursuant to the waiver requirements and request process of Title I of the Workforce Innovation and Opportunity Act (WIOA) (at WIOA §189(i)(3)(B); 20 CFR §679.620) and the Wagner-Peyser Act, the New Mexico Department of Workforce Solutions (NMDWS), the designated state workforce agency for the State of New Mexico, is requesting a waiver of the requirements of WIOA §134(d)(2) and 20 CFR §680.910. Those provisions require that supportive services may only be provided to individuals who are currently participating in career or training services, and only to enable individuals to participate in career services or training activities. New Mexico is requesting this waiver for the WIOA Title I 2027 program year (July 1, 2026 - June 30, 2027).

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 requested waiver.

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

NMDWS' vision is a coordinated and streamlined workforce system that empowers all New Mexicans to provide for themselves and their families through meaningful jobs and careers.

- Expand the workforce that supports the safety, health and well-being of New Mexico families.
- Build and empower the workforce to thrive in the face of changes in the state and national economy.

PY25 Quarter 2 data shows a total of 78% of participants were still employed with median earnings of \$8,902. New Mexico has a vast rural population with many families being low-income. Ninety-nine percent of businesses in New Mexico are small and employ 53% of the workforce. By aiding those participants with essential needs in the pivotal first year of employment, NMDWS can work with Local Workforce Development Boards to identify and provide targeted supportive services to those participants who have exited the program so they can be successful by retaining and remaining employed.

Supportive services may include transportation needs and temporary living costs, clothing, tools or childcare expenses. NMDWS recognizes the priority of service for those participants that were

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receiving public assistance, but who will no longer be eligible to receive that assistance due to their new income.

With this being a new wavier for New Mexico, quantifiable program data is not available. NMDWS anticipates that with this waiver, more participants will be successful in job retention thus accomplishing and surpassing the PY2025 Performance Measures in both Adult and Dislocated Worker programs.

Adult			Dislocated Worker
Employment (Second Quarter After Exit)	81.0%	Employment (Second Quarter After Exit)	73.5%
Employment (Fourth Quarter After Exit)	80.0%	Employment (Fourth Quarter After Exit)	73.5%
Median Earnings (Second Quarter After Exit)	\$9,600	Median Earnings (Second Quarter After Exit)	\$8,898

4. Describes how the waiver will align with the Department's policy priorities, such as;
 1. Supporting employer engagement;
 2. Connecting education and training strategies;
 3. Supporting work-based learning;
 4. Improving job and career results, and
 5. Other guidance issued by the department.

The requested wavier directly advances the strategic objectives of the New Mexico 2024-2027 Combined State Plan, including:

- To provide continued supportive services to Adult and Dislocated Worker program participants after they have successfully obtained employment to have access to ease the transition period to a new job and improve retention rates.
- Support smaller businesses that struggle with maintaining their workforce in their ability to retain newly hired employees during their transition back into the workforce.
- To continue the partnership with the New Mexico Department of Corrections in providing training services to justice involved persons. This program has been successful in providing this population with credentialed training that has led to employment. Because these individuals are returning to the workforce with little to no

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supportive services, NMDWS believes this waiver will tremendously aid that population in being able to retain their employment and reduce recidivism.

5. Describes the individuals affected by the waiver; and

NMDWS intends for this waiver to benefit participants either returning or being new to the workforce. Gaining employment or returning to the workforce is a challenge not just for the participant, but also family members.

NMDWS also intends for this waiver to benefit the state's economic condition, which has been dramatically impacted as a direct result of wildfires and flooding.

6. Describes the processes used to:
 1. Monitor the progress in implementing the waiver;
 2. Provide notice to any local board affected by the waiver;
 3. Provide any local board affected by the waiver an opportunity to comment on the request;
 4. Ensure meaningful public comment, including comment by business and organized labor, on the waiver.
 5. Collect and report information about waiver outcomes in the State's WIOA Annual Report.

NMDWS will continue monitoring state and local area performance on a quarterly basis to assess the effectiveness of this waiver using both state and federal accountability systems to ensure that all negotiated performance measures are met including expenditure percentages, results are accurately reported and will provide necessary technical assistance to the local Boards, one-stop operators and service providers. As part of the monitoring and performance accountability process, NMDWS will collect data on waiver outcomes, which will be included in the WIOA Annual Report. Any waiver renewal requests will include the most recent available outcomes data.

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.

NMDWS has consulted with and provided notice to each of the four Local Workforce Development Boards.

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NMDWS will post the waiver request along with the State Modification Plan for review and public comment.

Adult/Dislocated Worker Waiver #2

Waiver of WIOA Section 134(c) (3)(H)(i) and 20 CFR 680.720(b) in order to increase on-the-job training (OJT) employer reimbursement up to 90 percent for businesses with 50 or fewer employees.

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;

Pursuant to the waiver requirements and request process of Title I of the Workforce Innovation and Opportunity Act (WIOA) (at WIOA § 189(i)(3)(B); 20 CFR §679.620) and the Wagner-Peyser Act, the New Mexico Department of Workforce Solutions (NMDWS), the designated state workforce agency for the State of New Mexico, is requesting a waiver of the requirements of WIOA §134(c)(3)(H)(i) and 20 CFR §680.720(b). Pursuant to 20 CFR §680.720, employers may be reimbursed up to 50 percent of the wage rate of an OJT participant, and up to 75 percent using the criteria in 20 CFR §680.730, for the extraordinary costs of providing the training and additional supervision related to the OJT. This waiver request would allow for a sliding scale for OJT training employer reimbursements that range from 50 - 90 percent, dependent on the number of employees. New Mexico is requesting this waiver for the WIOA Title I 2027 program year (July 1, 2026 - June 30, 2027).

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 requested waiver.

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

NMDWS seeks to address and enhance critical business and workforce needs in the state through an incentivized, industry driven-based approach to workforce training. On-the-job training is a proven, reliable method to instill work-based training in an effective and efficient way that meets the immediate workforce needs of the state, especially in rural areas where businesses are smaller.

NMDWS anticipates an increase in WIOA OJT participation if this waiver is approved, although the exact amount is not readily apparent. Based on local outreach, employers have clearly been impacted by the economy and are hesitant to hire. NMDWS has observed that the incentive of OJT funding at the current level is inadequate to encourage small employers to hire someone with a lower skillset, who they may not have otherwise hired. We have found that employers are more likely to participate in the OJT program when reimbursement rates are 75% or higher and

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are more likely to provide valuable skills and, in most cases, retain the individual as an employee.

Approval of this waiver request would increase flexibility for smaller businesses to redirect their business resources to critical operational areas, while improving their competitive recruiting position for jobs relative to larger companies and corporations that are able to absorb the cost of a larger workforce.

On-the-job training strategies prioritized by the state match USDOL's priority of work-based learning activities. OJT connects education and training strategies and fulfills the workforce gaps in industry sector-driven demand areas. NMDWS will provide the following guidance for the increased reimbursement rate, once the waiver is approved:

Reimbursement and Contract Requirements 20 CFR 680.720. Reimbursements under OJT contracts are deemed to be compensation for the extraordinary costs associated with training participants and the cost associated with the lower productivity of the participants. The standard reimbursement rate for OJT contracts is up to 50 percent (20 FR 380.730)

This waiver request's proposed scale for on-the-job training reimbursement rate is:

4. 50 or fewer employees: up to 90 percent on-the-job training employer reimbursement
5. 51-250 employees: up to 75 percent on-the-job training employer reimbursement
6. >250 employees: up to 50 percent on-the-job training employer reimbursement

4. Describes how the waiver will align with the Department's policy priorities, such as;

1. Supporting employer engagement;
2. Connecting education and training strategies;
3. Supporting work-based learning;
4. Improving job and career results, and
5. Other guidance issued by the department.

The requested waiver directly advances the strategic objectives of the New Mexico 2024-2027 Combined State Plan, including:

- Provide smaller businesses and employers that do not typically have a large workforce on standby more opportunities, while still being able to utilize their limited resources for other critical aspects of business. Employers need a durable and trained workforce, but when one is not readily available, quick and effective turnaround training is critical for the state's economy. This waiver would help build capacity for small businesses to draw

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from the local area's workforce talent, versus having to conduct costly and lengthy national recruitment activities.

- Provide immediate and effective relief to workforce shortages, especially in its high-priority industry sectors, including: Healthcare, Aerospace, Manufacturing, Sustainable and Value-Added Agriculture, Technology and Cybersecurity, Education and Construction Trades. While general academic knowledge is important, learning skills through hands-on training allows for a quick ramp-up of the state's workforce. OJT allows employers to meet their immediate and long-term objectives, while providing jobseekers with learning opportunities in an actual work environment that lead to a career pathway.
- Result in long-term benefits and gains to jobseekers by creating gainful and sustainable career pathways, as well as creating a sustainable trained workforce for employers.

5. Describes the individuals affected by the waiver; and

NMDWS intends for this waiver to benefit a large number of employers who are in critical need of an immediate workforce to address the significant demands placed on those specific industry sectors. NMDWS also intends for this waiver to benefit the state's economic condition, which has been dramatically impacted as a direct result of wildfires and flooding.

6. Describes the processes used to:

1. Monitor the progress in implementing the waiver;
2. Provide notice to any local board affected by the waiver;
3. Provide any local board affected by the waiver an opportunity to comment on the request;
4. Ensure meaningful public comment, including comment by business and organized labor, on the waiver.
5. Collect and report information about waiver outcomes in the State's WIOA Annual Report.

NMDWS will continue monitoring state and local area performance on a quarterly basis to assess the effectiveness of this waiver using both state and federal accountability systems to ensure that all negotiated performance measures are met including expenditure percentages, results are accurately reported and will provide necessary technical assistance to the local Boards, one-stop operators and service providers. As part of the monitoring and performance accountability process, NMDWS will collect data on waiver outcomes, which will be included in the WIOA Annual Report. Any waiver renewal requests will include the most recent available outcomes data.

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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.

NMDWS has consulted with and provided notice to each of the four Local Workforce Development Boards.

NMDWS will post the waiver request along with the State Modification Plan for review and public comment.

Adult/Dislocated Worker Waiver #3

Waiver of WIOA Section WIOA §134(d)(5) and 20 CFR §680.195 in order to allow more than 10 percent of WIOA Title I Adult and Dislocated Worker local formula funds to be used for the provision of transitional jobs.

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:

Pursuant to the waiver requirements and request process of Title I of the Workforce Innovation and Opportunity Act (WIOA) (at WIOA § 189(i)(3)(B); 20 CFR §679.620) and the Wagner-Peyser Act, the New Mexico Department of Workforce Solutions (NMDWS), the designated state workforce agency for the State of New Mexico, is requesting a waiver of the requirements of WIOA §134(d)(5) and 20 CFR §680.195. Currently those provisions state that a local area may use up to 10 percent of their combined total of adult and dislocated worker allocations for transitional jobs. This waiver would allow more than 10 percent of WIOA Title I Adult and Dislocated worker local formula funds to be used for transitional job training.

This waiver request would allow up to 30 percent of the WIOA Title I Adult and Dislocated worker local formula funds to be used by the local workforce development boards for transitional job training based on the needs of the participants and employers in their communities. New Mexico is requesting this waiver for the WIOA Title I 2027 program year (July 1, 2026 - June 30, 2027).

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 requested waiver.

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

NMDWS is dedicated to equipping its residents with the skills and opportunities needed for individual success and providing employers with access to skilled talent to drive economic

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growth. We know that people who have historically been challenged to find a place in the workforce need additional support to be successful.

This waiver is not to replace, reduce, or impact existing employees in any way, instead it would allow the New Mexico Local Workforce Development Boards increased flexibility to provide transitional jobs to individuals with barriers to employment in order to gain work experience based on those needs. This waiver would improve delivery of wraparound services to at-risk youth, criminal justice-involved individuals, Native American communities, people with disabilities, rural New Mexicans, English language learners, veterans, women who have left the workforce, and individuals receiving unemployment assistance.

NMDWS anticipates that increasing the percentage of adult and dislocated funds that can be spent on transitional jobs to individuals with barriers to employment would lead to an increase in Adults and Dislocated Workers placed in transitional jobs for each full program year that the waiver is in effect.

4. Describes how the waiver will align with the Department's policy priorities, such as;
 1. Supporting employer engagement;
 2. Connecting education and training strategies;
 3. Supporting work-based learning;
 4. Improving job and career results, and
 5. Other guidance issued by the department.

The requested waiver directly advances the strategic objectives of the New Mexico 2024-2027 Combined State Plan, including:

- Assist employers who may need or want to hire additional staff (on top of their existing staff) to build their business operations but do not currently have the financial means to do so. Smaller businesses are continuing to experience challenges due to economic conditions as a result of inflation, supply chain issues, and worker shortages.
 - Assist Local Workforce Development Boards (especially in the rural regions) to provide additional support to small businesses with those training costs.
 - Provide participants who are chronically unemployed or have an inconsistent work history with work experience and/or reattachment to the labor market (e.g. long-term unemployment, little or no work history, physical or mental disability, ex-felon)
 - Provide participants with wages that will assist in covering critical living expenses and provide stimulus to local economies.
5. Describes the individuals affected by the waiver; and

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This waiver would allow Local Workforce Development Boards to increase flexibility to provide transitional jobs to individuals with barriers to employment to gain work experience and a source of income for participants that are struggling to attach or re-attach to the labor market due to chronic unemployment or an inconsistent work history. This waiver would also assist in the Local Workforce Development Boards' ability to support small businesses that are seeking to maintain their workforce.

6. Describes the processes used to:

1. Monitor the progress in implementing the waiver;
2. Provide notice to any local board affected by the waiver;
3. Provide any local board affected by the waiver an opportunity to comment on the request;
4. Ensure meaningful public comment, including comment by business and organized labor, on the waiver.
5. Collect and report information about waiver outcomes in the State's WIOA Annual Report.

NMDWS will continue monitoring state and local area performance on a quarterly basis to assess the effectiveness of this waiver using both state and federal accountability systems to ensure that all negotiated performance measures are met including expenditure percentages, results are accurately reported and will provide necessary technical assistance to the local Boards, one-stop operators and service providers. As part of the monitoring and performance accountability process, NMDWS will collect data on waiver outcomes, which will be included in the WIOA Annual Report. Any waiver renewal requests will include the most recent available outcomes data.

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.

NMDWS has consulted with each of the four Local Workforce Development Boards.

NMDWS will post the waiver request along with the State Modification Plan for review and public comment.

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Adult/Dislocated Worker Waiver #4

Waiver to allow local areas to reserve more than 20 percent of Adult and Dislocated Worker funds for incumbent worker training. (WIOA §134(d)(4) and 20 CFR §680.800(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:

Pursuant to the waiver requirements and request process of Title I of the Workforce Innovation and Opportunity Act (WIOA) (at WIOA § 189(i)(3)(B); 20 CFR §679.620) and the Wagner-Peyser Act, the New Mexico Department of Workforce Solutions (NMDWS), the designated state workforce agency for the State of New Mexico, is requesting a waiver of the requirements of WIOA §134(d)(4) and 20 CFR §680.800(a) which allows a maximum of 20 percent of WIOA Title I Adult and Dislocated worker local formula funds to be used for incumbent worker training.

This waiver request would allow up to 30 percent of the WIOA Title I Adult and Dislocated worker local formula funds to be used by the local workforce development boards for incumbent worker training, based on the needs of the participants and employers in their communities. New Mexico is requesting this waiver for the WIOA Title I 2027 program year (July 1, 2026 - June 30, 2027).

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 requested waiver.

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

Incumbent worker training (IWT) is designed to meet the special requirements of an employer or group of employers to retain a skilled workforce or avert the need to lay off employees by assisting the workers in obtaining the skills necessary to retain employment.

The waiver will result in further development of new skills to help incumbent workers along their career pathways, new entry-level job openings to backfill as incumbent workers move up, less stress on the unemployment benefits system when layoffs are averted, more engaged employers, and increased competitiveness of workers and employers.

NMDWS believes that the use of these strategies will increase skills for underemployed workers to advance them into more skilled positions with the same employer or industry sector leading to an increase in earnings. The quantifiable outcomes from this waiver will include increasing the number of incumbent workers served.

4. Describes how the waiver will align with the Department's policy priorities, such as;

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1. Supporting employer engagement;
2. Connecting education and training strategies;
3. Supporting work-based learning;
4. Improving job and career results, and
5. Other guidance issued by the department.

The requested waiver directly advances the strategic objectives of the New Mexico 2024-2027 Combined State Plan, including:

- Averting layoffs where possible and assisting employers in staying open in an economy where wages are inflating and profit margins are slim.
- Continue to provide training opportunities for incumbent workers to develop new and evolving skills to stay employed or to advance into a higher paying job.
- Develop innovative solutions to address needs through upskilling current employees. Removing the cap on incumbent worker training funds will provide the flexibility of the Local Workforce Development Boards to assist those employers and employees.

5. Describes the individuals affected by the waiver; and

This waiver request will provide Local Workforce Development Boards the flexibility to work with businesses in their community to re-build their workforce and possibly alleviate business closures and lay-offs. It will also provide an opportunity for incumbent and underemployed workers to retain employment and upgrade skills.

As the State and Local Workforce Development Boards continue to hold sector strategy convenings, we hear from employers regarding their needs and frustrations that the workforce needs more trained and upskilled employees. Businesses don't have the time or resources to provide this training; this waiver will assist with those needs.

6. Describes the processes used to:
 1. Monitor the progress in implementing the waiver;
 2. Provide notice to any local board affected by the waiver;
 3. Provide any local board affected by the waiver an opportunity to comment on the request;
 4. Ensure meaningful public comment, including comment by business and organized labor, on the waiver.

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5. Collect and report information about waiver outcomes in the State's WIOA Annual Report.

NMDWS will continue monitoring state and local area performance on a quarterly basis to assess the effectiveness of this waiver using both state and federal accountability systems to ensure that all expenditure percentages are met, results are accurately reported and will provide necessary technical assistance to the local Boards, one-stop operators and service providers. As part of the monitoring and performance accountability process, NMDWS will collect data on waiver outcomes, which will be included in the WIOA Annual Report. Any waiver renewal requests will include the most recent available outcomes data.

If this waiver request is granted, NMDWS will regularly monitor the impacts of this waiver authority to ensure appropriateness and effectiveness, specifically tracking the amount and percentage of Adult and Dislocated Worker funds used for incumbent worker training and the number of incumbent workers served. Although incumbent worker participants are non-reportable (unless they receive other WIOA funded assistance) NMDWS will track employment retention and earnings outcomes for incumbent workers to measure whether use of this waiver has a positive effect and will report on the outcomes in the WIOA Annual Report.

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.

NMDWS has consulted with each of the four Local Workforce Development Boards.

NMDWS will post the waiver request along with the State Modification Plan for review and public comment.

Youth Waiver #1

Waiver of WIOA sec. 129(c)(2) and 20 CFR 681.460 to waive the requirement for local areas to provide all 14 youth program elements.

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:

NMDWS requests a waiver of the requirement that each Local Workforce Development Board (LWDB) individually provide all 14 WIOA Youth program elements. Under this waiver, local areas would be permitted to provide access to all 14 elements through coordinated partnerships, shared service delivery, or regional collaboration instead of directly procuring or operating each element within every local area.

LWDBs would still ensure youth have access to all required elements, but delivery could be achieved in conjunction with Work Experience and outside or partner program.

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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 requested waiver.

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

By allowing LWDBs to ensure access to all 14 youth program elements rather than requiring each LWDB to directly procure or provide every element the state strengthens its ability to deliver equitable and high-quality youth services.

- Expand access and opportunity across rural and tribal communities.

Many rural and tribal regions lack sufficient provider capacity to deliver all 14 youth elements independently. This waiver allows local areas to rely on regional or statewide providers, ensuring youth in underserved communities have full access to required services without overburdening local systems. Local areas with limited provider availability will be able to rely on regional or statewide providers to ensure youth have access to all 14 elements.

- Strengthen career pathways and work-based learning opportunities.

By reducing administrative burden and allowing local boards to focus resources on high-impact elements such as work experience, occupational training, and supportive services the waiver supports the state's goal of expanding meaningful career pathway opportunities.

- Improve credential attainment, skill development, and workforce readiness.

This waiver enables LWDBs to invest more strategically in the elements that directly support these outcomes, while leveraging statewide or regional partners to deliver specialized services.

By focusing on high impact services and reducing administrative overhead, local areas can improve credential attainment, work experience participation, and employment outcomes.

- Reduce youth disconnection and strengthen transitions to post-secondary education and employment.

By enabling more flexible and efficient delivery of youth elements, the waiver supports earlier engagement, smoother transitions, and more consistent access to supportive services that keep youth connected to education and employment pathways.

- Enhance LWDB flexibility and responsiveness.

This waiver removes a significant administrative constraint and allows LWDBs to focus on the elements most needed in their communities while ensuring youth still have access to all elements.

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- Strengthen cross-system collaboration with education, tribal governments, and community partners.

This waiver encourages local areas to partner with school, CTE programs, community-based organizations, and statewide providers to deliver specialized youth elements more efficiently and effectively.

4. Describes how the waiver will align with the Department's policy priorities, such as;
 1. Supporting employer engagement;
 2. Connecting education and training strategies;
 3. Supporting work-based learning;
 4. Improving job and career results, and
 5. Other guidance issued by the department.

This waiver directly supports NMDWS priorities by:

- Expanding opportunity and access

Ensures youth in rural and tribal communities can access all 14 elements even when local providers are limited.

- Strengthening career pathways and work-based learning
- Enhancing local flexibility
- Improving performance outcomes
- Supporting cross system collaboration

Allow LWDBs to focus resources on high demand elements such as work experience, occupational training, and supportive services.

Allow LWDBs to design service models that reflect regional needs and provider capacity.

Reduces administrative burden and allows more investment in direct youth services that support MSGs, credentials, and employment.

Encourages partnerships with schools, tribal governments, CTE programs, and community organizations.

5. Describes individuals affected by the waiver; and

This waiver will benefit:

- Youth in rural and tribal communities where provider availability is limited.

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- Youth with barriers to employment who need access to specialized services.
 - Youth preparing for high demand occupations who require targeted training and work-based learning.
 - LWDBs which gain flexibility and reduce administrative burden.
 - Community based and tribal partners, who can collaborate more effectively with local boards.
6. Describes the processes used to:
1. Monitor the progress in implementing the waiver;
 2. Provide notice to any local board affected by the waiver;
 3. Provide any local board affected by the waiver an opportunity to comment on the request;
 4. Ensure meaningful public comment, including comment by business and organized labor, on the waiver.
 5. Collect and report information about waiver outcomes in the State's WIOA Annual Report.

Upon DOL's approval of this waiver request, NMDWS will communicate the waiver allowance to Local Development Boards. NMDWS will monitor this waiver through quarterly reports submitted by the Local Workforce Development Boards, monthly team meetings with each Board, quarterly LFC reports and annual WIOA reports.

7. Assurance of state posting of the request for public comment and notification to affected local workforce development boards:

NMDWS has consulted with each of the four Local Workforce Development Boards.

NMDWS will post the waiver request along with the State Modification Plan for review and public comment.

Youth Waiver #2

Waiver of WIOA sec. 129(a)(4)(A) and 20 CFR 681.410 to waive the requirement that states and local areas expend 75% of all Governor's reserve and/or local formula youth funds on OSY.

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:

NMDWS requests a waiver of the requirement that State and Local Workforce Development Boards (LWDBs) expend at least 75% of WIOA Youth formula funds on Out-of-School Youth

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(OSY). This waiver would allow New Mexico to reduce the OSY expenditure requirement to 50%, enabling up to 50% of youth funds to be used for In-School Youth (ISY).

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 requested waiver.

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

The waiver strengthens the state's ability to deliver equitable, high-quality youth workforce services and to prepare young people for success in New Mexico's priority industries. It allows LWDBs to address specific demographic needs, such as supporting ISY in areas with fewer OSY, or implementing early intervention strategies to prevent further youth disengagement from high school.

- Expand access across rural and tribal communities.

Many rural and tribal regions have small OSY populations, but significant ISY need. Reducing the OSY expenditure requirement allows local boards to serve youth more equitably and ensures that ISY in underserved communities can access training, career pathways, and supportive services.

- Improve credential attainment and workforce readiness.

Increasing credential attainment is a statewide priority. Allowing greater investment in ISY services expands participation in structured training, dual credit, CTE programs, and ITA-supported pathways. This directly contributes to improved credential attainment, measurable skill gains, and readiness for post-secondary education or employment.

- Reduce youth disconnection and strengthen transitions to post-secondary education and employment.

New Mexico aims to reduce the number of youths who become disconnected after high school. By engaging ISY earlier and providing access to training before graduation, the waiver supports smoother transitions into OSY services, apprenticeships, college, and employment - helping the state reduce youth disconnection rates.

Early engagement reduces the risk of youth becoming disconnected after graduation.

- Enhance LWDB flexibility and responsiveness.

A key strategic goal is empowering LWDBs to design services that reflect regional labor markets and community needs. This waiver removes a significant programmatic constraint and allows LWDBs to balance ISY and OSY investments in a way that best serves their populations and supports local economic development.

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Boards can design youth programs based on local labor markets rather than being constrained by the 75% OSY requirement..

- Strengthening collaboration with education, tribal governments, and community partners.

This waiver enhances coordination with school districts, CTE programs, and community partners by enabling ISY to access training that complements existing educational pathways and supports shared goals.

- Support a skilled workforce pipeline for New Mexico's economy.

By expanding access to training for ISY, the waiver strengthens the pipeline of young workers entering high growth industries. This supports the state's long term economic development strategy and helps address workforce shortages in critical sectors. ISY will have earlier access to training in healthcare, education, IT, construction, and energy.

Boards can design youth programs based on local labor markets rather than being constrained by the 75% OSY requirement.

4. Describes how the waiver will align with the Department's policy priorities, such as;
 1. Supporting employer engagement;
 2. Connecting education and training strategies;
 3. Supporting work-based learning;
 4. Improving job and career results, and
 5. Other guidance issued by the department.

This waiver directly supports NMDWS priorities by:

- Expanding opportunity and access

Supports youth in rural and tribal communities where OSY populations are small and ISY needs are high.

- Strengthening youth engagement and reducing disconnection
- Supporting industry-driven workforce development
- Enhancing local board flexibility
- Improving credential attainment and performance outcomes
- Strengthening coordination with education and tribal partners

Allows earlier intervention to keep youth connected to education and career pathways.

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Expands the pipeline of youth entering high-demand sectors.

Empowers boards to design youth programs that reflect local needs.

Increases participation in training that leads to measurable skill gains and credentials.

Supports alignment with school districts, tribal workforce programs, and CTE pathways

5. Describes the individuals affected by the waiver; and

This waiver will benefit:

- In-School Youth with barriers to employment, including low-income youth, youth with disabilities, foster youth, and English learners.
- Youth in rural and tribal communities with limited access to training and CTE programs.
- Youth preparing for high demand occupations who need earlier access to training.
- Youth transitioning from ISY to OSY status who benefit from continuity of services.
- LWDBs which gain flexibility to meet community needs.
- Employers who will have access to a more prepared youth talent pipeline.

6. Describes the processes used to:

1. Monitor the progress in implementing the waiver;
2. Provide notice to any local board affected by the waiver;
3. Provide any local board affected by the waiver an opportunity to comment on the request;
4. Ensure meaningful public comment, including comment by business and organized labor, on the waiver.
5. Collect and report information about waiver outcomes in the State's WIOA Annual Report.

Upon DOL's approval of this waiver request, NMDWS will communicate the waiver allowance to Local Development Boards. NMDWS will monitor ISY and OSY enrollment, expenditures, work experience participation, credential attainment, measurable skill gains, and employment or education outcomes through LWDBs' monthly meetings, quarterly reports, and annual reports.

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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.

NMDWS has consulted with each of the four Local Workforce Development Boards.

NMDWS will post the waiver request along with the State Modification Plan for review and public comment.

Youth Waiver #3

Waiver of the restriction in 20 CFR 681.550 to allow local areas to provide in-school youth (ISY) with individual training accounts (ITAs).

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:

NM Department of Workforce Solution (NMDWS) is seeking a waiver of the requirement under WIOA rule at 20 CFR §681.550, which limits the use of individual training accounts (ITAs) for youth participants to out of school youth (OSY) ages 16 to 24. NMDWS is seeking a waiver of this rule to extend the use of ITAs to in-school youth (ISY).

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 requested waiver.

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

This request is for a statewide waiver to grant ISY ages 16–21 the same participant choice options that OSY have by allowing workforce area staff to use ITAs when appropriate to provide education and training to ISY.

This waiver would provide better opportunities to align with other workforce funding programs including Pre-Apprenticeships, early college and CTE programs. Often the at-risk populations within the ISY categories have a higher chance of short- and long-term success in completing post-secondary or occupational skills development programs with additional support and coaching that is intrinsically built into the WIOA Title I youth program. This waiver helps ensure that at-risk ISY do not fall into a regulatory gap that could prevent them from receiving the education and training necessary to securing meaningful work and economic self-sufficiency; and supports WIOA's goals to expand program options, increase program flexibility, and enhance customer choice.

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This waiver would help rural New Mexico towns to address specific demographic needs, such as supporting ISY in areas with fewer OSY, or implementing early intervention strategies to prevent further youth disengagement from high school.

Implementation of this waiver is expected to strengthen New Mexico's workforce system by expanding access to high quality training opportunities for ISY and OSY. The following programmatic outcomes are anticipated:

- Increased access to training for ISY in rural and tribal communities

New Mexico's rural and tribal areas often have limited access to career and technical education or work based learning programs. Allowing ISY to receive ITAs will expand training options in communities where opportunities are scarce, supporting more equitable access to services statewide.

- Improved credential attainment and skill development

Providing ISY with ITAs will increase participation in industry recognized training programs and is expected to improve credential attainment rates and strengthen youth readiness for postsecondary education and employment.

- Stronger alignment with career pathways and high demand occupations

The waiver will allow ISY to begin occupational training earlier, supporting smoother transitions into apprenticeships, postsecondary programs, and high demand fields such as healthcare, education, IT, construction, and energy.

- Enhanced support for youth with barriers to employment

ITAs will provide a flexible tool for local boards to support youth who need structured training opportunities to remain engaged in school and connected to future employment.

- Increased measurable skill gains (MSG) and youth engagement

Early access to structured training programs is expected to increase measurable skill gains, as youth will have more opportunities to demonstrate progress through coursework, exams, or credential milestones. This will also support stronger engagement and retention in youth programs.

- Improved continuity of services as ISY transition to OSY

Many youths become out of school shortly after graduation because they do not pursue additional education. Allowing ISY to begin training through an ITA will reduce service gaps and ensure continuity of support as they transition into OSY status, improving long term employment and retention outcomes.

- Greater flexibility for Local Workforce Development Boards

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Local boards will be able to design youth service strategies that reflect community needs rather than being constrained by ISY/OSY funding distinctions. This flexibility is expected to increase youth enrollment, expand training participation, and improve overall program performance.

4. Describes how the waiver will align with the Department's policy priorities, such as;
 1. Supporting employer engagement;
 2. Connecting education and training strategies;
 3. Supporting work-based learning;
 4. Improving job and career results, and
 5. Other guidance issued by the department

This waiver directly advances several core NMDWS policy priorities by expanding flexibility for local boards, improving access to training for youth, and strengthening alignment with employer and industry needs across New Mexico.

- Expanding access and opportunity for rural and Tribal Communities

NMDWS prioritizes equitable service delivery across all regions of the state, particularly in communities with limited access to training and career pathway programs. Allowing ISY to receive ITAs provides an additional tool for local boards to serve youth in areas where CTE programs, dual credit options, and postsecondary training are limited or unavailable. This supports NMDWS's commitment to reducing geographic disparities and improving access for tribal partners.

- Strengthening youth engagement and reducing barriers to training

NMDWS policy emphasizes early engagement and sustained support for youth with barriers to employment. By enabling ISY to access occupational training before graduation, the waiver helps keep youth connected to education and career pathways, reducing the risk of disengagement and supporting smoother transitions into OSY services, post-secondary education, or employment.

- Supporting industry driven workforce development

NMDWS prioritizes alignment with high demand industries such as healthcare, education, IT, construction, and energy. Allowing ISY to receive ITAs expands the pipeline of youth entering these sectors by enabling earlier participation in credential bearing training programs that meet employer needs and support statewide economic growth.

- Enhancing Local Board flexibility and responsiveness

NMDWS' priority is empowering Local Workforce Development Boards to design services that reflect local labor market conditions and community needs. This waiver removes a significant

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programmatic barrier and allows boards to serve ISY more effectively, especially in regions where OSY enrollment is low or where ISY has limited access to training opportunities.

- Improving Credential Attainment and Measurable Skill Gains

NMDWS places strong emphasis on improving performance outcomes, particularly credential attainment and measurable skill gains. Providing ISY with access to ITAs increases participation in structured training programs that lead to recognized credentials, directly supporting NMDWS's performance improvement strategies.

- Strengthening Coordination with education, CTE, and Tribal Partners

NMDWS policy prioritizes collaboration with public education, tribal workforce programs, and postsecondary institutions. This waiver supports those partnerships by allowing ISY to participate in training that complements existing CTE pathways, dual credit programs, and tribal education initiatives creating a more integrated and coordinated service delivery model.

- Advancing NMDWS's focus on career pathways and work-based learning

5. Describes the individuals, affected by the waiver; and

- ISY with barrier to employment
- Youth in rural and tribal communities
- Youth preparing for high demand occupations
- ISY who drop out of school or are at risk of dropping out of school

6. Describes the processes used to:

1. Monitor the progress in implementing the waiver;
2. Provide notice to any local board affected by the waiver;
3. Provide any local board affected by the waiver an opportunity to comment on the request;
4. Ensure meaningful public comment, including comment by business and organized labor, on the waiver.
5. Collect and report information about waiver outcomes in the State's WIOA Annual Report:

Upon DOL's approval of this waiver request, NMDWS will communicate the waiver allowance to Local Development Workforce Boards. NMDWS will monitor ISY ITA performance on a quarterly basis to assess the effectiveness of this waiver using both state and federal accountability systems to ensure that all negotiated performance measures are met including

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expenditure percentages, results are accurately reported and will provide necessary technical assistance to the Local Development Workforce Boards, one-stop operators and service providers. As part of the monitoring and performance accountability process, NMDWS will collect data on waiver outcomes, which will be included in the WIOA annual report. Any waiver renewal requests will include the most recent available outcomes data.

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.

NMDWS has consulted with each of the four Local Workforce Development Boards.

NMDWS will post the waiver request along with the State Modification Plan for review and public comment.

Workforce Innovation and Opportunity Act (WIOA) Waiver Request #1

Request for Authority for the State Workforce Development Board and the New Mexico Department of Workforce Solutions to Exercise Statewide Governance, Direction, and Accountability Over Local Workforce Development Boards.

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:

Pursuant to Section 189(i)(4) of the Workforce Innovation and Opportunity Act (29 U.S.C. § 3249(i)(4)), 20 C.F.R. § 679.610, and U.S. Department of Labor (DOL) Training and Employment Guidance Letter (TEGL) No. 08-18, the State of New Mexico, through the New Mexico Department of Workforce Solutions (DWS), hereby requests approval of a waiver of specific statutory and regulatory requirements governing the establishment, composition, and functions of Local Workforce Development Boards (LWDBs).

The chief objective of this waiver is to authorize the State of New Mexico, acting through DWS and a federally approved statewide Workforce Development Board (State Board), to support, direct, operate, intervene in, and hold accountable workforce development operations on a statewide basis. Approval of this waiver will permit DWS, under State Board oversight, to assume, modify, suspend, reconstitute, or replace local board governance, membership, activities, and operations whenever necessary to ensure statutory compliance, fiscal integrity, and effective service delivery under WIOA.

This waiver is necessary to address persistent governance, compliance, and performance failures within one or more Local Workforce Development Areas (LWDAs), to protect federal funds, and to ensure uninterrupted access to workforce services for jobseekers, workers, and employers throughout New Mexico.

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The State requests a waiver of the following provisions, to the extent necessary to effectuate statewide governance and intervention authority:

1. WIOA Section 107(b) (29 U.S.C. § 3122(b)) – Requirements concerning the establishment, membership, and functions of Local Workforce Development Boards.
2. WIOA Section 107(c) (29 U.S.C. § 3122(c)) – Local board duties related to planning, oversight, selection of service providers, budget approval, and performance negotiation.
3. 20 C.F.R. Part 679, Subpart C – Regulatory requirements governing LWDB certification, functions, and ongoing operation.
4. Related regulatory and guidance provisions that require the existence of a certified and independently functioning LWDB as a prerequisite for the administration of WIOA Title I programs.

The State does not seek waiver of participant eligibility, performance accountability measures under WIOA Section 116, nondiscrimination protections under Section 188, or any fiscal accountability requirements.

Under this waiver, the State requests federal authorization for DWS, acting through the State Board, to:

- Exercise statewide authority to assume the roles, responsibilities, and functions of any LWDB when DWS determines intervention is necessary;
- Amend, suspend, or replace local board membership, governance structures, bylaws, policies, and operational practices;
- Direct or assume responsibility for local planning, procurement, fiscal oversight, and service provider selection;
- Operate workforce development activities directly or through state-directed administrative arrangements; and
- Restore, reconstitute, consolidate, or regionalize local governance structures once compliance and performance standards are achieved

This authority is requested initially in connection with the Northern Local Workforce Development Area, and prospectively for any other LWDA where similar conditions arise.

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

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There are no state or local statutory or regulatory barriers to implementing the requested waiver. Over multiple program years, DWS has undertaken extensive actions to address persistent deficiencies at the local level, including:

- Issuance of formal findings, corrective action plans, and compliance directives;
- Provision of technical assistance, training, and governance support to local boards and Chief Elected Officials (CEOs);
- Enhanced fiscal monitoring, procurement review, and administrative oversight;
- Temporary reassignment of administrative functions to prevent service disruption;
- Engagement with CEOs regarding governance restructuring and corrective measures.
- NMSA 1978, § 9-26-4 – Establishes the Department of Workforce Solutions and vests the Secretary with authority to administer workforce development, employment, and training programs, including federally funded programs.
- NMSA 1978, § 9-26-6 – Authorizes the Secretary to adopt rules, policies, and procedures necessary to carry out the Department's statutory duties and federal program requirements.
- NMSA 1978, § 9-26-8 – Provides authority for program oversight, compliance monitoring, and corrective action to ensure proper use of funds.
- NMSA 1978, § 9-1-6(E) – Confers general supervisory and administrative authority upon executive agencies over programs within their jurisdiction.

Despite these efforts, certain local boards have remained unable or unwilling to achieve sustained compliance with WIOA requirements, necessitating state-level intervention. DWS has reviewed applicable New Mexico statutes and confirms that State law affirmatively supports centralized administration, oversight, and corrective intervention for federally funded workforce programs when necessary to ensure compliance with federal law and protection of public funds.

Key authorities include, but are not limited to:

Nothing in New Mexico law restricts the State Workforce Development Board from assuming local board functions when federal law permits or requires such intervention. Upon approval of this waiver by the U.S. Secretary of Labor, DWS and the State Board will be legally authorized under both federal and state law to exercise the functions otherwise assigned to local boards.

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

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The requested waiver directly advances the strategic objectives of the New Mexico 2024–2027 Combined State Plan, including:

- Integrated system alignment and unified governance;
- Protection of federal workforce funds through enhanced fiscal and programmatic accountability;
- Improved consistency in service delivery across regions;
- Rapid and coordinated response to regional labor market and economic development needs.

By authorizing statewide governance and intervention, the waiver enables the State to implement its State Plan uniformly and effectively, particularly in rural, frontier, and high-need regions.

The waiver is designed to achieve the following strategic goals:

- 1) Stabilize Governance and Compliance – Eliminate repeat findings and protect federal funds.
 - 2) Maximize Resources for Direct Services – Reduce administrative overhead and redirect funds to participants.
 - 3) Improve Performance Outcomes – Increase employment, credential attainment, and employer engagement.
 - 4) Restore Sustainable Local Governance – Establish a pathway for compliant local governance through reconstitution or consolidation.
4. Describes how the waiver will align with the Department’s policy priorities, such as;
1. Supporting employer engagement;
 2. Connecting education and training strategies;
 3. Supporting work-based learning;
 4. Improving job and career results, and
 5. Other guidance issued by the department

Projected outcomes include improved expenditure rates, reduced procurement timelines, increased participant enrollment, and enhanced employer services. Approval of this waiver is necessary to ensure effective, accountable, and equitable administration of WIOA programs in New Mexico. The waiver advances the purposes of WIOA, protects federal investments, and ensures continuity of services for jobseekers, workers, and employers. Most critically, it establishes a federally sanctioned mechanism for statewide intervention and governance when local workforce structures fail to meet statutory, regulatory, or fiduciary obligations.

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5. Describes the individuals, affected by the waiver; and

Economic conditions within the Northern Local Workforce Development Area underscore the necessity of this waiver. According to the 2025 State of the Workforce Report:

- Unemployment rates exceed statewide averages in a majority of counties;
- Poverty rates remain elevated;
- Population decline and net out-migration persist;
- Workforce aging and skills mismatches constrain economic growth.

These conditions, coupled with local governance failures, impede effective delivery of workforce services to rural, tribal, and disadvantaged communities.

The waiver will positively impact:

- Jobseekers, workers, and youth, particularly those with barriers to employment;
- Employers seeking skilled workers;
- Workforce system partners and frontline staff;
- State and regional economic development agencies.

Temporary impacts include suspension of certain local governance functions, while preserving statutory roles of CEOs not affected by the waiver.

6. Describes the processes used to:
 1. Monitor the progress in implementing the waiver;
 2. Provide notice to any local board affected by the waiver;
 3. Provide any local board affected by the waiver an opportunity to comment on the request;
 4. Ensure meaningful public comment, including comment by business and organized labor, on the waiver.
 5. Collect and report information about waiver outcomes in the State's WIOA Annual Report:

DWS will implement robust monitoring, including:

- State Board oversight and advisory committees;
 - Monthly fiscal and performance reviews;
 - Use of statewide data systems;

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- Quarterly reporting to the State Board;
- All DOL audit and reporting requirements apply, including the monitoring required in this waiver and the reporting required under TEGL 08 18.

Corrective actions and technical assistance will be deployed as needed

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.

NMDWS has consulted and provided notice with each of the four Local Workforce Development Boards.

NMDWS will post the waiver request along with the State Modification Plan for review and public comment.

Workforce Innovation and Opportunity Act (WIOA) Waiver Request #2

Request for Authority for the State Workforce Development Board and the New Mexico Department of Workforce Solutions to designate the Title III Wagner-Peyser Act provider as the direct provider of Title I services.

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:

The State of New Mexico requests approval of a waiver under WIOA Section 189(i)(3) consistent with TEGL 05-25 (Maximizing Innovation in Workforce Innovation and Opportunity Act Programs, issued November 25, 2025). This request is submitted as part of our PY 2026–2029 WIOA Unified State Plan modification and directly advances the Administration’s priorities under Executive Order 14278.

- WIOA Section 107(d)(10)
- WIOA Section 121(d)(2)(A)
- 20 CFR §679.560(l) and related subsections in Part 679 Subpart C
- 20 CFR Part 678 (one-stop operator selection)
- 20 CFR Part 680 (Subparts on delivery of adult/dislocated worker activities, including §§680.300–680.320 and provider requirements)
- 20 CFR Part 681 (youth program provider selection and delivery rules)

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The State of New Mexico requests waiver of various provisions of WIOA to permit the Governor, to designate the Title III Wagner-Peyser Act Employment Service provider (currently, New Mexico Department of Workforce Solutions – NMDWS, its state-merit system staff) as the direct and sole provider of any or all Title I Adult, Dislocated Worker, and Youth career services, individualized training services, supportive services, and program activities, and/or as the one-stop operator, for any or all local workforce development areas. When a local board is not operating well and is under repeated corrective actions including sanctions or oversight, this designation would eliminate local workforce development board discretion in selecting providers for these services and bypass competitive selection requirements, while preserving local area fund allocation formulas, local board input mechanisms, and overall governance structure.

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

New Mexico has provided ongoing technical assistance, and joint Title I/III training to local boards since WIOA implementation. Despite these, chronic issues persist with certain services in some local workforce development areas: duplicative administrative processes, challenges in recruiting qualified local Title I providers, inconsistent rural service delivery, and fragmented employer engagement. NMDWS already manages the majority of statewide one-stop hard infrastructure in the state-owned buildings with strong Title III outcomes. No state law or policy prohibits this integrated model once federal barriers are waived.

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

The primary strategic goals are to:

- Address programs that are not performing appropriately and have exhibited repeated corrective actions including sanctions and or oversight regarding program(s) within WIOA Title I.
- Fully integrate Titles I and III for seamless, high-quality service delivery aligned with Executive Order 14278 priorities (high-paying skilled-trade jobs, industry-driven workforce strategies, worker mobility);
- Eliminate system duplication and administrative redundancy;
- Expand access to Registered Apprenticeships, contract-based training, and skills programs in critical sectors (energy, healthcare, advanced manufacturing); and
- Enhance outcomes in rural and frontier areas. This supports TEGL 05-25's emphasis on bold innovation to overcome barriers and achieve measurable workforce improvements.

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Implementation will yield measurable gains (tracked via WIOA PIRL, state performance records, and reported in Annual Statewide Performance Reports plus quarterly updates). We would anticipate that the results could be in the following range:

- 35% increase in Title I participant enrollment within 12 months.
 - 50% increase in co-enrollments/completions in high-demand training.
 - 65% reduction in administrative overhead costs through unified delivery.
4. Describes how the waiver will align with the Department's policy priorities, such as;
1. Supporting employer engagement;
 2. Connecting education and training strategies;
 3. Supporting work-based learning;
 4. Improving job and career results, and
 5. Other guidance issued by the department

The requested waiver directly advances the strategic objectives of the New Mexico 2024–2027 Combined State Plan, including:

- Integrated system alignment and unified governance;
 - Protection of federal workforce funds through enhanced fiscal and programmatic accountability;
 - Improved consistency in service delivery across regions;
 - Rapid and coordinated response to regional labor market and economic development needs.
5. Describes the individuals, affected by the waiver; and

All Title I-eligible adults, dislocated workers, and youth especially in rural/frontier areas will benefit from faster, consistent access; employers via unified engagement. Job seekers will benefit from reduced wait times and braided services. Local boards (shift from provider selection to advisory/input roles); current Title I contractors (transition period with no service interruption); state staff (increased Title I workload managed via existing merit system) would be impacted.

6. Describes the processes used to:
1. Monitor the progress in implementing the waiver;
 2. Provide notice to any local board affected by the waiver;

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3. Provide any local board affected by the waiver an opportunity to comment on the request;
4. Ensure meaningful public comment, including comment by business and organized labor, on the waiver.
5. Collect and report information about waiver outcomes in the State's WIOA Annual Report:

NMDWS will oversee implementation with quarterly monitoring using existing WIOA audit, cost-allocation, and performance systems. Measurable outcomes (enrollment, co-enrollments, cost savings, employment/earnings) will be collected and reported to ETA in the States Annual Report.

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.

NMDWS has consulted and provided notice with each of the four Local Workforce Development Boards.

NMDWS will post the waiver request along with the State Modification Plan for review and public comment.

New Mexico's Response to DOL NM 2026 Waivers Additional Info

US DOL ETA staff and subject matter experts reviewed New Mexico's waiver requests submitted with the WIOA State Plan Modification on 4/30/26 and request clarification/additional information as enumerated below. Please email the requested additional information and clarifications to Coreena Miller and Monica Moguel by close of business on 6/24/26.

1. Waiver of WIOA Section 134(d)(2) and 20 CFR 680.910 to allow use of supportive services for participants within 12 months of exit for employment retention.
 - a. Clarify the timeframe sought for the waiver. Note that the State may request a waiver of these requirements for Program Years 2026 and 2027.
The state requests the timeframe to be PY26 and PY27.
 - b. Regarding the waiver goals and the expected programmatic outcomes,
 - i. Elucidate the statement, "PY25 Quarter 2 data shows a total of 78% of participants were *still employed* with median earnings of \$8,902." Explain if the State means to indicate participants employed two and four quarters after exit or if the State is referring to another set of participant outcome data.
For clarification: this percentage is reflective of the participants employed from July 1 of PY25 and still reporting employed at end of Quarter 2 and Quarter 4 after exit.
 - ii. Provide projected rates of improvement, number of additional participants served, or other quantifiable outcomes that are expected and the program year data that will serve as the baseline, if the requirements are waived (for example, PY2025 Adult Program data will serve as the baseline to compare PY2026 and 2027 outcomes for the purpose of assessing improvement.
Baseline: PY2025 (to date) has Served 2330 and enrolled 1333

Of those the percentage of adults entering employment = 65.2%
Adult Employed Q2 after exit = 80.99%
Adult Employed Q4 after exit = 81.5%
Average Earnings Q2 = \$10,927
Of those the percentage of DW entering employment = 67.4%
Dislocated Worker Employed Q2 after exit = 75%
Dislocated Worker Employed Q4 after exit = 87.4%
Average Earnings Q2 = \$9,590

In review of this data, in having the ability of the boards to increase their supportive services to those returning to the workforce, NMDWS could see a projected 10% increase in employment retention.

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- c. Clarify if public comment on this waiver was solicited, and if so, by what means (where were draft waivers posted or otherwise made available?), and for how long.
This waiver was included for review and comment along with State Modification Plan on the NMDWS website from March 20, 2026 – March 29, 2026.
Opportunity was also given during the posted State Board meeting for additional public comment on April 10, 2026.
2. Waiver of WIOA Section 134(c) (3)(H)(i) and 20 CFR 680.720(b) to increase on-the-job training (OJT) employer reimbursement up to 90 percent for businesses with 50 or fewer employees.
 - a. Clarify the timeframe sought for the waiver. Note that the State may request a waiver of these requirements for Program Years 2026 and 2027.
The state requests the timeframe to be PY26 and PY27.
 - b. Regarding the waiver goals and the expected programmatic outcomes, provide concrete, measurable goals, for example, provide the average OJT participation rate for PY2025 and projected feasible increases in OTJ
PY2025 (to date) has enrolled 238 participants in OJT.

Employed Q2 after exit = 87.3%

Employed Q4 after exit = 82.7%

NMDWS can reasonably project a 10% increase in OJT participation (262) and employment outcomes in PY2025 by raising the employer reimbursement rate to 90%, particularly benefiting small and rural businesses.

These increases are feasible because:
 - Small businesses in rural areas report the highest need for trained workers
 - Higher reimbursement reduces employer risk and increases willingness to hire/train
 - Participants with barriers benefit from individualized, small-business training environments
 - c. Clarify whether public comment on this waiver was solicited, and if so, by what means (where were draft waivers posted or otherwise made available?), and for how long.
This waiver was included for review and comment along with State Modification Plan on the NMDWS website from March 20, 2026 – March 29, 2026.
Opportunity was also given during the posted State Board meeting for additional public comment on April 10, 2026.

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3. Waiver of WIOA Section WIOA §134(d)(5) and 20 CFR §680.195 to allow more than 10 percent of WIOA Title I Adult and Dislocated Worker local formula funds to be used for the provision of transitional jobs.

- a. Clarify the timeframe sought for the waiver. Note that the State may request a waiver of these requirements for Program Years 2026 and 2027.

The state requests the timeframe to be PY26 and PY27.

- b. Provide additional information regarding the State's experience implementing transitional jobs including whether local areas exceed the 10 percent limit, whether the State considers the transitional jobs activities that have been successful, and any lessons learned.

With the focus of transitional jobs being to support participants with barriers to employment, such as low work experience or justice involved, LWDBs have been successful in supporting those populations, and the state wants to continue to provide and also expand these services. The local boards have not exceeded their 10 percent limit.

Lessons learned from board staff and providers is that additional training is needed to better identify the participants that would benefit from receiving transitional job training. Along with that, how to develop strong and effective partnerships with employers through having clear communication about the expectations and responsibilities of the training. In review of policies, the boards need to update their policies with clear directives and who can enroll.

- c. Clarify that the wraparound services to at-risk youth statement describes older youth enrolled in WIOA Adult or Dislocated Worker Programs.

Yes, for those older at-risk youth that may not be served under the youth program, this could provide them with another option for more individualized career and training services. Boards would be able to place more of the older youth participants with employers participating in transitional job training that require employees 18 years and over through Adult and Dislocated Worker program.

- d. Regarding the waiver's goals and the expected programmatic outcomes, provide concrete, measurable goals, and the program year which will serve as a baseline against which projected goals will be measured.

Baseline: PY2025 (to date) has enrolled 54 participants in TJT.

Employed Q2 after exit = 66.7%

Employed Q4 after exit = 72.8%

MSG = 81.3%

NMDWS could see a projected increase of 10% across all program outcomes for TJT participants.

- e. Clarify whether public comment on this waiver was solicited, and if so, by what means (where were draft waivers posted or otherwise made available?), and for how long.

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This waiver was included for review and comment along with State Modification Plan on the NMDWS website from March 20, 2026 – March 29, 2026. Opportunity was also given during the posted State Board meeting for additional public comment on April 10, 2026.

4. Waiver of WIOA §134(d)(4) and 20 CFR §680.800(a) to allow local areas to reserve more than 20 percent of Adult and Dislocated Worker funds for incumbent worker training.
 - a. Clarify the timeframe sought for the waiver. Note that the State may request a waiver of these requirements for Program Years 2026 and 2027.

The state requests the timeframe to be PY26 and PY27.
 - b. Provide measurable projected outcomes such as how many incumbent workers are currently served (or were served in PY2025) and how many the State expects/hopes to serve in the next two Program Years.

The State currently serves 20 incumbent workers. The State can reasonably project significant growth over the next two program years to be 75. This represents an increase driven by stronger employer engagement in trades, clean energy and infrastructure and aerospace. This reflects continued growth as sector convenings mature, more employers participate, and boards leverage increased funding flexibility to reach high-need rural areas.

In the section on individuals affected by the waiver, explain whether the State or Local Boards have established metrics and methods to track the four goals noted in the statements, "(1)Working with businesses ... to re-build their workforce and (2) possibly alleviate business closures and lay-offs. It will also (3) provide an opportunity for incumbent and underemployed workers to retain employment and (4) upgrade skills."

The State and Local Boards have not yet established formal metrics or methods to track progress toward the four stated goals—working with businesses, alleviating closures and layoffs, supporting incumbent and underemployed workers, and upskilling the workforce.

However, NMDWS is actively developing these benchmarks. This work is being carried out in coordination with the State's Sector Strategies initiative and in partnership with the Rapid Response ES Operations | Business Program Coordinator. As these frameworks are finalized, they will guide consistent tracking, evaluation, and reporting across State and Local Boards.

- c. Clarify whether public comment on this waiver was solicited, and if so, by what means (where were draft waivers posted or otherwise made available?), and for how long.

This waiver was included for review and comment along with State Modification Plan on the NMDWS website from March 20, 2026 – March 29, 2026. Opportunity was also given during the posted State Board meeting for additional

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public comment on April 10, 2026.

5. Waiver of WIOA sec. 129(c)(2) and 20 CFR 681.460 to waive the requirement for local areas to provide all 14 youth program elements.
 - a. Provide the rationale for requesting competitive procurement instead of the waiver on providing the 14 Youth Program Elements discussed in TEGL No. 05-25 advertised waiver.

After further consideration, NMDWS has decided to rescind this waiver request. Under 20 CFR 681.470, local programs may partner with existing local, state, or national entities that can provide one or more youth program elements at no cost to the local program. Given this flexibility, we believe it is in the best interest of the participants to continue offering all 14 WIOA Youth Program Elements.
 - b. Provide quantifiable expected programmatic outcomes
 - c. Clarify the timeframe sought for the waiver.
 - d. Clarify whether public comment on this waiver was solicited, and if so, by what means (where were draft waivers posted or otherwise made available?), and for how long.
6. Waiver of WIOA sec. 129(a)(4)(A) and 20 CFR 681.410 to waive the requirement that states and local areas expend 75% of all Governor's reserve and/or local formula youth funds on OSY.
 - a. Provide quantifiable expected programmatic outcomes

The Local Workforce Development Boards will increase their ISY enrollment by 15 each year for a total of 30 over two years.

Clarify the timeframe sought for the waiver.

The state requests the timeframe to be PY26 and PY27.
 - b. Clarify whether public comment on this waiver was solicited, and if so, by what means (where were draft waivers posted or otherwise made available?), and for how long.

This waiver was included for review and comment along with State Modification Plan on the NMDWS website from March 20, 2026 – March 29, 2026.

Opportunity was also given during the posted State Board meeting for additional public comment on April 10, 2026.
7. Waiver of the restriction in 20 CFR 681.550 to allow local areas to provide in-school youth (ISY) with individual training accounts (ITAs).
 - a. Provide quantifiable expected programmatic outcomes

The LWDBs will enroll 10 ISY into ITA's each year for a total of 20 statewide over two years.
 - b. Clarify the timeframe sought for the waiver.

The state requests the timeframe to be PY26 and PY27.

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- c. Clarify whether public comment on this waiver was solicited, and if so, by what means (where were draft waivers posted or otherwise made available?), and for how long.

This waiver was included for review and comment along with State Modification Plan on the NMDWS website from March 20, 2026 – March 29, 2026.

Opportunity was also given during the posted State Board meeting for additional public comment on April 10, 2026.

8. Request for Authority for the State Workforce Development Board and the New Mexico Department of Workforce Solutions to Exercise Statewide Governance, Direction, and Accountability Over Local Workforce Development Boards. Pursuant to Section 189(i)(4) of the Workforce Innovation and Opportunity Act (29 U.S.C. § 3249(i)(4)), 20 C.F.R. § 679.610, and U.S. Department of Labor (DOL) Training and Employment Guidance Letter (TEGL) No. 08-18, the State of New Mexico, through the New Mexico Department of Workforce Solutions (DWS), hereby requests approval of a waiver of specific statutory and regulatory requirements governing the establishment, composition, and functions of Local Workforce Development Boards (LWDBs).
 - a. Clarify the statements indicating that the state workforce agency will take on specific local workforce development board (LWDB) responsibilities.

Grounded in WIOA Section 101(d), WIOA Section 107(b)–(c), 20 C.F.R. § 679.410 and § 679.420 and 20 C.F.R. Part 679, Subpart C the SWDB will establish an Ad Hoc Local Governance Committee to serve as the interim LWDB for any affected Local Workforce Development Area. This committee will:

- Carry out all LWDB functions listed in WIOA Section 107(d).
 - Development, modification, and approval of the local plan.
 - Alignment with the State Plan and regional strategies.
 - Approval of WIOA Title I budgets.
 - Oversight of expenditures and fiscal controls.
 - Negotiation of local performance levels with DWS.
 - Issuance of local policies on eligibility, supportive services, priority of service, etc.
- Ensure compliance with 20 C.F.R. Part 679, except where waived.
- Oversee restoration, reconstitution, or consolidation of local governance structures.

In assuming these responsibilities, the Committee will function in place of the LWDB governance structure for the duration of intervention.

Under the waiver, the SWDB will direct DWS or a designated LWDB to serve as the administrative entity for the affected LWDA. The SWDB will determine the appropriate administrative structure based on the needs of the area, the urgency of intervention, and the capacity of available entities, consistent with:

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- 20 C.F.R. § 679.420(b) – State authority to designate administrative entities.
- NMSA 1978, §§ 9-26-4, 9-26-6, 9-26-8 – State statutory authority for DWS to administer workforce programs, adopt rules, and conduct oversight.

The administrative entity, whether DWS or another LWDB will assume responsibility for:

- Fiscal management and oversight;
- Procurement administration;
- Contract management;
- Monitoring and reporting;
- Daily operational decision-making;
- Ensuring continuity of services for jobseekers, workers, and employers.

The SWDB Ad Hoc Committee, in coordination with DWS, will conduct a comprehensive review of all existing WIOA Title I contracts, including:

- Adult, Dislocated Worker, and Youth service provider contracts;
- One-Stop Operator contracts;
- Fiscal Agent and any other administrative support contracts established prior to the implementation of the waiver.

The review will assess: Compliance with 2 C.F.R. Part 200 procurement standards;

- Performance outcomes and alignment with State Plan goals;
- Fiscal integrity and risk;
- Contract terms and renewal provisions.

Following this review:

- Contracts that remain compliant and essential for continuity of services will remain in place.
- Contracts requiring corrective action or re-procurement will be addressed.

Approval of this waiver is necessary to ensure effective, accountable, and equitable administration of WIOA programs in New Mexico.

The clarified structure ensures:

- Stabilized governance and compliance;
- Protection of federal funds;
- Improved consistency in service delivery;
- Enhanced performance outcomes;

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- A clear pathway to restoring compliant local governance.
- b. Detail the corrective actions that the State has taken under WIOA Section 184 because of monitoring findings, documentation of non-compliance, and findings of Substantial Violation at 184(b) to remedy LWDB monitoring findings and findings of substantial violation.
- c. Discuss which LWDBs have had performance or fiscal issues and provide a rationale for why, given the persistent problems, the State did not elect to redesignate or implement other remedies prior to this waiver request.

The State has identified serious and sustained governance, fiscal, procurement, and performance issues with the Northern Local Workforce Board. Southwestern is also experiencing significant performance challenges. The Northern LWDB has demonstrated the most persistent challenges, including repeated monitoring findings, unresolved fiscal concerns, procurement deficiencies, and long-term administrative instability. Despite multiple formal notices, documented findings, and opportunities to implement corrective actions consistent with WIOA and state oversight procedures, the area has not achieved sustained compliance or effective governance.

Issues that have continued to surface over time in the Southwestern region further indicate that these challenges are not isolated.

Although the State has used all tools available under WIOA to address these concerns, current federal authority does not permit the State to modify, restructure, or assume the duties of a local board when local governance is unable to meet statutory requirements, as outlined in 20 CFR § 679.610. As a result, deficiencies in certain areas have persisted or reoccurred despite repeated intervention. A waiver is therefore necessary to allow the State to ensure essential governance functions continue when local structures cannot fully meet statutory requirements.

Redesignation is intended to adjust local area boundaries and does not provide the mechanisms needed to correct governance or operational deficiencies. It does not authorize the State to assume board responsibilities, implement structural changes, or act quickly when service continuity may be at risk. In addition, redesignation requires agreement among Chief Elected Officials, which may not be feasible in areas already experiencing governance instability.

Decertification likewise removes a board but does not permit the State to administer programs in its absence, stabilize local operations, or rebuild compliance. As a result, neither redesignation nor decertification offers the authority needed to address persistent governance failures or ensure uninterrupted services when local oversight structures are unable to fulfill their responsibilities.

The Northern LWDB is the area where governance issues have reached a point

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that cannot be corrected under existing authority. Monitoring has documented repeated substantial violations, inconsistent compliance, and operational problems that have not been resolved despite multiple interventions.

In addition to these longstanding concerns, DWS received a formal complaint from Youth Development, Inc. (YDI), a contracted service provider in the Northern region. The complaint raised significant governance and conflict-of-interest concerns that further underscore the seriousness of the issues in the Northern area. The Board has not taken appropriate corrective action in response, reinforcing that the current governance structure is unable to meet its statutory and fiduciary responsibilities. A copy of the complaint letter is included with this request.

The waiver is necessary to provide the State with limited authority to maintain stable operations and consistent oversight when local governance structures are unable to act. This flexibility would allow the State to ensure continuity of services, uphold uniform governance expectations, and provide targeted support to any local area experiencing structural or administrative challenges. With this authority, the State can respond promptly to situations that jeopardize service delivery, reinforce accountability standards across all regions, and maintain system integrity without disrupting local operations. The waiver strengthens statewide coordination and helps safeguard the reliability of the workforce system for individuals and employers across New Mexico.

- d. Provide measurable projected outcomes if this waiver request is approved and implemented.

Measurable Projected Outcomes

Fiscal:

- Achieve 100% resolution of all outstanding fiscal findings within 6 months of State intervention.
- Reduce questioned or unsupported costs by at least 90% within the first program year.
- Implement standardized fiscal controls, with zero repeat findings in the next monitoring cycle.

Procurement and Contract Management:

- Achieve 100% compliant procurements for all contracts

Monitoring and Reporting:

- Close all corrective actions within 60 days of issuance, reducing long-standing unresolved findings.
- Complete 100% of required annual monitoring within established timelines.
- Conduct quarterly performance reviews for all service providers, with corrective actions issued within 30 days when needed.

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- Bring all WIOA primary indicators to at least 90% of negotiated levels within the two years.

Daily Operations:

- Resolve operational issues (e.g., staffing, provider oversight, policy interpretation) within 15-30 business days, compared to months-long delays under current governance.
- Implement State-issued policies and guidance within 60 days, achieving 100% adoption.

Continuity of Services:

- Maintain zero days of service disruption during governance transition or State assumption of duties.
- Reduce customer complaints to zero
- Decrease the number of days from first contact to enrollment (analysis is currently being conducted by SWDB)
- Increase DW enrollments by 10-15% with the first year

- e. Detail the notice and consultation process that the State used to engage with the LWDBs.

Initial Notification to Administrative Entities (AEs):

March 2026 DWS informed all Administrative Entities (AEs) via email that the State will submit multiple WIOA waivers as part of the State Plan modification. All waivers were attached for their review. AEs were responsible for communicating this information to their respective LWDBs and CEOs.

Announcements at Local Board Meetings:

DWS announced the upcoming posting of the State Plan modification—including all proposed waivers—during regularly scheduled Local Workforce Development Board meetings. This provided LWDB members with direct notice that the waivers would be available for review and public comment during the required posting period.

Discussion During Monthly WIOA Statewide Meetings:

DWS further communicated information about the waivers at a monthly statewide WIOA meetings, which include participation from LWDB staff, AEs, and service providers. During these meetings, DWS provided updates, explained the purpose of the waivers, and responded to preliminary questions from attendees.

Discussion During Monthly Regional Team Meetings:

In addition to statewide meetings, DWS discussed the waiver process during monthly regional team meetings, which involve LWDB operational staff. These meetings provided another venue to ask questions, share concerns, and prepare for the upcoming public comment period.

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- f. Clarify whether public comment on this waiver was solicited, and if so, by what means (where were draft waivers posted or otherwise made available?), and for how long.

This waiver was included for review and comment along with State Modification Plan on the NMDWS website from March 20, 2026 – March 29, 2026.
Opportunity was also given during the posted State Board meeting for additional public comment on April 10, 2026.
9. Request for Authority for the State Workforce Development Board and the New Mexico Department of Workforce Solutions to designate the Title III Wagner-Peyser Act provider as the direct provider of Title I services.
 - a. Clarify the timeframe sought for the waiver.

The state requests the timeframe to be PY26 and PY27.
 - b. Clarify whether public comment on this waiver was solicited, and if so, by what means (where were draft waivers posted or otherwise made available?), and for how long.

This waiver was included for review and comment along with State Modification Plan on the NMDWS website from March 20, 2026 – March 29, 2026.
Opportunity was also given during the posted State Board meeting for additional public comment on April 10, 2026.
 - c. Discuss how the measurable projected outcomes if this waiver request were established and the timeframe (Program Year) and numerical baseline for the goals.

The projected percentages are derived from historical performance outcomes across the four Local Workforce Development Boards (LWDBs) for statewide Title I services. The baseline was established by analyzing the number of individuals served through our American Job Centers (AJCs) compared to the number of referrals subsequently accepted for WIOA Title I enrollment. This baseline also incorporates the core intent of the DOL waiver—specifically, to increase engagement and reduce administrative barriers by allowing Title I services to be delivered directly at the point of intake.

Under the current referral-based system, service continuity is disrupted, resulting in higher drop-off rates and diminished participation in WIOA Title I programs. By implementing the waiver to remove the requirement for external handoffs to Title I specialists, the service delivery model becomes both seamless and participant centered. This alignment with DOL waiver provisions strengthens our technical approach, ensuring that individuals receive uninterrupted assistance beginning with initial intake.

The projected increases in performance outcomes reflect anticipated improvements in key WIOA performance indicators—such as participation rates, measurable skills gains (MSG), credential attainment, and employment-related outcomes—directly tied to reduced attrition. Streamlined intake and immediate

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access to Title I case management are expected to significantly improve participant retention and support the state's ability to meet DOL performance accountability requirements under Section 116 of WIOA.